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Amazon's Logistical Problems

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Amazon's Logistical Problems

For a long time, Amazon has been positioning itself as a logistics company that not only delivers products in the marketplace but strategically placing itself as one of the leading third-party logistics collaborators for other retail entities. This operational framework has ensured that Amazon delivers a significant amount of its packages to customers. This business model has enabled Amazon to increase its shipping by 48%, up from 15% in two years (Aouad, 2019). The entity is also making significant investments to rival some of its competitors in logistics industry, such as crowdsourced delivery entities like Uber Eats. Additionally, in May 2019, the company initiated a series G finance in Deliveroo worth \$575 million, a food delivery startup in the United Kingdom.

The type of business model adopted by Amazon has led to several problems. For instance, late deliveries by Amazon are increasing as the company's in-house logistics focus on the delivery of the company's packages more than that of third-party entities. In addition to that, in 2017, 4.6% of parcels were transported late, compared to 16.6% in 2019, signifying a rise in the number of late deliveries (Aouad, 2019). Amazon must work hard to reverse this negative trend threatening to damage its reputation in the logistics industry. In a bid to guarantee customers one-day shipping, the company invested \$800 million into its logistics chain, but the returns are yet to be realized. In addition to that, Amazon's buy-in into the UK's Deliveroo is likely to be the subject of an investigation by the British completion authorities. Also, in 2019 the Competitions and Markets Authority (CMA) in the United Kingdom and the UK's antitrust body halted Amazon's investment in the food delivery company, pending a comprehensive outcome of the investigations into the details of the contract (Aouad, 2019). According to the British investigator, the two entities stopped being discrete and made arrangements that would

enable them to cease being distinct. Since Amazon is an international entity, its moves are being observed closely by the relevant competition authorities. The underlying problem that is not addressed by the article is the over-ambitious nature of Amazon that is causing the company predicaments. For instance, the company has primed itself to become the largest delivery company in the world. It is even purchasing other small startups and investing in other sectors like food delivery to outshine its competitors. However, the move to expand its operations rapidly was ill-timed and has led to late deliveries; partners are unsatisfied, as Amazon's transactions continue to be scrutinized closely by authorities.

If I were the manager at Amazon, I would adopt a different logistical approach. For instance, it is logical for the company to strengthen its logistical department to reduce operational and shipping expenses. I would adopt a slower but strategic approach. The current logistical model is keen on prioritizing speed over getting the deliveries right, and it should change because it erodes customer and partner trust (Dolata, 2017). In addition to that, Amazon owns AWS, one of the notable cloud computing firms in the world, yet Amazon's technical infrastructure is burdened when there is a spike in orders. During peak periods, customers complain that Amazon's website cannot checkout their placements. Technical problems are some of the issues Amazon has tried to address periodically. However, as the manager, I will work with the technical team at AWS to address the challenges witnessed with the site when there is a spike in orders.

Another strategy I would adopt as a manager at Amazon is to overhaul the delivery structure at Amazon. Amazon has complemented its delivery with third parties like the United States Postal Services and FedEx in recent years. This delivery model has changed significantly because whereas Amazon's share increases; its partners' have suddenly decreased, hence

attracting criticism. The company's contract with entities like FedEx is expiring, leaving Amazon to depend on new partner companies for the last-mile distributions. As a manager, the company must innovate on how the logistics and deliveries are handled. I will manage the relationship Amazon has created with partners because the company would not exist without them. According to Feng (2016), Amazon must maintain its relationship with other logistics companies because it is a useful tool in its growth plans.

To sum it up, Amazon has experienced logistical challenges, but in every situation lies opportunity. Amazon can make use of its challenge to better its operations and logistical challenges. One crucial challenge is customer satisfaction. Businesses like Amazon exist to fulfill customer needs. In this regard, even as Amazon improves on logistics and relationships with external partners, the customer should be considered in this conversation. Making every brand interaction a memorable experience is crucial because it leads to positive reviews, referrals, and customer loyalty. That is why customer satisfaction should be a priority for Amazon.

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