

CASELET: Amazon.com

Amazon.com Amazon.com likes to describe itself as Earth's Biggest Bookstore, yet it has no physical bookshops. Instead it's a virtual bookshop doing business on the Web and accessible 24 hours a day to anyone in the world who has a computer capable of connecting to the Internet. It opened its 'virtual doors' in the US in July 1995 and grew at an extraordinary rate. By mid 1998 it had made sales to more than 3 million customers in 160 countries, claiming it was by then the leading online shopping site. In addition to books, the company offered 125 000 music titles, ten times the number offered by the average music store. Ten years later Amazon.com had 88 million customers, sales of \$25 billion and a net income of \$9.2 million. In addition to books, the company offers a wide range of music, electronics and other goods and it operates retail websites for other major retailers. In 2007 Amazon launched a cheap electronic reading device, the Kindle, on which owners can buy and download electronic books. Through its website, Amazon customers could search for books by author, title, subject or keyword or browse for books in 28 subject areas. The software at its user-friendly website simulates a knowledgeable bookshop assistant. By indicating your mood, your preferences and other authors or artists you like, you can get recommendations for new books or music that you might enjoy. Customers are invited to send in their own reviews of books or music, which visitors to the website can then compare with reviews by professional reviewers. When a customer places an order through the website, the company arranges for physical items such as books, CDs or other products to be shipped directly from a warehouse. Customers selecting MP3 music or e-books can download the material onto the relevant e-product.

Question

Explain how technological innovation and internationalisation, two of the twelve forces for change in service management, contributed to the competitive advantage of Amazon.com.