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**Amazon Case Analysis**

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## Amazon Case Analysis

### Question 1

In my view, the giant adopted the correct policy to venture into the Indian E-commerce marketplace. Amazon India, the Indian subsidiary of the US-based Amazon.com, Inc. (Amazon), the world's biggest internet vendor, reported in March 2014 it would start providing a "pickup provision" in India. People who did not use a permanent address to get their items delivered or could not acquire the goods when they arrived at its desired location could use this platform. Customers could have their orders transported to pick up retail locations inconvenient places and then take them home from there. Users could look for a specific pickup location by entering their address, personal identification number (pin, or closest monument. India was still the fastest-growing e-commerce market worldwide, trailing just the United States and China. As per a shared statement by KPMG and the Internet and Mobile Association of India, the country's digital market accounted for the US \$13 billion in 2013, with virtual transportation reporting close to 70% of online customer purchases (Govindarajan & Warren, 2016). As per Forrester Research, internet commerce sales totalled US\$1.6 billion in 2013. This was projected to reach US \$76 billion by 2021, as per findings.

The retail market was appealing to investment firms. Still, Indian regulations limited international web stores rights to market explicitly to Indian shoppers or spent in a retail market on their own. Under its overseas investment regulation, the state-endorsed foreign investment of up to 51% in inter-brand retail and 100% in solitary commerce. Even so, both multi-brand and single-brand vendors were required to procure 30% of their products from local producers (Kalia, 2016). In addition to that, Amazon used the most appropriate mode of entry into the Indian e-commerce market by partnering with Future Group. When Amazon chose to enter the Indian e-commerce sector, it was apparent something had to give. That something was the business strategy that had propelled Amazon to the forefront of the worldwide web in the United States. In 1994, Amazon.com was introduced as an online bookseller. Founder Jeff Bezos's first business strategy was straightforward: source an individual product type from distributors and publishing companies and deliver it directly to the consumer via the site's fledgling infrastructure. Amazon.com was the first online store to have one million customers by 1997, thanks to Bezos' dream and a massively influential, user-friendly webpage. As the business introduced more titles and expanding the product line, it created a platform based on wholesale purchases of goods, massive, situated warehouses, and contractual arrangements with regional and national airlines to transport its merchandise across the United States and to other nations.

Upon introducing its Indian internet site in 2013, Amazon created a system to enlist an army of wholesalers and persuade them that it was a valuable ally who could help them expand. In addition to that, Amazon had to adapt its mode of delivery to suit Indian clients. Amazon stores and distributes the

merchandise it sells through a consolidated delivery platform known as Fulfillment by Amazon (FBA). Vendors deliver their products to Amazon fulfilment centres and pay a subscription for the company to hold, choose, bag, and sell their products and services. Amazon has incorporated FBA in India too and has constructed nearly two dozen storage facilities there to date, the biggest of which is in Kothur. Bartlett and Beamish (2018) argues that by incorporating Easy Ship and Seller Flex, the corporation also centralized its fulfilment channel in India. Amazon courier services collected merchandise from a vendor's location and delivered it to the customer via the former. Vendors assign a portion of their storage facilities for goods to be marketed on Amazon. Amazon organizes transfer loads. According to SUDHAKAR and SYED (2016), this "neighborhood" framework is advantageous for vendors and has profited Amazon by accelerating the shipment of certain product lines.

Furthermore, Amazon has agreements with several primary distribution facilities in India, like the India Post and cargo airline Blue Dart. Amazon transport services private division was incorporated to supplement shipment. It also uses bicycle and motorcycle couriers for last-mile shipments in both cities and suburbs. Rural locations, on the other hand, frequently present unique challenges. India is densely packed with small stores - over 14 million of them, the large bulk of which are less than 600 square feet. These small shops have high rates and low supply, but they are the only players among most rural areas. The state's foreign direct investment limitations are aimed to safeguard such small shop proprietors.

After Amazon first launched, many people worried that the e-commerce giant would swallow their businesses. As an alternative, it made small-business owners collaborators in its delivery system. In smaller towns and isolated places with restricted internet, Dwellers frequent nearby shops and use the host's internet platforms to place their orders. Shop vendors document their requests, inform users when their products are shipped to the shop, receive cash payments, and transfer the funds to Amazon except for a service charge. The setup elegantly avoids the issue of undertaking e-commerce in a cash economy. In addition, shopkeepers reveal increased earnings. Amazon's mode of entry into the Indian market was that they sold their merchandise at low prices, first concentrating on two items: books and movies. This strategy allowed them to focus efforts on these two, and they managed to reach millions in the end through partnership. Also, their deal with Future Group allowed the business to gain inroads into the Indian market because the latter was regarded as "Indian," making Amazon's welcome to Indians smoother.

## **Question 2**

In my view, the two partners made the correct choice to handpick each other. India has a policy on foreign direct investment limiting how a foreign multinational can invest in the country. One of the requirements includes partnerships with a local entity. Another requirement is that a foreign entity

procures 30% of its products and services from India (Bartlett & Beamish, 2018). Future group is led by Biyani, while Amazon is the brainchild of Jeff Bezos. The two individuals decided to work as partners in India. Through the partnership, Future Group will sell its portfolio on Amazon's platform in India, and Amazon will be the only online platform for the group's merchandise. This deal was beneficial in different aspects. For instance, Amazon looks to expand into the Indian market, but it must partner with a reputable company in India. It found a worthy partner in the Future Group. In addition to that, The Future Group was looking for ways of providing visibility for its merchandise. In this regard, Future Group and Amazon engaged in a marketing arrangement with another firm known as Catamaran Ventures to sell merchandise licensed to Future Group. The partnership is an arrangement centred on customer services, something both parties are targeting to achieve. Future Group retail strategy is known and caters to Indian shoppers. The bottom line lies in the customer's soul; knowing and understanding the client, how they think, live, operate, and dream. In Amazon, Biyani saw an opening to extend its strategy to shoppers in almost nineteen-thousand postal stations across the country served by the US giant. In this regard, the partnership with Amazon would also enable the Indian firm to leverage its strengths, technology, and investments to reach out to a broader customer base. The alliance would generate close to sixty billion rupees in the next three years for Future Group.

As suggested earlier, Amazon also made the correct decision in partnering with the Future Group as it offered them an opportunity to venture into the Indian e-commerce market. Future Group assisted Amazon in obtaining the Indian channels it required under India's foreign direct investment regulation (SUDHAKAR & SYED, 2016). According to Bartlett and Beamish (2018), the collaboration was a critical step in Amazon's highly competitive fashion industry expansion. Clothing was the emphasis segment for the majority of e-commerce stores owing to increasing margins and growing market. Flipkart and Snapdeal were the market leaders in terms of the brand array, vendors, and product lines, and Flipkart, Myntra, and Jabong all had their unique products in India, something that Amazon did not have. In addition to that, the Amazon-Future Group collaboration showed the effectiveness of integrating merchandise and innovation in omnichannel online retail. According to Kumar (2015), customers would profit from the alliance in shopping through the rich product features, safe payments, quick shipping, and easy return policy. The partnership would re-invent the e-commerce space in the country because the collaboration is not with two retail chains but between seller and technology platforms that provide innovation and delivery services. This will aid in the growth of small entrants and private labels. It sets up that guiding brick-and-mortar vendors cannot ignore e-commerce participants who have established an image in the digital space. Amazon and Future Group granted to collaborate to resolve the discounting dispute between online and physical stores. The costing and discounting methodology would be developed collaboratively by the two companies. To prevent a disagreement between the online and

offline platforms, which could ultimately undermine both companies' endeavours, they established that the digital cost of commodities under Future Group's products would not vary dramatically from the price levels in retail locations.

The collaboration was also meant to look into delivery, customer engagement, and cross-promotional benefits. Amazon also revealed that Amazon would work with Future Group brands to create new and existing products in the country, explore co-branding possibilities, and accelerate recent developments in sections not currently served by vendors. In addition to that, Amazon found a strategic partner who would help them venture into the food delivery sector in the country. Amazon also sold ready-to-eat meals and related items digitally, and Future Group intended to start selling food brands as well. Biyani had a strong vision for selling fast-moving commodities: he wanted to see beyond the 25% to 30% margins of Future Group's rival companies and acquire a 40% profit on product offerings. Future Group would have been placed in the same classification as Hindustan Unilever, Nestle, and Britannia. Biyani acknowledged that he had little understanding of the product design expertise of grocery retailers, but he wished to fill the gap by collaborating with specialists like Amazon. That is why the two firms made the correct decision to cooperate, but their fallout was occasioned by hidden agendas and a lack of trust from both parties.

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