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STRATEGIC MANAGEMENT OF THE AMAZON COMPANY DURING THE COVID-19TH PANDEMIC PERIOD

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Abstract

The Coronavirus disease or COVID-19 has become a global health crisis and immense challenge we have encountered since World War II. It has intervened to our lives spontaneously and changed the living standards, in other words the whole world. An immense number of companies and organizations have felt its impact. The purpose of the following framework is to scrutinize the impact of COVID-19 on the selected company, namely Amazon. Specifically, the paper intended to investigate Vision and Mission of the company, company services and products, changes in distribution panel, Marketing Strategy, strategic management during the pandemic. How the company responded to new barriers, in other words how its marketing strategies and tactics have undergone changes is the main issue of the following paper.

Introduction

When it comes to make shopping online, you will think of an online pioneer Amazon.com. Considered an American multinational Internet based enterprise is an online marketplace for electronic books (e-books). Nowadays Amazon.com is a leading online retailer and web service provider. It sells almost everything¹ from A to Z as it is represented in logo, to 4 primary customer sets, specifically consumers, sellers, enterprises, and content creators. The company also runs Web service business by selling renting data storage and computing resources so called “cloud computing” via Internet (Encyclopedia Britannica, Inc., 2020). Furthermore, the company is also famous for its Amazon Kindle, which is market-leading product for e-book readers. The number of the company’s



¹ From music, movies, electronics, tools, toys, housewares, apparel, and groceries to fashions, loose diamonds, and Maine lobsters

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subscribers reaches 100 million and active users 310 million throughout the world. The company's warehouses are so huge that can hold more water as compared to 10000 Olympic pools and have more square footage as against to 700 Madison Square Gardens. Amazon's strong brand name is associated with its leading position in the global market. According to the statistics that revealed Interbrand's Global Brand Ranking 2019, the brand is evaluated as the third giant brand after Apple and Google with a value of \$125 billion (Business Strategy Hub, 2020). The company obtains 10% of North American e-business whereas other retailers like Office Depot, Staples, Apple, Dell, WalMart, Sears, and Liberty own another 10%. According to the statistics determined in 2019 based on market capitalization of e-commerce companies, the main competitors of the company are Alibaba Group Holding Limited, Naspers, Kering, eBay.Inc, Mercadolibre.Inc, JD.com.Inc, Ahold DEL, Copart.Inc, S.A.C.I Falabella (Feedough, 2020).

Vision and Mission of the company

Strategic objectives designed for comprehensive extension and management in the e-commerce market, cloud computing, operational-services, and associated businesses are demonstrated by Amazon's corporate vision statement and corporate mission statement. Amazon's mission and vision statements pay the corporation's rank as one of the major online retailers globally.

Amazon concentrates on the variables of cost, assortment, and opportunities. In this regard, Amazon's corporate mission identifies the following features:

- Lowest prices
- Best selection
- Utmost convenience (Panmore Institute, 2020)

As concerns the company's vision, it is claimed "to become the best customer-oriented corporation as a Globe, which can deliver and provide consumers anything they wish to purchase online" (Panmore Institute, 2020). This declaration refers to the company's target of becoming the greatest supplier of online goods in the world. Concerning this, Amazon's vision statement outlines the following features:

- Global Target
- Customer-oriented strategy
- Broadest choice of goods and commodities (Panmore Institute, 2020).

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Covid-19 Supply Chain distribution

Obviously, Amazon has been playing a crucial role in dealing with this pandemic situation as a globe. In addition, the company has been contributing greatly and acting promptly in the provision of products and services that are vital for everyday consumption. COVID-19 has almost affected and diminished all the businesses, industries and market structures globally. The Amazon has also been trying to concentrate on proposals as other corporations to form appropriate online market structure and to cope with highly growing demand of customers (Ascentialedge.com, 2020). From the very first days of the lockdown covid-19 showed its impacts on main industries by unfilled stores, extended delivery times, and closed markets and factories, lack of sufficient materials. Supply chain disturbance has been experienced by almost 90% of US corporations (Lauren Toney, 2020). Furthermore, it was really difficult and required a lot of effort and determination of retailers to deal with highly increased demand for products and services



to deliver to consumers while all the continents were strictly required to shut down all the businesses, ports and flights. More than two thirds of goods are obtained from China, so the retailers had no other supplier once China had lockdown system. Except they saved asset beforehand in case of facing disruption, it is obvious that they had to wait for long delivery times.

Regarding delivery, these scrapes concerning supply and demand resulted in stopping distributing some goods that were considered to unimportant for up to 21 days. Amazon picked up those failings by employing 100,000 more workers on April 13 and now they are planning the engagement of 75,000 additional laborers to avoid supply chain frustrations (Sarah Davis, 2020).



The growing demand for a particular group of products has led Amazon to respond quickly to cope with the existing problems to confirm that Amazon market keeps trust with customers. One of the most essential and drastic measures that Amazon has taken was carrying out of “price cut” on basic categories. Masks, gloves and hand washing gels, antiseptic tools were all on that group whereas other businesses were trying to make even more profit on those products than before. In addition,

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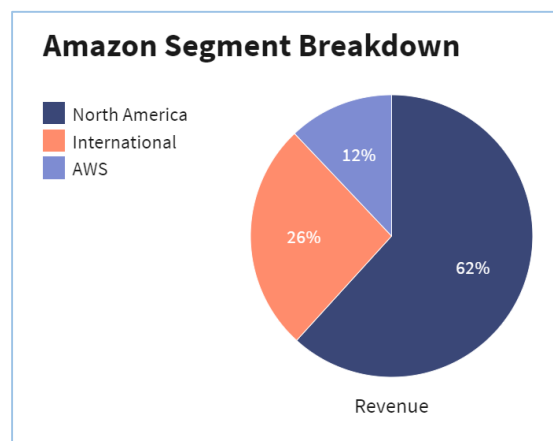
Amazon started to launch more than a month period of delivery for non-essential products ordered by customers during strict shut down period in order to concentrate on shipping vital needs of customers (Ascentialedge.com, 2020).

Marketing Strategy

Four broad categories of segmentations that Amazon utilizes are as follows:

Demographic segmentation of Amazon model comprises nations who have got internet access and their age. Segmenting geographically involves worldwide access of products and services via online sales, which mostly concentrate on developed and developing countries. Consequently, Amazon now sells in more than hundred countries. Basically, there are four elements in behavioral segmentation which are loyalty, gains, personality and status of consumers. In addition, psychographic segmenting who are in conventional, explorers, optimists, reformers in their live.

Moreover, Amazon is separated by three segments as well: North America, International, and Amazon Web Services (Chart: Matthew Johnston Source: Amazon 10-Q, 2020).



Source:

<https://www.visualcapitalist.com/amazon-revenue-model-2020/>.

Strategic management for success during Covid-19

In a hard time of COVID-19 (Palmer, A, 2020):

- Amazon started to offer in worst-affected regions or sub-regions additional discounts or benefits, such as rapid free delivery.
- Amazon elaborated on the stock for existing customers over new visitors that search for various product ranges.
- Amazon emphasized products which may assist consumer and their own consumers (As Amazon`s networking are huge) to overcome pandemic issues.

Targeting

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In retrospective, Amazon started from selling books, they concentrate on young people and classic families who have passion to read and explore more. Thus, people who hold different positions such as students, specialists and professionals, working, medium and high-ranking social classes are encountered in targeting of Amazon. Amazon especially targets people who have a fundamental knowledge of electronic and technology, in spite of the fact that students, explorers, medium and upper class professionals do not have time to visit the actual stores. It begins from 14 years old both men and women who are singles, families (including classis, extended, young, new) and couples.

- During pandemic to motivate readers and explorers, Amazon launched Future Engineer program and its web-site to assist students and teachers with the STEAM electronic video courses freely.
- Moreover, up to this time, Amazon provided thousands of laptops and electronic device donations to students and teachers through the world, especially to U.S. and European countries (aboutamazon.com, 2020).

Concluding Remarks

In conclusion, it is true to claim that with the assistance of the given task, we targeted to analyze potential changes and challenges that have encountered by Amazon during COVID-19 disease. The issue of how it responded to the health crisis was the main objective of the paper and we think more or less we targeted the goal. The conducted survey relied on marketing strategies and tactics that the company utilizes. It is revealed that on the one hand, the COVID-19 had negative impact on Amazon delivery and supply chain while net sales, profit, free cash flow as well as operating income of the company increased compared to those of last year. Compared to other retailers, Amazon did not have influenced as negatively as others did. Marketing strategies have amended in order to survive, fight against the pandemic and save its true customers.

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