



Module 8 - Final Project

Amazon Prime Customer Satisfaction

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Introduction

In the early 1990's, technology and the era of the internet had begun to takeoff into the consumers world. Having access to information at the tip of your fingers from the comfort of your home greatly increased the way that distribution of products is made. In the summer of 1994 on July 5th in Bellevue Washington, Jeff Benzos began the path towards creating Amazon.com. Operating out of his own garage, he was able to begin his vision of the company we know today, by setting up this large and well-known e-commerce website at the ease of all customers fingers with an internet connection.

While there have been many advancements over the years for the company, being customer centered and focused has helped their mission push forward and succeed in many rankings. The overall best interest in making things as convenient and comfortable for the user and customer has been a major goal. As COVID 19 has been introduced, Amazon has struggled to continue to make customer focused decisions, due to the fact that trying to push health products and supplies out has become the top priority. Ecommerce of this scale has proved both positive and negative to many of those who use this service.

Abstract

The purpose of our project and analysis is to determine the best alternative for already paying Amazon Prime members in order to receive a form of compensation around the loss of benefits during the COVID19 pandemic. During the pandemic, many shipment delays have occurred which have affected the promise of 2-day shipping on Prime products. Additionally, Prime members have lost out on specific deals and products due to some of these delays. We are going to take the information below we provide and run the analysis in order to provide Amazon the best option to take during this time.

Alternatives

Customer satisfaction is an important part of Amazons commitment to service and functionality. The company strives to ensure that all of their customers are happy and satisfied with the service and professionalism of the company. Since COVID19, between the months of March and May, reports of many customers losing packages, receiving their items well past their 2-day shipping date, and other similar issues have skyrocketed. It has been a difficult time as the company has decided to prioritize healthcare items over other items which has in turn caused the issue of later and later deliveries.

Collectively, we have discussed and chosen three alternatives that best align with the companies goals and customer satisfaction limits, especially during this unknown time of the pandemic and those that might occur in the future. We are specifically looking at items that can be given back to the Prime member customers that will allow for additional time and savings, while keeping in mind Amazon as a company.

3 Month Prime Membership Extension

The extension of Prime members by 3 months would allow those that have had issues with deliveries, exceptionally long shipping times, or missing deliveries in general. Since the pandemic has affected a lot of customers between March and May, adding an additional 3 months onto existing Prime customers memberships would improve moral and customer satisfaction, as the members would be getting additional 2-day shipping for free for 3 additional months.

3 Month 10% Discount on Amazon Essential Products

Just as the above extension of Prime memberships would benefit those that have lost time or deliveries, taking 3 months to give an overall 10% discount on all of Amazons in-house essential products would benefit not only those with Prime, but all customers.

Do Nothing

Thinking from the companies perspective, doing nothing about the last three months we think would be the simplest thing that the company could do. From an overhead vision, Amazon wouldn't have to make any modifications to their systems,

Now that we have identified the above three alternatives, we looked into what Amazons core values and criteria is defined as in order to characterize and identify the goals of the project.

Strategic Criteria

Short Shipment Times

- Shorter Times from Customer Order to Arrival
- Prime 2-Day Shipping

Lowest Possible Prices

- Compared to Other Online Retailers
- Ability to Choose from Different Sellers

Best Available Selection

- Variety – Find whatever you need, from multiple different sellers
- Quality – Options for higher quality items

Utmost Convenience

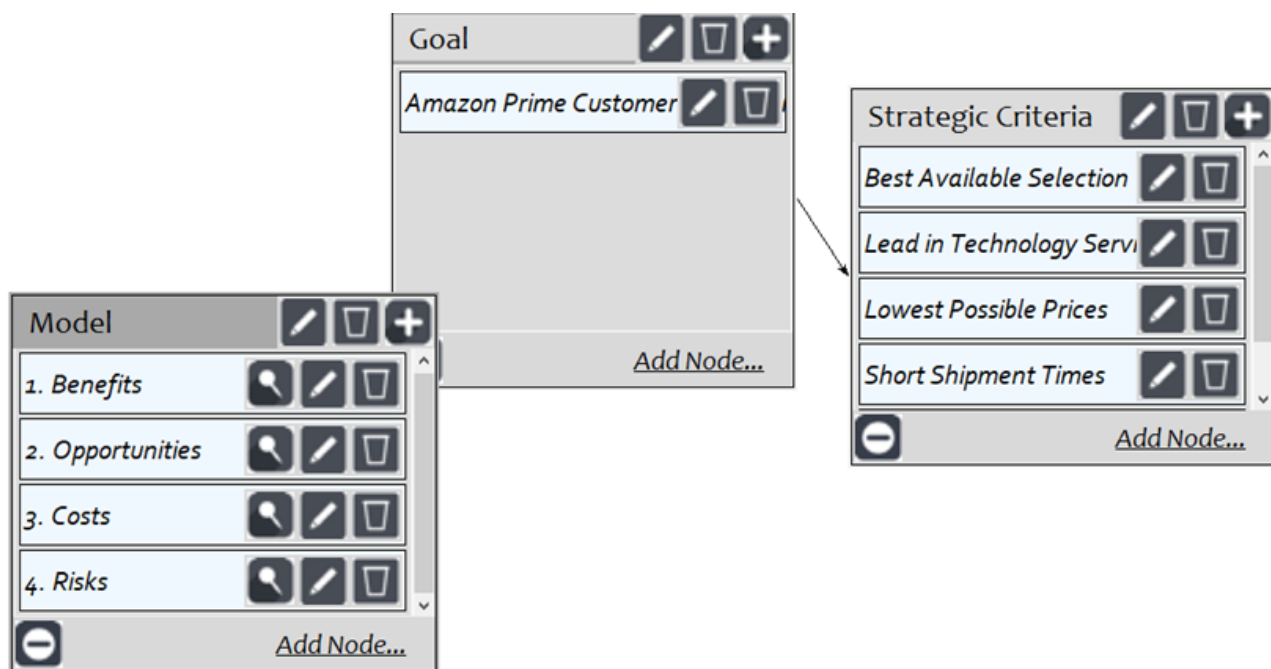
- Access Anywhere with an Internet Connect
- Simplistic Design

Lead in Technology Services

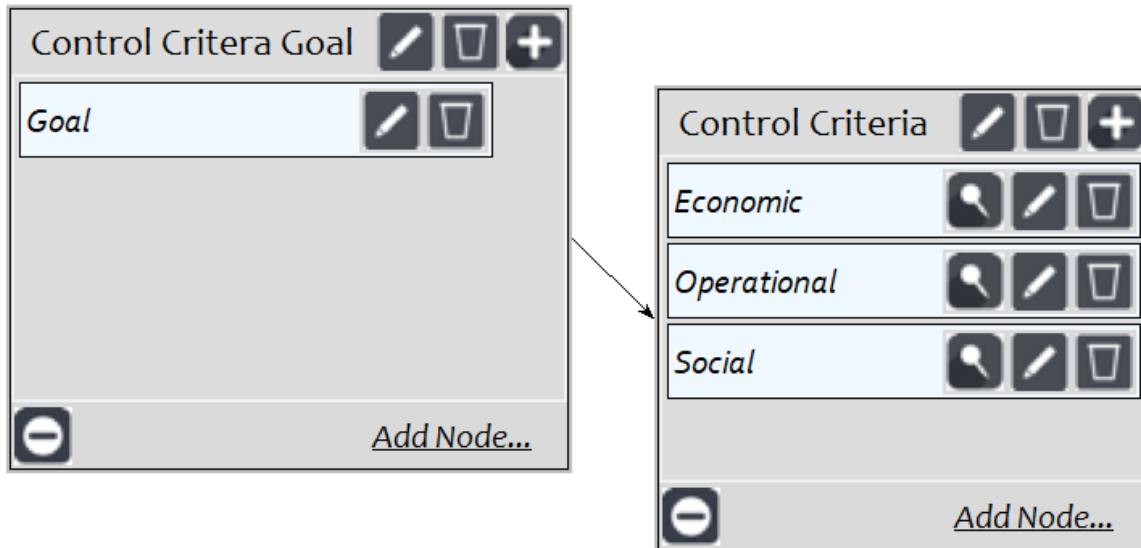
- Cloud Hosting (AWS)

Data Analysis

We have completed a BOCR analysis on the above criteria in the SuperDecisions software in order to identify the overall decisions that should be made by the Amazon company. A BOCR, or Benefits, Opportunities, Costs and Risks analysis, allows us to take our information we have identified above as our alternatives and characterize to narrow down a visual story on how we conclude what Amazon should do. Below is an image of the main network model at the topmost level:



Diving deeper into the main network model, we have identified the Benefits, Opportunities, Costs and Risks that go along with it as the sub criteria:



Benefits

Benefits are important factors to consider in the short term for companies, especially like Amazon. The benefits below we identified represent the current aspects which are important key pieces within our model that we can be mostly certain of:

Economic

1. Financial
 - a. Sustain in Business
 - b. Save Money
2. Improve Customer Satisfaction
 - a. Shorter Shipping Times
 - b. More Product Availability
 - c. Brand Value Improvement

3. Customer Groups

- a. Seniors
- b. Adults
- c. Students

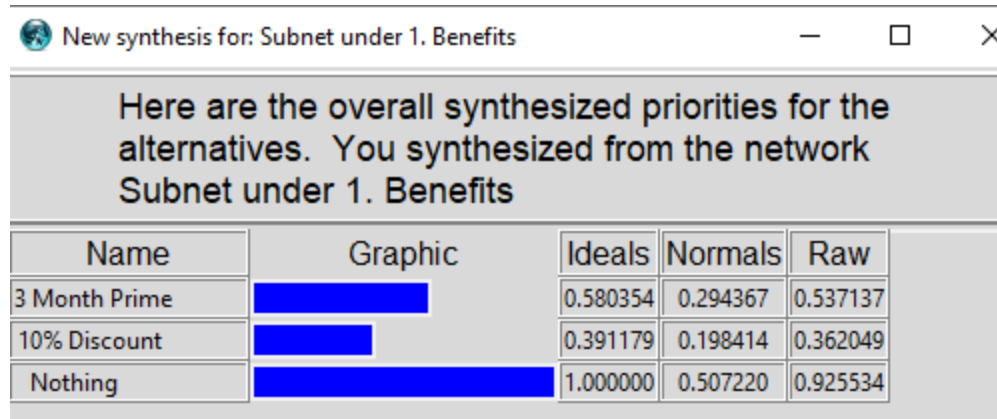
Operational

- 1. Financial
 - a. More Product Sales
 - b. Save Money
- 2. Supply
 - a. Increase in Essential Products Sold
 - b. On-time Deliveries
- 3. Technological
 - a. Adapt Discounts for Software

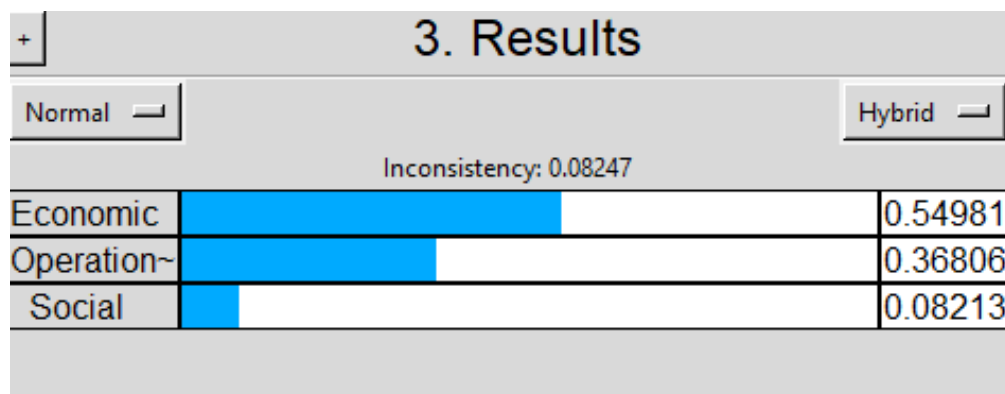
Social

- 1. Environmental
 - a. Return / Spike of COVID19
- 2. Structural
 - a. New Customers
 - b. More Worker Hours

Once we came up with the above detailed information, we then took this and filled out all of the questions related within the questionnaire. This allowed us to be able to run a synthesized priorities analysis for the Benefits, seen below:



Additionally, we wanted to display and identify the percentage results that came from running this analysis, as this information will be used to determine the overall results:



Opportunities

Choosing the future opportunities for the company was a little more difficult to define as we needed to keep in mind the current situation, and what all needs to factor into future plans. These future profits and developments are important factors that play with our model analysis:

Economic

1. Structural
 - a. Increase Overall Revenue
 - b. New Prime Members

2. Customer Groups

- a. Seniors
- b. Adults
- c. Students

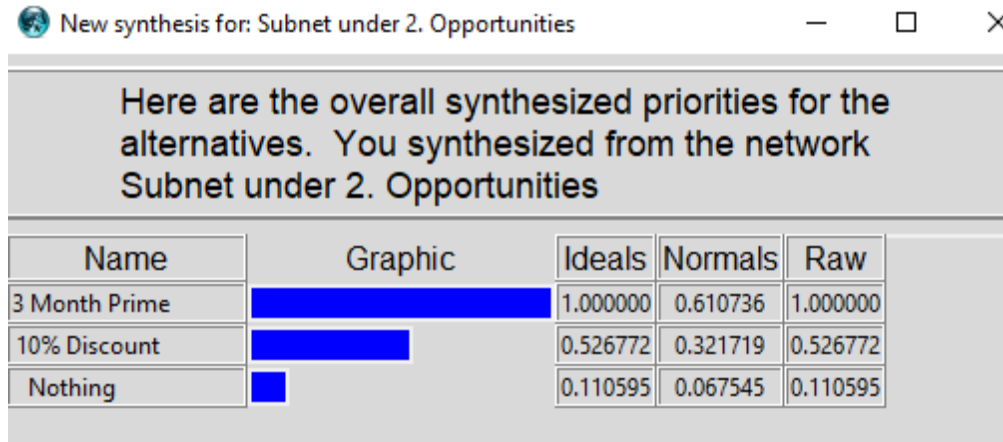
Operational

- 1. Environmental
 - a. Handling of Critical Issues (i.e. New Pandemics, Natural Disasters)
- 2. Structural
 - a. Shipping Times
 - b. Delivery Guarantee (Customers Receiving the Product)

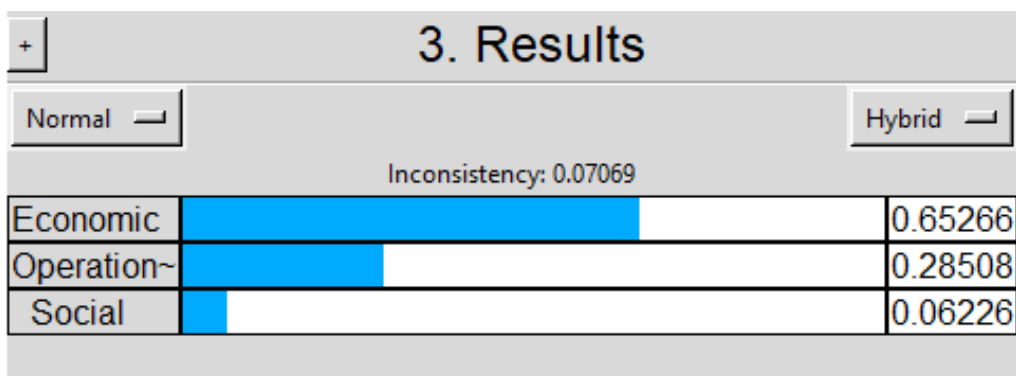
Social

- 1. Process
 - a. Service Trust (Customers knowing they will not be penalized for lost products)
 - b. Activities for Communities
- 2. Market
 - a. Goodwill

Once we came up with the above detailed information, we then took this and filled out all of the questions related within the questionnaire. This allowed us to be able to run a synthesized priorities analysis for the Opportunities, seen below:



Additionally, we wanted to display and identify the percentage results that came from running this analysis, as this information will be used to determine the overall results:



Costs

Costs overall are one of the main factors that play into a corporate level decision, or nearly any decision at a company or even at a personal level. We have defined the many things that could play into our alternatives as financial or operational costs:

Economic

1. Financial
 - a. Shipping Costs
 - b. Delivery Fees

- c. Loss of Revenue
 - d. Margin (i.e. Reduction in this due to increase in transportation cost and purchase price of the product due to increase in demand for online delivered products but due to COVID19, lesser availability of the same or available at higher cost)
- 2. Brand
 - a. Brand Value
 - b. Goodwill
 - c. Acquisition

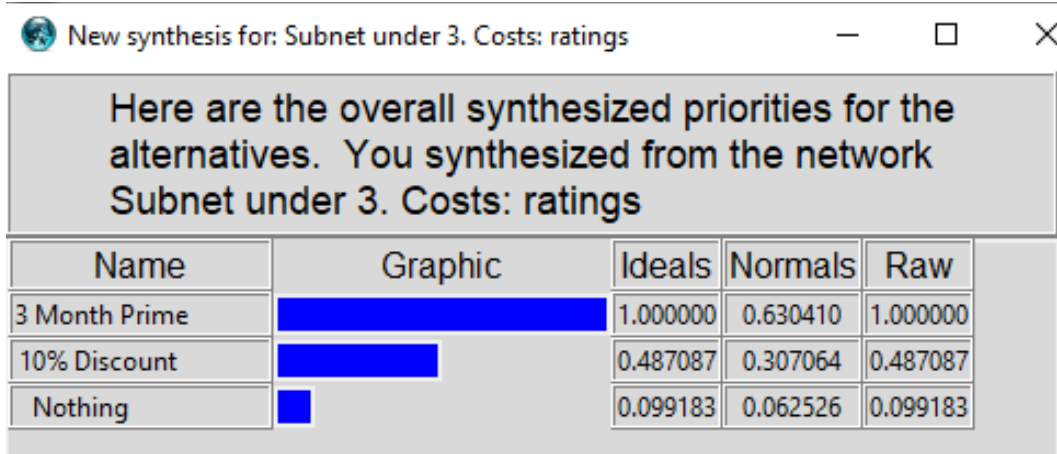
Social

- 1. Process
 - a. Activities for Communities
 - b. Customer Service Trust
 - c. Goodwill in Market

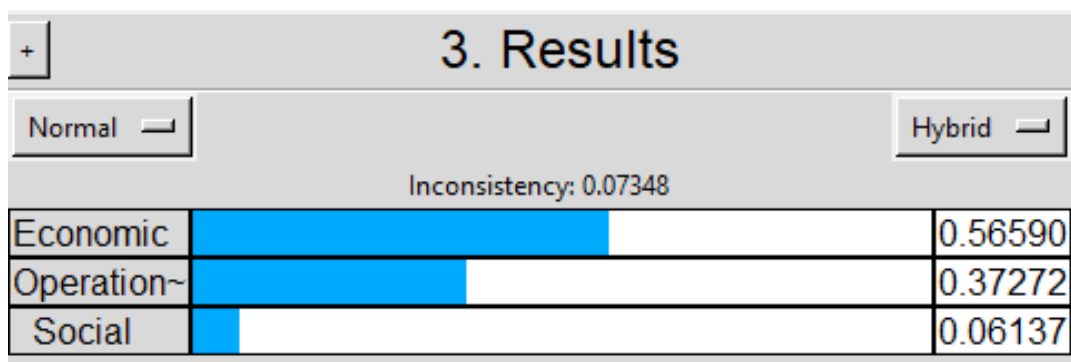
Operational

- 1. Process
 - a. Suppling More Products
 - b. Staffing Availability

Once we came up with the above detailed information, we then took this and filled out all of the questions related within the questionnaire. This allowed us to be able to run a synthesized priorities analysis for the Costs, seen below:



Additionally, we wanted to display and identify the percentage results that came from running this analysis, as this information will be used to determine the overall results:



Risks

With any project at any level, and any decision, comes risks of low and high volume that need to be factored in to aid in the determination of an alternative:

Economic

1. Financial
 - a. Loss of Revenue on a Permanent Basis (Loss of renewal of Prime Members)
 - b. Cost Overburden (in case any of additional efforts taken to restore the customer's trust does not work)
2. Customer Satisfaction
 - a. Brand Value
 - b. Loss of Prime Customers
 - c. Loss of Standard Customers Overall

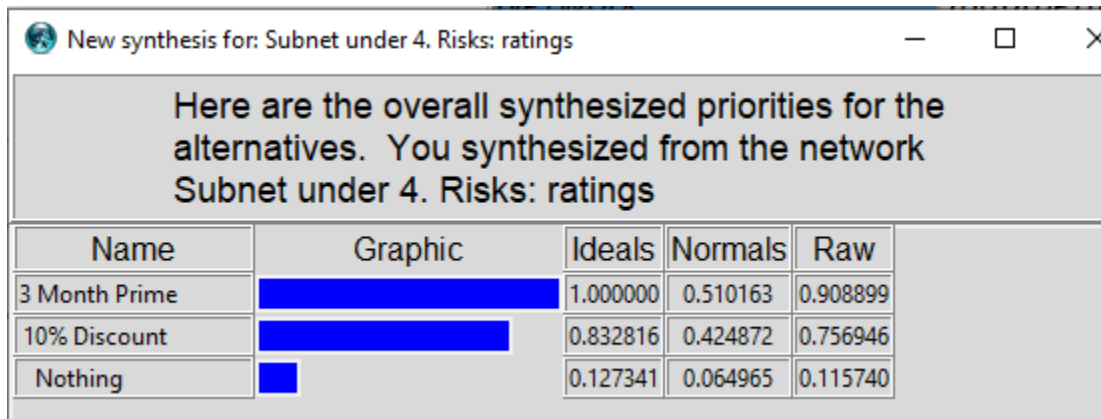
Social

1. Safety
 - a. Poor Worker Conditions
 - b. Health Risks (Workers to keep commitment of best customer service experience in case of situations like the COVID19 pandemic)

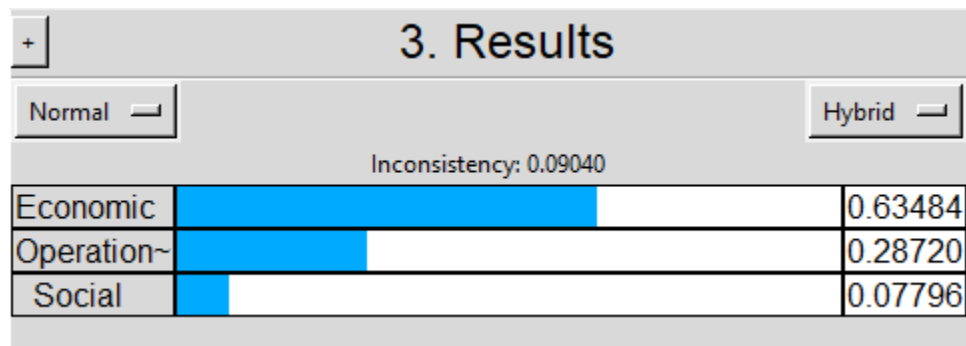
Operational

1. Structural
 - a. Space for Inventory

Once we came up with the above detailed information, we then took this and filled out all of the questions related within the questionnaire. This allowed us to be able to run a synthesized priorities analysis for the Risks, seen below:

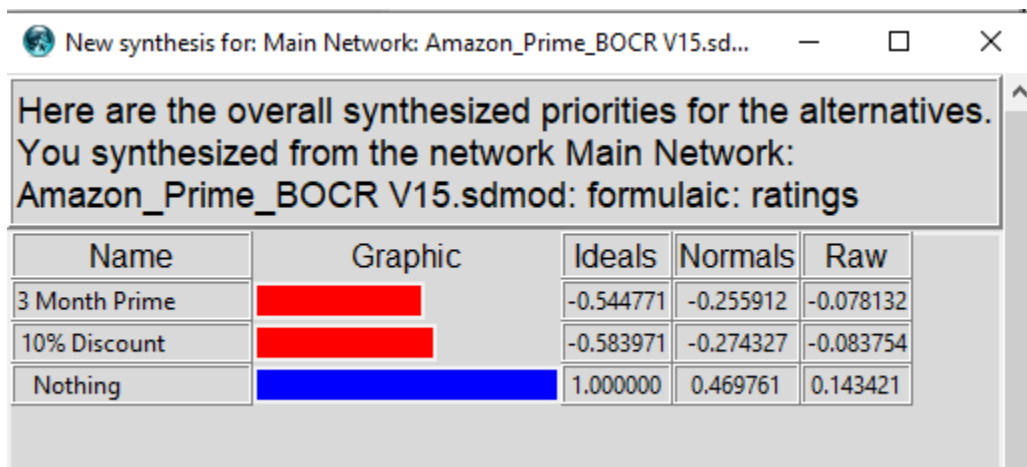


Additionally, we wanted to display and identify the percentage results that came from running this analysis, as this information will be used to determine the overall results:



Overall

Taking everything in consideration from the above analysis, we ran an overall synthesized priority model to determine what the best choice would be. As it stands, Amazon would best benefit from doing nothing at this time. This is because the other options prove more costly to the company and would take a lot more overhead then simply doing nothing. The 10% discount option would be the second-best option due to it costing the company less and being easier to implement, while the 3 months of prime for free would be the costliest but would likely make the customers the happiest.

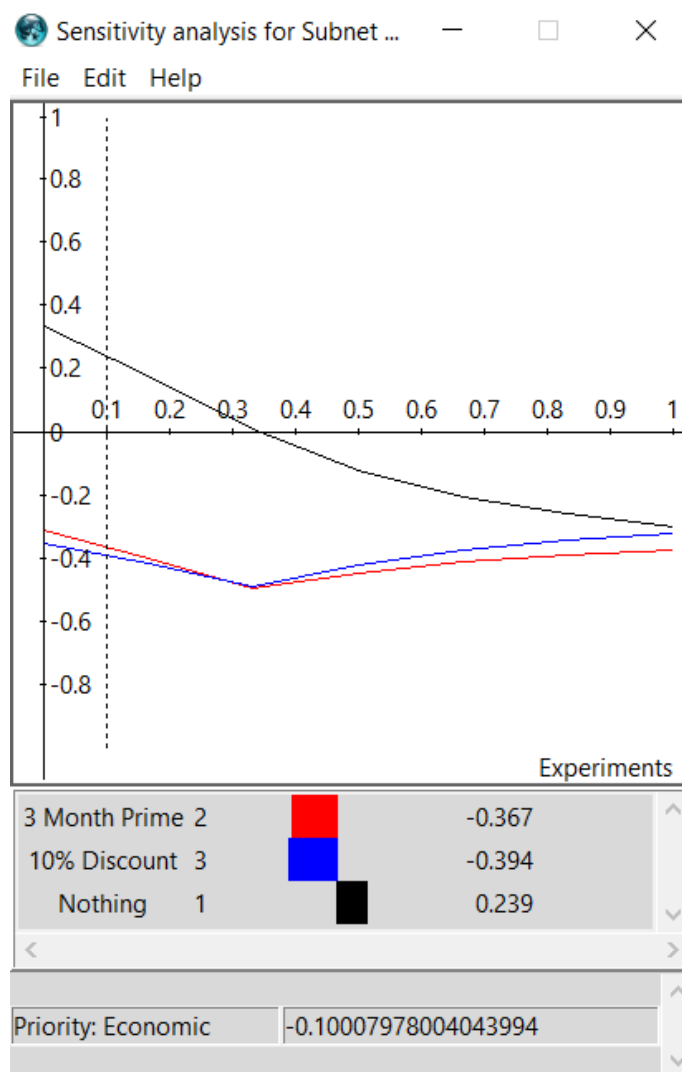


Overall			
Name		Long Term	Short Term
3 Month Prime	-26%	-19%	6%
10% Discount	-27%	-23%	5%
Nothing	47%	58%	89%

Sensitivity Analysis

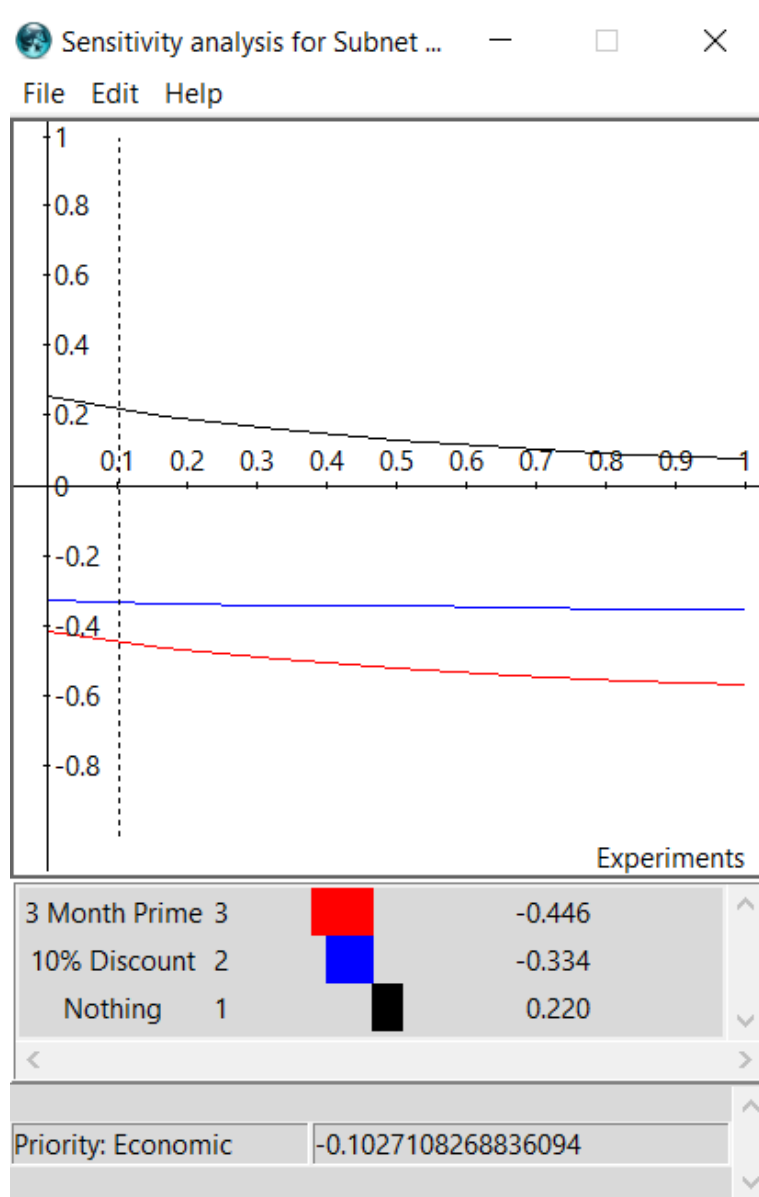
Benefits:

We took the analysis in the SuperDecisions software and ran a sensitivity analysis on the Benefits portion of data. This below graphic displays that Amazon should do nothing at this time. By not providing additional changes at this time, Amazon will be able to save money, unlike the other options, as well as not need to hire more workers or force more to work more often. Regardless of the priority value for Benefits, “Do Nothing” comes out to be the best option all around.



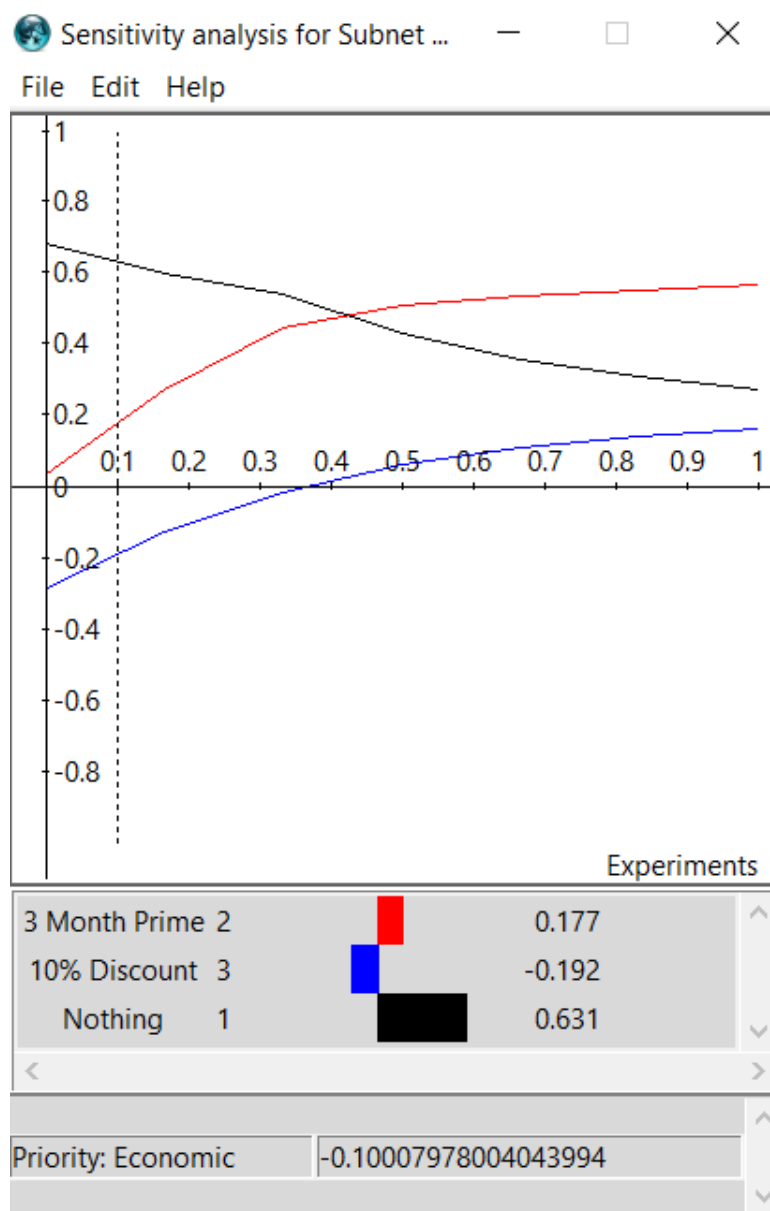
Opportunities:

We then took the analysis in the SuperDecisions software and ran a sensitivity analysis on the Opportunities portion of data. This below graphic displays that Amazon should do nothing at this time. In the future, it is likely this type of event may not happen again and providing additional time or discounts can cause warped customer expectations of what Amazon is willing or not willing to do. Regardless of the priority value for the Opportunities, “Do Nothing” comes out to be the best option all around.



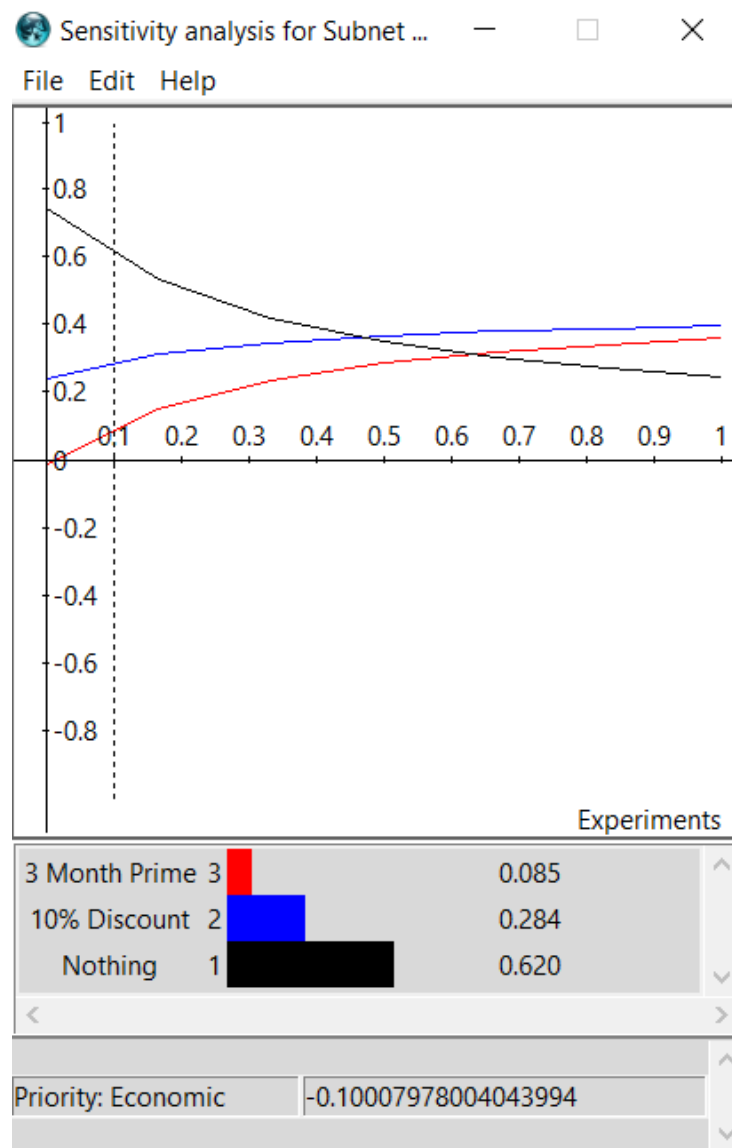
Costs:

We then took the analysis in the SuperDecisions software and ran a sensitivity analysis on the Costs portion of data. This below graphic displays that Amazon should do nothing at this time. Doing nothing should mean that Amazon does not have to pay for additional workers, provide more space in the warehouses, or create any technological updates in regard to the 10% or 3 Month for free provisions. By this graphic, beyond the 43% threshold, the 3-month prime membership would actually become the most cost savings while 10% is the costliest.



Risks:

We then took the analysis in the SuperDecisions software and ran a sensitivity analysis on the Risks portion of data. This below graphic displays that Amazon should do nothing at this time. Doing nothing would be the least risky due to not having to hire additional workers which would continue the spread of COVID19, and Amazon will not have to provide “free” services which could be costly. However, by doing this alternative of nothing, customers might feel unhappy that there is not alternative compensation being made. By this graphic, beyond the 47% threshold, the 10% discount would be a better option than nothing to Amazon in regard to risk.



Conclusion

Together we have learned a general overview of Amazon and what the company as a whole view their goals and visions as. We were able to identify the different ways to improve the customers satisfaction levels and identify what Amazon can do to help boost the Prime members moral. These alternatives were different by varying degrees. We took this information into the SuperDecisions software and were able to analyze and compare the alternatives to each other and pinpoint which option would best suit the company. Amazon at this time should take no action, even though there has been a 3-month span of poor customer service and missing items.

References

Amazon's Mission Statement:

<http://panmore.com/amazon-com-inc-vision-statement-mission-statement-analysis#:~:text=Amazon's%20mission%20statement%20is%20%E2%80%9CWe,to%20satisfy%20target%20customers'%20needs.>

Amazon's Business Strategy

<https://www.greyb.com/amazon-business-strategy/>

Further BOCR Information:

<https://www.sciencedirect.com/science/article/pii/S0895717707000994>