Unit 2 IP

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The electronic commerce industry has been originated from the progress of information technology and mobile technology solutions that allow business retailers to go online. The e-commerce industry has witnessed significant growth in the US in the past few decades. E-commerce companies combine the technology and retail business to create a great shopping experience for their customers. The ease and comfort in purchasing characterize the online shopping experience. There are many popular players in the industry such as Amazon, Alibaba, E-bay, and Flipkart. Owing to the massive competition, e-commerce companies need to revise their strategies at different intervals. As they have to meet the increasing customer demands and maintain their strategic position in the industry, an assessment of their current position is vital. This paper seeks to analyze the current strategic position of Zappos Inc. in terms of technology and information system. Such an analysis can help the company in devising or transforming their IT management strategy.

# Strategic SWOT analysis

The SWOT analysis generally is the first step in the strategic analysis of the company. It seeks to deliver an overview of the organizational internal strengths and weakness and external threats and opportunities as well (Sabbaghi & Vaidyanathan, 2004). An information system is one of the widely used tools by the businesses to store and process information. Zappos commenced its business in June 1999 as an online shoe store but now it sells a wide range of accessories and a huge selection from numerous brands. Zappos is also one of those businesses that employ information systems to enhance their customer service experience. The information system includes the company's website linked with the merchandising planning and warehouse management system. This allows the company to calculate accurate merchandise and also enables the system developer to make changes on a daily bases (Rainer, Cegielski, Splettstoesser-Hogeterp, & Sanchez-Rodriguez, 2013). Excellent customer experience is due to the use of electronic commerce information system. Employees are given independence to make use of technology to serve customers and enhance their shopping experience. Zappos also shifted its marketing budget to the implementation of technology to boost customer experience.

One of the major weakness is high competition with the other online retailers that are using technology such as E-bay and Groupon. The merger with Amazon can create internal competition, as Amazon has penetrated very well into the e-commerce market. One of the major threats to the company is the security breach scandal. The company asked the customers to change their passwords due to an intruder having access to the company database. Though, the company declared that the critical information of credit cards and payments was not accessed. The company informed customers whose accounts were hacked but it can disrupt customer's trust in the company's database and IT security systems. The company has a great opportunity to use the innovative technologies implemented by the Amazon after its merger with one of the e-commerce giants. Amazon has adopted technologies like drone deliveries along with the company's supply chain technologies. Remaining true to its mission and taking advantage of Amazon’s technologies and IS, Zappos can ensure a strong competitive position.

# Forces Governing Competition in E-commerce Industry

Some of the political forces that can increase competition for Zappos includes the payment of corporate taxes to the government. In addition, the recent decision of the Supreme Court to apply sales taxes on the e-commerce sales may result in the reduced volume of sales. Most of the customers are inclined towards online purchases due to the benefit of sales tax. Such customers may prefer brick and mortar stores under the influence of Supreme Court sales tax ruling. The technological environment is favorable for the company. The company has access to new technologies and IS. In addition, after its merger, it has access to the other technologies adopted and implemented by its parent organization Amazon. It also has access to the research and development of the parent company. As a brand in the e-commerce industry, Zappos has been able to create a strong position. Moreover, the company also makes use of social media technologies to keep a positive interaction with its customers. The company has always responded to the ever-changing technology environment such as the use of social media applications to deal with competition.

The company faces legal pressure after its accounts got hacked. It has not only damaged the company's reputation but it exerts pressure on the e-commerce player to meet the security requirements enforced by law and order. Though, due to the changing economic environment, the company faces pressure from its customer service employees for salaries raise. The company also needs to consider the cost of new technologies through a cost-benefit analysis before devising IT strategy. Concerning the social environment, the company eliminated the products containing animal fur long ago. The company is also committed to social and environmental factors.

# Wiseman’s Framework of Strategy Development

Wiseman's framework of strategy development was developed by Wiseman, Rackoff, and Ulrich in 1985. It is an approach of linking IT and strategy of the company. With the increasing focus on the use of software applications and IT, this framework explores the customers, suppliers, and competitors as strategic aims of five strategic thrusts. Strategic thrusts can be referred to as the five major competitive moves covering cost, differentiation, innovation, alliance, and growth (Shirazi & Soroor, 2007). The differentiation strategy is crucial for the company to differentiate itself from its rivals in the industry. The success of a company is credited to adopting a differentiated approach of creating a strong organizational culture and its mission to provide exceptional customer service. In the same way differentiation in the technology strategies is vital to distinguish the company in the competitive e-commerce industry.

Besides, revising the information system strategy to reduce the cost of its operations by eliminating errors and mistakes. An efficient information system solution can reduce any complexities in the system of deliveries and merchandising. Besides, reducing the cost of operations will also enable the company to pay more to the customer service staff. Alliances is an opportunity to enhance the business development which the company has already adopted in the form of merging with Amazon. However, an IS strategy that helps the company develop allies with its suppliers will enable them to create unique solutions for Zappos customers.

Innovation and creativity is the core of the company's culture, strategy, and marketing. It already adopts the strategies to give creative freedom to its employees that help the company to showcase its brand in the eyes of customers in an innovative way (Perschel, 2010). However, the innovation in its IT solutions and merchandize is vital to attract more customers and gain a competitive edge over its rivals. In this highly competitive e-commerce industry, innovation can lead a company towards success and it is not limited to technology only. Growth is also essential and all the factors discussed above will carve a path of development for the company.

To sum up, the company has a strong potential to keep up with its competitive position in the industry due to its use of technology and crafting a strong organizational culture. However, the company must be equipped to stiff competition and must take effective strategic actions to lift its business performance. Being a technology-based business it must revise the IT and IS strategies to secure its business without relying heavily on parent company i.e. Amazon.

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