

Amazon Supply Chain Network

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### Introduction

Amazon is an American electronics commerce organization, founded in the year 1994. Developed with the vision of entrepreneur Jeff Bezos, the company has been able to develop a strong global brand image. The success of Amazon has been based on the capitalization of the e commerce related consumer demands. The company has been able to maximize the efficiency of the operational supply chain, to provide the customers with a value added online shopping experience. The supply chain function has a crucial impact on the operational ability of the company, as the customers expect to receive their online purchased products in a time efficient manner (Bradley et Al, 2012). The company initiated its operational activities as an online book store, however over it expanded the product range by offering the customers with diverse consumer electronics' products. The company also offers innovative services to the global customer market, including the cloud computing solutions. The expansion of the organization as a global level e commerce organization, providing diverse products and services to the customers; has been based on the effective supply chain network. The company has been able to provide its global customers with a value added consumption experience, through reducing the lead times and providing personalized level services.

### Amazon's Supply Chain Network

The supply chain function of Amazon has a major impact on the performance and the customer satisfaction levels. As an online retail organization, the company has to ensure that it can offer its customers with an efficient and value added service (Disney et Al, 2004). The Amazon customers have high levels of expectations from the company, which are satisfied

through the dynamic supply chain function. The supply chain of Amazon consists of various diverse components, which operate collaboratively to achieve the collective objectives. The supply chain function is based on the overall capability of the organization to source the materials, and deliver the final products to the end customers.

### Logistics & Transportation

Logistics and transportation is a major component of the supply chain function of Amazon, as it has a direct impact on the customer satisfaction levels. The company has a highly efficient distribution system, through which it is able to diminish the delivery lead-times. Amazon also provides 3PL services to the customers, based on its vast expertise and knowledge. The company has also invested in the innovative delivery drone systems, called the Amazon Prime Air; which would help deliver the products to the customers within 30 minutes.

### Customer Service Management

The achievement of high levels of customer satisfaction and services, are core aspects of the Amazon operational activities. The company achieves the high level of customer service standards through the development of an effective online and physical customer support network. The customer service representatives are trained to provide high levels of technical support to the customers. As an online retail organization the customer support function is crucial for the company to develop a strong relation with the customers (Patel et Al, 2013).

### Demand Management/Knowledge Management

The demand management function of Amazon is focused on attaining the maximum amount of information regarding the customers, to provide a personalized level of products/services to the customers. The online platform is a highly unique platform, which can provide the organization with diverse information regarding the customers. The Amazon management utilizes this platform to analyze the personal demand of every customer, and hence provides the relevant value added consumption experience to the customers.

Knowledge management is another crucial function of this process, through which the company is able to maximize the advantage of the knowledge resources. The effective utilization of knowledge resources allows the organization to offer the customers with innovative and creative products/services (Holweg & Helo, 2014).

### Inventory Management & Purchasing

Amazon possesses a vast network of warehouses in order to maintain the inventory for its growing customer market. In the recent years the product range offered by the company has increased leading to a larger warehouse function demand. The company utilizes various inventory management soft-wares, to optimize the function and reduce the overall costs. The sourcing strategy of Amazon is based on large scale/bulk buying, through which the lowest costs can be offered to the customers.

### Supply Chain Centralization & Decentralization

The inventory management function of the Amazon supply chain requires centralization; so that the company is able to effectively manage the large scale inventory. Amazon consists of diverse types of products and hence must maintain a substantial size of inventory, in order to provide the customers with efficient and value added services. The

centralization of this function would ensure the enhancement of the operational efficiency and the reduction of the warehousing costs. The company has to achieve a high level of decentralization in the logistics/transportation system. The core success factor of Amazon can be identified as its ability to provide the customers with reliable and efficient delivery of products. The company must hence adapt innovative and decentralized strategies to reduce the delivery lead time and bolster this supply chain attribute. The implementation of the drone technology to increase the efficiency of the logistics and distribution function is an extension of the decentralization strategy.

## References

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