Zappos Case Study

[Author’s name]

[Institute’s name]

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Response to Question 1

1. Today, the organization of Zappos is determined to define its significant position as the online shoe-retiling giant in the competitive shoe market. This company started its business in 1999 with the objective of attaining its position as the online shoe retailer. To achieve this key objective, the management of the company is interested to adopt some long-term and wide-ranging strategies to gain maximum attention of potential customers. The criteria of the long-term strategy of Zappos can better apprehend by considering the overall strategic background of the company (LAKSHMI, & SOHAIL). Undoubtedly, this organization marked its position as the leading online shoe retailer in current times by focusing on the adoption of some comprehensive strategic domains to achieve both short-term and long-term goals. Customer service is established as the priority for the management to successfully entertain changing requirements of the potential customers.

It is vital to identify and critically examine the long-term strategy of this corporate organization to determine its approach to growth for a longer time span. An online marketing strategy is the current focus of the company to achieve the target of long-term growth. The higher management of the company has a clear vision to enhance its IT infrastructure in order to expand its market share for the long-term growth and development of the shoe business. Providing services in the form of online footwear and accessories is the focus of the company to enhance rapid and close integration with potential customers (Kopelman., Chiou., Lipani, & Zhu, Z. 2012). The perspective of the long-term is cleared for the management concerning the approach of the long-term business. Successful adoption of eCommerce is the Zappos’s business strategy to successfully meet the targets of long-term business growth and enhancement of market share at the global corporate level. It is observed that currently, the company of Zippos greatly shifts its spectrum of business towards the facet of online business services for the customers belongs to different segments. A critical examination of the effectiveness of the current strategy of eCommerce by Zippos is a necessary condition to evaluate its benefits for future corporate domains. A comprehensive examination of the existing marketing environment clearly revealed that consideration of online technologies is one suitable practical measure to expand the idea of improved and rapid customer services for the target customers. The approach of selling shoes online is greatly captured by the company as the biggest retailer organization in the potential shoe market (Cowley,2013). The approach of online marketing strategy also successfully utilized by the company to offer a new product line to a large segment of the customers. This prospect for the Zippos appeared in the form of offering a new couture line, narrow product line, and friendly environment line of shoes in order to attract an increased range of customers belongs to different parts of the world.

A detailed assessment of the current business strategy of the company is also a vital part of the analysis to examine the potential strengths and weaknesses of this business entity. Currently, the organization of Zippos is committed to successfully eliminate all the odds of online shopping faced by the customers (Wang, Zhu, & Chen, 2009). This specific perspective is appeared as eliminating the option of shipping cost and greatly invested in a domain of call center to enhance the level of interaction between the company and the customers. In current conditions, the company of Zippos is mainly interested to focus on its insourcing operations with the objective of increased efficiency level. This particular objective is achieved by the company by expanding its overall range of product lines that observed in the form of a handbag, glasses, and a range of clothing. The main current strategy of Zippos identified as its strong and excellent customer service. This retailer company is keen to provide fast paced customer services to the customers by ensuring interactive form of advertisement and online marketing of range of products. A great range of business effectiveness for the company comprised on the practical idea of word-of-mouth form of advertisement (Young & Clack 2009). The online business strategy is different of Zippos as compare to other retailer organizations because it allows online customers to never pay anything online, instead Zippos gives chance to the clients to first try the product and even there is option of return of the product.

A comprehensive SWOT analysis for the business approach of Zippos is also necessary condition to ensure successful form of corporate strategic analysis. The theoretical framework of SWOT analysis comprised on the approach to identify potential strengths, weaknesses, opportunities, and threats for the business scenario of Zippos in case of potential retailer market. It is noticeable to indicate that the facets of strengths and weaknesses for the company associated with the internal organizational factors whereas the prospects of opportunities and threats covers the range of external business scenario for the company.

Strengths of Zippos

Customer service is identified as the main strength for this business organization that encourage its marketing domain to successfully connect with customers’ changing requirements.

Weakness of Zippos

The current business approach in the form of Amazon merger is identified as the major weakness appeared for the company that requires necessary attention.

Opportunities for Zippos

Online retailing is major opportunity for this organization to enhance its business approach in a profitable manner.

Threats for Zippos

The risk of security breach is characterized as major threat for the organization

1. Zappos’ reputation for great customer service provides the company with more useful advertisement than their marketing budget. Repeat customers and word-of-mouth advertisement is what fuels the growth of this company. Marketing at Zappos is about building profitable relationships with customers.
2. Zappos.com has managed to become one of the leading online shoe-retailing giant that was established in 1999. The business model picked by Zappos.com was invented out of the frustration faced by the shoppers to find their required footwear brand. At present the company is having more than 90,000 styles and more than 500 famous brands, which are in high demand in the international markets. The IT infrastructure has also facilitated the company in tackling of the online segment coverage. Zappos has hired the services of IBM for its technological support, as the company needs high quality IT support to facilitate its huge customer market worldwide. Zappos.com is getting more than 20,000 orders each day; therefore, it has to get its IT backup as strong as possible. The long-tail effect has been benefiting Zappos.com in management of its online segment coverage, as it offers overwhelming collection of attractive brands, color, style and size. Online customers want everything customized this is the reason that Zappos.com is able to attract huge online customer markets. There are several other competitors of Zappos.com like Endless.com, Pioerlime.com, Amazon.com etc. who have also been following a similar pattern of approaches to attract online customers. The company is offering high quality customer services and is also offering amazing price discounts to its clients on its online segment and is continuously growing by acquiring other similar online-based companies like 6pm.com to maintain its market leadership and presence on a larger scale.

Response to Question 2

A. Online businesses have gained much attention in the past few years, as the chances of success is higher and costs are low as compare to any physical business. These days, shoppers are mostly attracted to those online stores or businesses that are having highly customized products and services. This is the main reason that companies like Zappos.com has gained effective market presence in the online industry. If an online business is not offering any unique product or services then there are higher chances that the business will fail, soon. The other factor is this that the shoppers are attracted to those online stores that are offering higher discounts with optimum level of quality. Zappos has always been able to provide quality services to its clients with attractive discounts. At a very initial stage the entrepreneurs have to question themselves whether they are offering something unique to the targeted market or not and this must be addressed in the very first 6 months. Following are few keys to differentiate online businesses and how these have been used by Zappos.com to add value for the customers:

• An online company must not just sell products, but also must sell solutions and this will actually add value to the products and services they offer. Like the online businesses can offer rich and deep content, provide bundle of similar products, and offer based interactive chat etc. All these will help the customers to stay and remain loyal and contended with the online business.

• Highly focus on personalization, which is a key B2C and B2B commerce

• Building of unique featured brand presence in the online market

• Content is considered as a paramount in online business; therefore, online retailers like Zappos.com must focus on providing of enriched content for all of its products and services.

• Customer services is also a key to a brand’s success; therefore, online businesses but focus on quality customer services to attract larger customer markets

• Promotions and pricing also play critical role in businesses differentiation, so these must be kept aligned with the overall business vision.

Zappos.com has been able to cover all these 6 factors effectively to maintain effective value for its clients.

B. There are a number of ways to target online communities to increase online business. The initial and important way is to target the audience and finding people using the internet more than those people who are not using the internet. Another way is to analyze the content that is going to be published and it is important to interact with them through the content so that they may get attracted.

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