Amazon.com

Will Amazon continue to be successful against "click-and-mortar" competitors, such as Barnes & Noble

How would you contrast Amazon's business design with that of Barnes & Noble before Barnes & Noble went online?

What is Barnes & Noble?
- Biggest book retailer in the United States
- Established in 1873 by Charles Barnes
- Large, upscale retail outlets - 705 stores
- Magazines, newspapers, DVDs, games and music
- Famous for the Nook (similar to the Kindle)

What is Click-and-Mortar?
'A type of business which includes both online and offline operations, which typically include a website and a physical store.'

Amazon's Business Design
- Monopolistic company
- No physical contact with customers
- Easy to replicate
- Known world-wide
- Low inventory

Barnes & Noble Business Design
- Economy of scale vertical integration
- Face-to-face contact with customers
- Not easy to start, require large amount of capital
- Customers have direct access to products
- Require high inventory

Comparing Amazon and B&N Before B&N went Online

How Amazon Competes with Click-and-Mortar Companies

Thank you for listening.

How Amazon is Disadvantaged by Click-and-Mortar Companies

How can Amazon Become Change these Disadvantages?

Presenters:
Jordan Lysy
Boki Leonard
Michelle Chen
Vanessa Sin
Leona Shum

What is Amazon.com?
- Began operating in 1995
- Jeffrey Bezos- founder
- Intention: establish a strong brand name and leverage into other products
- Books are cyber-space products
- Today, Amazon sells music, software and toys

Is Amazon.com a model for the future of retailing?

The Present Model of Retailing

Book Shops vs Amazon.com

Model for the Future?
- To summarise, Amazon.com is **not** a model for the future of retailing
- Reasons:
  - online shopping will not be a substitute for physical shopping
  - Shopping is a social activity
  - Online shopping will affect employment and other economic issues

Questions?

Superior Customer Service
- Friendly website - easy to understand and use
- Amazon integrates customers in many ways:
  • Discussion Board
  • Wish List
- Personalised recommendations
- 1-Click - keeps track of personal information
- Email - updates customers with books they may be interested in

Key Factor for Amazon- Reason for Success
- High focus on customers and their needs
- Amazon has always obsessed over customers

'we have been doing this from the very beginning, and we've always put customers first. When given the choice of obsessing over competitors or obsessing over customers, we always obsess over customers' - Jeffrey Bezos

Invention
'Inventing on behalf of customers'
- Kindle: an e-reader, specialising on 'what customers need'
- Can be carried anywhere
- Low priced novels
- holds up to 3,500 books
- battery life ~2 months

From a customer's perspective, what are the advantages and disadvantages of each design?

amazon.com vs BARNES & NOBLE BOOKSELLERS

amazon.com

Advantages
- User friendly, customer focused
- Get customers involved
- Comments about the books
- Requirements looks- based on customer's past purchases
- Gift ideas
- Securely store personal details
- Quick Loading pages
- Recognises mispelling

Disadvantages
- Generation problem - no internet or computer
- No history of purchases if email address changes
- Rarited books- does not explain condition
- Sellers cannot add photos of products for size
- Too many products on offer
- Unable to physically contact with customers

BARNES & NOBLE

Advantages
- Have retail store that can connect with customers
- Well established brand name (est. 1873)
- Have years of industry knowledge
- More customer friendly than Amazon.com
- More details on products

Disadvantages
- Lack of customer focused innovation
- Unable to respond to strategic operations
- Late to put their products on the internet
- Customers interact with one another

amazon.com®

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