



Oxford Cambridge and RSA

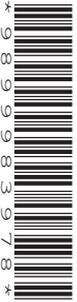
Wednesday 14 June 2023 – Morning

A Level Business

H431/03 The global business environment

Resource Booklet

Time allowed: 2 hours



INSTRUCTIONS

- Use the Resource Booklet to answer all the questions.
- Do **not** send this Resource Booklet for marking. Keep it in the centre or recycle it.

INFORMATION

- The business described in this Resource Booklet is a **real** business.
- This document has **8** pages.

AMAZON

Extract A

Amazon – statistics and facts

Amazon.com is an international e-commerce company offering online retail as well as other services. According to recent industry figures, Amazon is the leading online retailer in the USA with close to \$386 billion (bn) in sales revenue in 2020. Most of the company's revenue is generated through online retail sales of electronics and other products. Due to Amazon's global reach, it is considered one of the most valuable brands worldwide.

5

Source: Adapted from <https://www.statista.com/topics/846/amazon/> (Accessed 05/07/21)

Extract B

Globalisation in the era of Amazon.com

Globalisation in the last 40 years has moved manufacturing jobs to places where the labour is cheap. Global advertising via social media is also cheap, as is global shipping... and hugely efficient.

People expect to pay less with Amazon than for comparable goods on the high street. As the internet makes it easier to purchase goods sourced in other countries and have those goods delivered to your home, the increased competition for each purchase should also drive prices down further.

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New technology brings efficiency that lowers costs. Amazon will fill its warehouses with robots and its trucks will deliver parcels without drivers. Many companies will follow suit.

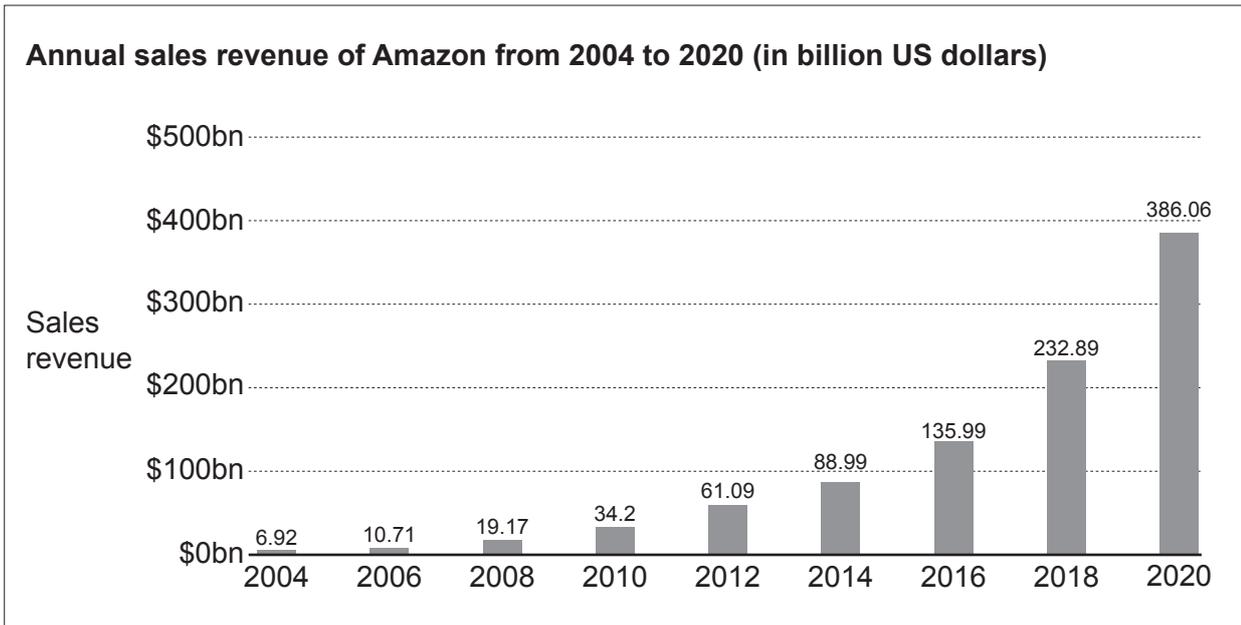
It is easy to forget that Amazon does not have the same dominance everywhere across the globe – in fact, there are regions where it has faced significant challenges in establishing itself and turning a profit. For example, Amazon has expanded relatively slowly into the Asia-Pacific region.

15

Source: Adapted from <http://laweconomicscapital.com/2019/08/globalization/> (Accessed 05/08/19) and <https://www.marketingweek.com/amazon-asia-pacific-2020/> (Accessed 09/09/20)

Extract C

Amazon's sales revenue



Source: Adapted from <https://www.statista.com/statistics/266282/annual-net-revenue-of-amazoncom/> (Accessed 20/07/21)

Extract D

Amazon proves consumers are choosing easy over ethical

Amazon is a world leader in 'big data'. It owns the advertising channels, the real and digital 'shopfronts' and all elements of the distribution chain in between. It effectively knows what you are going to buy before you do and changes manufacturing, availability, logistics and pricing accordingly.

20

Before 2014, if anyone had suggested that consumers would allow an advertiser to listen in on their private conversations in order to sell to them more effectively, there would have been outrage. But Amazon sold Alexa as a 'digital home assistant', making it seem like a beneficial lifestyle tool, rather than as a bugging device!

25

In the USA, Amazon has not paid any corporation tax for the past two years, despite revenues of \$233bn and profits of \$10.07bn in 2018. Meanwhile, the majority of us are one-clicking our casual shopping via Amazon, and accepting unnecessarily over-packaged parcels every week, if not every day.

30

Source: Adapted from <https://www.marketingweek.com/harry-lang-amazon-proves-consumers-choosing-easy-over-ethical/> (Accessed 20/07/21)

Extract E**Amazon's marketing strategy: a brief overview**

Amazon's marketing strategy is generally based on the following principles:

- Amazon's product range is the widest among online and offline retailers, offering hundreds of millions of products in the USA alone. Moreover, the company is able to offer products for competitive prices due to being an online retailer.
- Amazon targets the widest customer segments possible.
- Amazon integrates the widest choice of products and services offered at competitive prices, fast delivery and exceptional customer service.
- Amazon's promotional mix integrates print and media advertising, sales promotions, events and experiences, public relations and direct marketing.

35

40

Source: Adapted from <https://research-methodology.net/amazon-marketing-strategy-2/> (Accessed 04/08/21)

Extract F**Amazon is the perfect example of why big brands need to advertise**

Amazon is a strange champion for advertising. It is a company that both earns and spends money on advertising. While it was spending \$11bn to advertise its products in 2020, for example, it was receiving even more money from companies paying to promote their products via the company's all-powerful platform. But the main reason Amazon seems an odd fit with advertising is that it is often described as the prime example of a company that does not need to advertise at all!

45

Source: Adapted from <https://www.marketingweek.com/mark-ritson-amazon-example-why-big-brands-need-advertise/> (Accessed 20/07/21)

Extract G**Amazon: the ultimate change management case study**

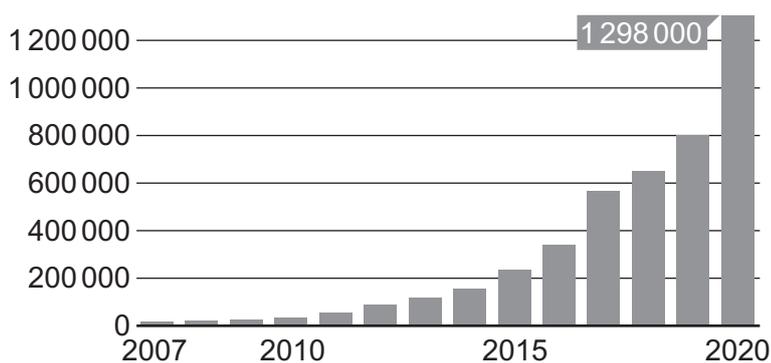
Amazon's innovations have helped it become extremely successful. Since it was formed, Amazon has innovated across countless areas, including:

- Streaming video and on-demand media – Amazon began by selling videos and DVDs. Now it streams, rents, and sells digital copies of videos. It has joined YouTube, Netflix and other tech giants by producing its own movies and TV shows. 50
- Electronic books – Kindle has changed the way books are read, sold, and distributed.
- The web server industry – when Amazon Web Services (AWS) started out, most developers did not take it seriously. A decade later, it was the go-to cloud server company in the world. 55
- Warehouse automation – warehouses use robots to collect and transport many of its products. In coming years even more of Amazon's 200 000+ warehouse workers could be replaced by robots.
- Delivery – with its drone delivery program on the horizon, customers may be able to receive orders in 30 minutes or less. 60

Source: Adapted from <https://change.walkme.com/change-management-case-study/> (Accessed 28/06/21)

Extract H**The rapid growth of Amazon's workforce**

While many companies were forced to cut jobs, Amazon went on an unprecedented hiring spree in 2020. It created 500 000 new jobs in 2020, adding to its already sizeable workforce.

Number of Amazon employees worldwide at the end of each year*

*includes full-time and part-time employees; excludes contractors and temporary personnel

Source: Adapted from <https://www.statista.com/chart/7581/amazons-global-workforce/> (Accessed 05/07/21)

Extract I
Operations management: 10 decisions

<p>Design of goods and services. Amazon uses its technologies to ensure that its online retail services are efficient and convenient for target customers.</p>	65
<p>Quality management. The objective is to maximise quality. Amazon's approach involves continuous improvement in its e-commerce business. It uses its organisational culture to support innovative idea creation among employees.</p>	
<p>Process and capacity design. Amazon applies extensive automation to streamline its business processes. For example, it automates the ordering process to increase the capacity to accept as many simultaneous orders as possible.</p>	70
<p>Location strategy. Amazon must maintain warehouses that are ideally near the largest possible number of customers.</p>	
<p>Layout design and strategy. Its warehouses involve the maximisation of shelf space and minimisation of aisles to achieve optimal capacity without reducing efficiency.</p>	75
<p>Job design and human resources. Workers fill temporary positions and are then evaluated to determine suitability for permanent positions, especially in warehouses.</p>	
<p>Supply chain management. Amazon streamlines its supply chain through automation and enabling suppliers and buyers to access some of its IT systems.</p>	
<p>Inventory management. Using just-in-time inventory management, some goods that arrive at Amazon's warehouses are immediately shipped to fulfil customers' orders. Amazon holds other goods as part of its finished goods inventory.</p>	80
<p>Scheduling. Suppliers access Amazon's website to determine demand levels and implement their shipping and delivery schedules accordingly.</p>	
<p>Maintenance. Amazon has specialised teams for maintaining technological assets, and workers are regularly trained to maintain human resource capacity.</p>	85

Source: Adapted from <http://panmore.com/amazon-com-inc-operations-management-10-decisions-areas-productivity> (Accessed 20/07/21)

NB: All data was correct at the time of writing.

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