



## Top Online Shopping E-companies and their Strength and Weakness (SWOT)

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Available online at: [www.isca.in](http://www.isca.in), [www.isca.me](http://www.isca.me)

Received 17<sup>th</sup> June 2014, revised 7<sup>th</sup> July 2014, accepted 19<sup>th</sup> August 2014

### Abstract

*This paper employs SWOT analysis in strategic planning for top online shopping e-companies. The objectives of this study are same as SWOT analysis to build the company objectives more realistic. In industry ecommerce, everyone must take advantage and opportunities as fast as possible and go beyond of competitors by taking advantages especially in ecommerce because speed of changes and new technologies are coming daily. To understand future risks it is essential to know strengths and weaknesses, opportunities and threats. Customers or users are source of information. In this study we were intended to analyze SWOT of four companies; Amazon.com, eBay.com, Wal-Mart and Target then we discussed it and finally we explained Potential SWOT of Online shopping e-companies. For collecting data, we searched and used up-to-date reports of companies and some business report organizations. SWOT analyses factors explain about competitors also.*

**Keywords:** Online shopping, swot-analyses, E-commerce, strongness, weakness.

### Introduction

SWOT analysis for the first time was used in 1960 and till today we are using SWOT analyzes. Today we are using SWOT analyzes in different situations. For example in planning and developing programs of a company will be used to organizing information. A company's performance comes from internal and external mutual action and communication management<sup>1</sup>. SWOT analyzes can be more systematic and automated in e-businesses and it is an opportunity for e-companies (Schafer, 2001)<sup>2</sup>. SWOT analysis are used as: solutions to problems- goal limiters- most effective direction- revise plans to better systems, organizations- a brainstorming machine.

**Strengths:** An e-commerce company's strengths are unique points which show their difference from their competitors which are competitive advantages can increase a company's strengths. E-business salesmen and suppliers gain profits from small operational expenses and 24 hour shopping, unlike offline shopping business. E-shopping retail business start up costs is more economic because both kind of new start ups have low income at the start. Nowadays, an online business is full of needs especially with the use of e-mail system and would bring better communications for a company.

**Weaknesses:** There are many problems for businessmen but the great one is excessive charge backs. With security and cheating internet everywhere, customers are often unwilling for online purchases in using cards for online purchases. Product transferring is an important job. Heavy, huge, and spoil goods are always problem and are very costly. Time for shipping can make the customer's options to purchase products from other places. Customers in these markets have not any way of the

company size identifying from the internet. A user needs same level of services from new small online enterprise than an old and strong retail. A new company must identify and understand consumer behaviors.

**Opportunities:** Technology is very important; everything is changing in every moment. Technology works like a tool to increase effect and productivity of retailers. Improved online shopping cards are a good example. The new ones are quicker ensuring a more customer-friendly experience. To increase product sales, a good environment for low cost promotions are social Medias. The ability of a company to have 24/7 business makes it to be accessible for all days of the week that customers will be able to order anytime they like even for midnights orders.

In 2008, online internet sales and e-shopping in compare of other sales takeover them<sup>3</sup>. IGD new researches on retail food businesses, predicts UK consumers must spend £7.2bn on food and grocery retail e-shopping by 2014 two times more than 2009 Telegraph<sup>4</sup>. Using opportunities is very important an entrepreneur must know how to use them and when an opportunity might come, this important will achieved with better and more practices and studies<sup>5</sup>.

**Threats:** laws associations are making some difficulties for cards recently. This have more impacts on risky industries. Competition of top e-business like eBay and Amazon most of the time effects on smaller businesses price and forces them to give up. Less limits for going into ecommerce are also threats, nowadays anyone can start a company even without need of paying for website costs. As far as giant supermarkets concerned, e-shopping enables to not just have their customers

contact addresses but allowed them to get to the customer with new ways, offering a various items food and other product and services. Losing online customers means losing great part of population. People fear about extends to privacy issues and identity with consumers will skip to give personal information via the internet.

**Related Works:** The report of Datamonitor<sup>6</sup> analysis the world market of the products of personal care in terms of size of market (according to the selling price of retail (RSP)), stretching and of competing positioning. It understands profiles of the 10 largest companies of industry as well as 5 years the economic and in-depth SWOT analysis. The report covers the performance of the world products of the market while concentrating on the sales, the volume and the models of growth over five years. You can gain the profiles of the 10 major strategic factors with first steps taken during the last one year. You will also be able to measure performance of the top ten businesses in the last five years and the comparison of their income, the analysis of the profitability, industry special reports. The international personal market products has achieved a total figure of \$338 billion in 2008. The sales private of health appeared most lucrative for the world market of the products of personal care in 2008, made total revenue of 104,2 billion dollars, that is to say the equivalent of 30,8 percent of the total value of the market. The performance of the market should lead the market to 399, 7 billion dollars by 2013.

The International Top 10 Software and Services by Datamonitor<sup>7</sup> report shows principal companies of the service and software business. This sector is mixed of software, the services and the software and services Internet industries. Their report analyzed the value of market, and the division of the market, the drivers and the keys of resistances. It understands details of the 10 largest companies in the group of industry as well as five years the financial analysis and profiles of depth of SWOT. Principal characteristics of this market of dynamic report in the group of software and services to world industry over the period 2009-14. International industry information and analysis of the 10 software and services best companies at international level of the performance of the 10 largest firms during 2005-09. Scope of the report: To analyze the world 10 software and better service companies and the group of industry by using the set of key parameters of industry, including the value of market, the shares of market, the market segmentation and the forecasts of growth to evaluate the competition of the intensity in the sector with the assistance the model of the five forces, in particular extent of the competition, the danger posed by substitutes, the risk represented by new entering, purchasing power and capacity of the suppliers to inquire into the forces, weaknesses, opportunities and threats, the access to five years the financial analysis for the 10 best companies of the sector with care, and reading of the descriptive profiles of the principal stakeholders, with details on the strategic initiatives carried out in last 2 years. To understand the key questions which assign the

group of software and services to world industry predicts the principal sectors of growth in the sector rising and environment economic gain of time, cost. By analyzing the first 10 software and service companies report, discussed key questions. A review of performance of international software group and services industry on the basis of the turnover and the volume and their models with respective growth over the past five years has been used of the in-depth analysis of the strengths, weaknesses, opportunities and threats. The analysis of profitability and ratios specific to the industry analyses has been done.

Top 10 multiple-line retail Enterprises by Datamonitor<sup>8</sup> report describes the principal businesses of the world market of the retail sale of multiline. The retail market international multiline is composed of department stores and the stores of various goods. The report analyzes the world market of several retail trade in terms of size of market (estimate based on the total of the incomes generated by the sale of products to the detail through the stores and general merchandise stores), the drivers and resistances, the tendencies, and the keys of competing positioning. It includes profiles of the ten largest companies in the industry as well as the financial analysis of 5 years and SWOT Analysis in-depth. The dynamics of the market of the world market for the retail sale multiline string during 2005-09 analyze the global market of retail trade multi with the key metric in the industry, including the market value, the volume of the market, and the growth forecasts and to obtain illustrative information of the 10 principal factors.

## Basis of Findings

In this study, findings are based on reports and literature review and we used secondary data. Furthermore, we used the analyzed data from web companies like Alexa.com. We select top 10 online shopping companies from last report of Alexa.com and these top ten are: Amazon.com, Ebay.com, Netflix.com, Amazon.co.uk, Walmart.com, Ikea.com, Bestbuy.com, Target.com, Homedepot.com, Groupon.com. From these top 10 companies, we randomly selected 4 which are: Amazon, EBAY, Wal-Mart and Target. Computer Analyzing Systems are common and very useful for e-companies because internet brought for us huge amount of information then we used them to organize our data.

## Swot of E-companies

One of the most important steps is managing an organization is analyzing the strangeness, weakness, opportunity and treats that is known as SWOT. Later we will discuss SWOT of 4 e-companies separately and after that we will compare their SWOT. Here, we analyzed 4 online shopping e-companies. To find data we used secondary data which collected from reports and literatures<sup>9-18</sup>.

**Table-1**  
**SWOT Analysis of e-companies**

<b>Amazon SWOT Analysis 2014</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Cost strategy of leadership Services and products of higher quality Purchase Strategic Chain logistic and effective distribution	Only attention to online. Selling with no profit. Amazon new categories are damaging its brand.
<b>Opportunities</b>	<b>Threat</b>
System for paying online. To release more its own products and services. To increase the services and products To open more international stores.	Safety of online. Strategic alliances. Legislation counters tax. Retailers with lower regional cost.
<b>eBay SWOT Analysis 2014</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Largest Internet market in the world. Not a strong competition Focusing on local markets System of payment. Reputation of the mark.	High expenses. No other strategy of growth.
<b>Opportunities</b>	<b>Threat</b>
Increasing of mobile customers. Becoming a retailer market. services and product growing Opening more international e-stores.	Safety of being online. Retailers with regional low cost. Intensification of the competition of Amazon. Rates of exchange.
<b>Wal-Mart SWOT analysis 2014</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Largest retailer in the world. Capability in IT. Broad line of goods. Cost strategy of leadership. Global operations.	Work dependent continuations. Bearing of the high personnel. Little differentiation. Bad publicity.
<b>Opportunities</b>	<b>Threat</b>
Growth of the market in the emergent markets. The increasing acceptance of the proper products own mark. Tendency towards a healthy food. Growth of the online purchases.	Increasing competition from online and offline competitors. Resistance grows from local communities.
<b>Target SWOT analysis 2014</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Sometimes differential product strategy emphasizes on quality beyond discounted Huge market share in US Top gift card seller in US	Neglecting international and focus is just on US Intensive involvement in resolving out the lawsuits. More expensive products than Wal-Mart The mark have lower popularity than its competitors.
<b>Opportunities</b>	<b>Threat</b>
The company is expanding to Canada by acquiring the Canadian Zeller's chain. Increasing the private products commendably as they are mentioned by customers as well.	Hard competition with K-mart and Wal-Mart because both shares Us services and products. Inflation force the consumers prefer low cost than better quality. increasing of interest rates as of government taxes grows.

**Table-2**  
**Potential SWOT of Online Shopping e-companies**

<b>Strengths and Weakness</b>	<b>Opportunities and Threats</b>
Wider collection of products.	Trends (new research).
Customer support.	Society's civilized, political, and economic ideology.
Quicker shipment.	Funding sources.
Lower prices.	Current events.
Better terms and conditions.	Societal exploitation.
Human resources.	Customer analysis: sections, motivations, not fulfilled satisfactorily needs.
Finances.	Identify customers completely, put in strategic groups, and judge the performance, image, and objectives.
Physical resources.	Market analysis: Total size, growth, profitability, entry borders, cost structure, distribution system, stretches, key success factors
Experiences including past events and works.	Environmental analysis: Technological, governmental, economic, cultural, information need: To found external opportunities, threats, stretch, and uncertain strategies.
Security.	Everyday everything is changing just after a moment and technology also.
Costs.	Online shopping cart software's which was improved for a better experiment, faster and more environments.
Profitability.	Online help and chat to increase quality of supporting customer needs.
Capabilities: Goal: To found internal strategic strengths, weaknesses, problems, unnatural manners and doubtfulness.	The social media which is an excellent platform for free or inexpensive promotions to increase produced consciousness.
Extreme Charge backs. With security and hacking in every corner.	Wide spread industries shifts that can affect their business.
Use their credit cards.	Collect sales tax.
Shipping of products.	E-commerce big companies competition like eBay and Amazon often weaken smaller on price.
Uncertainty extends to the instability in economic disposition.	Anyone can sell products via social web sites without making companies or web sites.
Employee ability.	Lower limits for entry into ecommerce.

## Analyses and Results

The academic researches and commercial world must connect together more and more to convert academic knowledge to technical and commercial knowledge and by using relative technology reach to more productive products. Here, as a result, we will show a mixture of SWOT of top online shopping companies in the below table.

**Table-3**  
**Top Online e-companies SWOT Analysis 2014**

<b>Strengths</b>	<b>Weaknesses</b>
strategy of price leadership. Best quality products and services. Acquiring strategic. Effective distributing chain and logistics. Various product strategies emphasize on quality rather than discounted. Huge market share in US. Best gift card seller in US. Biggest retailer in the world. Capability in IT. Expansive range of products. Global operation. Localization. Payment system. Brand renown.	Only online presence. Selling at zero margins. Increasing Risks to damaging brand by adding new categories to business. Exchange rates. Neglecting international and focusing just on US. Intensive involvement in resolving out the lawsuits. More emphasizing the quality makes the products more expensive. The low brand popularity. High employee. Small different. Bad publicity. High fees. No further growth strategy.
<b>Opportunities</b>	<b>Threat</b>
Payments by online system. Selling more their own brands, services and products. Service and product increasing. More international e-stores in the world. To concentrate to reduce the costs of operation and to increase the ratios of receipts. Produced of private mark increase with dignity that focusing by the customers thus. Growth of the retail in coming to the markets. The increasing acceptance of the proper products. Tendency towards a healthy food. Growth of the purchases online.	Safety of online operations. Legislation counters tax avoidance. Regional e-retailers low prices. Strategic alliances. Hard competition.

After different analyses, we came to know that top online shopping companies focus and face more on these factors which are listed below.

Strength: i. Differential product strategy emphasizes on quality beyond discounted. ii. Huge market share in US. iii. Efficient distribution chain and logistics. iv. Cost leadership strategy.

Weakness: i. Only online presence. ii. Neglecting international and focus is just on US. iii. High fees.

Opportunities: i. Release more its own products and services. ii. Open more international e-stores. iii. e-shopping growth.

Treats: i. Online safety. ii. Lawsuits. iii. Laws against tax avoidance. iv. Regional retailers with lower costs. v. Very close competition.

The results of research have capacity for an application to the definition of the strategy for the E-companies centers<sup>19</sup>. Using the potential of internet services is essential in online business and e-entrepreneurship<sup>20</sup>.

## Conclusion

We used one of the most expanded methods to development strategies is SWOT. It makes qualitative models on the basis of which the strategic decisions are made. A greater international orientation needs focus on fundamental improvement in the awareness, knowledge and understanding of global market environment by different studies. At the end, we would like to say that we should use all the ways to increase our quality and show to the others how to use our potentials. Studying on top e-companies will bring back many opportunities for others and it will grow up the e-companies who use the others experiences. Critical use of SWOT analysis as a technique which can quickly be conceived without critical thought leading to a deformation of the forces, weaknesses, opportunities and threats in an internal and external environment of an inline organization. However, limitation cannot refer to the development of an SWOT analysis simply to defend the goals and objectives decided before. This SWOT analyzes involves limitations on the possibilities of reflection and the identification "reality" of analyzes. Moreover, this improper use places the interest of the organization above the wellbeing of the community. Moreover, a SWOT analysis should be developed as collaboration with a variety of contributions made by the participants, including the members of the community. The design of a SWOT analysis by one or two Community workers is limited to the reality of external forces factors and devalues the possible contributions.

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