

## The Impact Of Information Technology on Electronic Commerce

### Case Study AMAZON

### دور تكنولوجيا المعلومات في التجارة الإلكترونية دراسة حالة أمازون

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#### Abstract:

Information technology has the power to develop the industry and transform how the business operates. With the development of technology, e-commerce is attracting more attention from governments, companies, and individuals. Many largest Internet companies, around the world, have adopted e-commerce. Amazon, one of the most popular online marketplaces, has revolutionized online retailers by adopting e-commerce operations. In this context, this study involves the assessment of the best Management Information Systems (MIS) practices of Amazon throughout its value chain activities. The potential of this system is highlighted in the study through assessment of technology process and the systems that Amazon use right from the initiation of the user till the payment and delivery mode is being selected.

**Keywords:** information technology, electronic commerce, Amazon, businesses leading, decision making.

**Jel Classification Codes:** D83.L81.L86

#### ملخص:

تتمتع تكنولوجيا المعلومات بالقدرة على تطوير الصناعة وتحويل طريقة إدارة الأعمال ومع تطور التكنولوجيا أصبحت التجارة الإلكترونية تجذب مزيداً من الاهتمام من الحكومات والشركات والأفراد ، وهو أحد الأسباب الرئيسية لسرعة الأمازون ، وتتضمن

الدراسة تقييم أفضل ممارسات نظم المعلومات الإدارية المعمول بها لأمازون طوال أنشطة سلسلة القيمة الخاصة بها. يتم تسليط الضوء على تفرد نظم المعلومات الإدارية في التقرير من خلال تقييم التكنولوجيا والعملية والأنظمة التي تستخدمها أمازون منذ بدء المستخدم النهائي مع موقع الويب حتى يتم اختيار وضع الدفع والتسليم

**كلمات مفتاحية:** تكنولوجيا المعلومات, التجارة الإلكترونية, أمازون, ريادة الأعمال, اتخاذ القرار.

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## 1. INTRODUCTION:

The use of information technology (IT), including the Internet and electronic commerce, is expected to have wide-ranging consequences for the organization of economic activities within firms. The use of IT has been closely associated with business process restructuring and related organizational changes such as eliminating layers of management, and coordination of activities and operations. As companies apply IT to improve their processes, they have also developed inter-organizational electronic linkages with suppliers, customers, and business partners to improve efficiency throughout the value chain.

Such changes could transform the organization of individual firm value chains and the structure of entire industries. The spread of the Internet has increased the potential impacts on the organizational structure by lowering the cost and expanding the reach of electronic networks far beyond those of earlier proprietary systems. The explosive growth in Internet use since the mid-1990s, along with the expansion of e-commerce and continued growth in IT investment globally makes it important to look closely at the impacts of such technologies on the value chains of firms and the production and distribution networks of entire industries.

IT, the Internet, and e-commerce have played an important role in supporting the restructuring of business processes. The e-commerce contains important retailers, such as Amazon.com and eBay, information service companies, like Google and Yahoo, online versions of traditional brick-and-mortar stores. Because of its tremendous importance in the e-commerce industry, Amazon has the power to influence the entire industry.

**Research Problem and Research Question:**

This paper focuses on the impact of IT on e-commerce as a critical success factor. To do so, Amazon is analyzed as a representative company. The main research question, therefore, can be formulated as follow:

*How can information technology reap the benefits of e-commerce and how Amazon can differentiate itself from its competitors?*

**Hypothesis:**

To better analyze this question the following hypotheses need to be highlighted:

- IT facilitates online transactions and the delivery of goods and services.
- Companies need to enhance the integration between e-commerce capability and IT infrastructure to gather benefits.
- More customers moved from traditional purchases to e-commerce because it is often faster and cheaper.
- Amazon for its e-commerce activities uses several information systems to gain a competitive advantage over its competitors.

**Aim of the study:**

The study aims to determine the impact of IT on e-commerce. It also focuses on highlighting the difference between traditional retail and e-commerce

**The methodology of the study:**

To answer the main question, this study is organized as follows. First, we define e-commerce and its benefits, then we present IT, for an externally successful example we talked about Amazon and the potential of its information system and how it made a huge successful profitusing e-commerce.

**2. E-commerce:**

**2.1. Definition of e-commerce:**

« Electronic commerce, commonly written as E-Commerce, is the trading in products or services using computer networks, such as the internet.

Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, internet marketing, online transaction processing, electronic data interchange, inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle, although it may also use other technologies such as E-Mail(kutz, 2016, p. 16).

ISO defines e-commerce as: it is the general term for the exchange of information among enterprise and between enterprise and customers; the Global Information

Infrastructure Committee defines it as the economic activities using electrical communications, with which people can purchase products, advertise goods and settle.

The following are definitions given by transnational corporations Intel, IBM and HP respectively

Intel: E-commerce = electronic market + electronic trade + electronic service

IBM: E-commerce = information technology + web + business

HP: E-commerce is to accomplish commercial business by electronic means.

Since e-commerce is a brand new science, it is not at all surprising that there are various definitions. Besides, a premature uniform definition of e-commerce may slow the development of e-commerce. E-commerce shall be social, economic activities between social principal parts by taking advantage of computers and networks (Qin, 2009, p. 07).

E-business can be supported by all market participants

\*Business with business: (B2B);

\*Business with government agencies: (B2G);

\*Private and other business enterprises with the budget, state-owned capital companies: (B2G);

\*Public Authorities and Budget Firms with Public Institutions and Budget Firms: (G2G);

\*Business, public authorities and budget firms with individual consumers and households, as well as by identifying buyers and recipients of electronic models: (B2C and G2C);

\*Individual consumers and households with each other: (C2C). (Margarita Işoraitè, 2018)

## **2.2. Benefits of e-commerce:**

E-commerce provides multiple benefits to the costumers.

The benefits mainly include it's around. The clock availability at lower cost .the speed of access, a wider selection of goods and services, accessibility, and international reach and save time. But customers sometimes have limited customer service not being able to see or touch a product before purchase and the necessitated wait time for product shipping. However, Organizations of today have transformed their best healthy business practices.

- Convenience: e-Business can take place round the clock i.e. 24/7. Consumers

can access -commerce and e-businesses at any time of the day or night, from their workplace or in their pajamas

- Selection: e-stores offer a wider array of products online. Consumers can search through countless products and services using online databases. Prices are quickly compared online to find the business that offers the best products at the best prices
- Targeted marketing: Consumers are quickly exposed to e-business because it uses more targeted marketing and offers more in-depth education compared to traditional businesses
- Product at a lower price: It offers the product to the country at a price lower than that available through physical delivery (B., 2017, p. 196)

### **2.3. Challenges in E-commerce**

The major challenges faced by the sellers and the buyer which carry out business transactions through internet are as follows.

- Private and public corporation is not involved jointly to grow the business of e-commerce. Private and public joint initiative is needed to develop the e-commerce business. Joint initiatives bring credibility inside people, which is needed for flourishing the e-commerce business.
- There is a lack of system security, reliability, standards, and some communication protocol. Customer loses their money if the website of e-commerce site is hacked. Most common problem of e-commerce website is not having enough cybersecurity
- Financial institutions and intermediaries: Thus far, financial institutions and banks in developing countries are hesitant to take an active role in promoting e-commerce. However, merchants need the involvement of banks to broaden the reach and appeal of e-commerce and to help prevent fraud and potential losses attributable to credit card fraud. But beyond the credit card approach, banks and other financial service intermediaries are challenged to develop alternative modalities for secure and reliable online transactions in environments where credit cards are not commonplace
- In developing countries there is a culture of buying product by negotiating price with seller, which is not easily possible in case of e-commerce in developing countries because of lack of infrastructure facility
- One of the biggest challenges is the cutting down the price of internet. Authorities are trying to keep low the price of bandwidth. But the high cost of spreading networks and operating expenses hinder to keep price low for internet

-Trust is the most important factor for the use of the electronic settlements. Traditional paper based rules and regulations may create uncertainties the validity and legality of e-commerce transactions. Modern laws adopted and impartiality implemented in the electronic transactions form the basis of trust in the developed world. Where legal and judicial systems are not developed ecommerce based transactions are at a disadvantage because of lack of security whether real or perceived. In many developing countries even today cash on delivery is the most accepted system, even cheques and credit cards are not readily accepted.(KHAN, 2016)

### **3. Information technology**

#### **3.1. Definition of IT:**

Information Technology, or IT, is the study, design, creation, utilization, support, and management of computer-based information systems, especially software applications and computer hardware. IT is not limited solely to computers though. With technologies quickly developing in the fields of cell phones, PDAs, and other handheld devices, the field of IT is quickly moving from compartmentalized computer-focused areas to other forms of mobile technology. In today's advanced technological environment, the field of IT is very large; those who work in the field are computer hardware and software designers, computer engineers, and specialists who maintain large computer networks and database systems.

IT professionals maintain databases for organizations and make sure that they are up to date and run smoothly. They resolve problems with the computers on their network by installing and maintaining the programs that run on them, monitoring overall system health, and resolving problems such as computer viruses so that they do not spread quickly and cause network-wide system crashes.(Alireza Gharegozi, 2011, p. 51) Information Technology is used as a strategic tool for companies to enhance their competitive advantages at a time when uncertainty is increasing. The idea that information technology can contribute to the optimization of enterprise resources, strengthen, enable and enhance business performance, is accepted and supported

by many empirical studies(Berisha-Shaqiri, 2015, p. 76)

"Information technology can be defined as the hardware, software telecommunications, database management, and other information-processing

technologies used to store, process, and deliver information"(alshoabi, 1998, p. 02).

### **3.2. New economy**

We need new economics to understand the new economy of bits. The old economics—or at least the old principles—work remarkably well. Many of the effects that drive the new information economy were there in the old industrial economy—you just have to know where to look. Effects that were uncommon in the industrial economy—like network effects, switching costs, and the like—are the norm in the information economy. Recent literature that aims to understand the economics of information technology is firmly grounded in traditional literature. As with technology itself, the innovation comes not in the basic building blocks, the components of economic analysis, but rather how they are combined

The Internet will also revolutionize retail and direct marketing. Consumers will be able to shop in their homes for a wide variety of products from manufacturers and retailers all over the world. They will be able to view these products on their computers or televisions, access information about the products, visualize the way the products may fit together (constructing a room of furniture on their screen, for example), and order and pay for their choice, all from their living rooms.

Commerce on the Internet could total tens of billions of dollars by the turn of the century. For this potential to be realized fully, governments must adopt a non-regulatory, market-oriented approach to electronic commerce, one that facilitates the emergence of a transparent and predictable legal environment to support global business and commerce. Official decision-makers must respect the unique nature of the medium and recognize that widespread competition and increased consumer choice should be the defining features of the new digital marketplace.

Many businesses and consumers are still wary of conducting extensive business over the Internet because of the lack of a predictable legal environment governing transactions. This is particularly true for an international commercial activity where concerns about enforcement of contracts, liability, intellectual property protection, privacy, security, and other matters have caused businesses and consumers to be cautious.

As the use of the Internet expands, many companies and Internet users are concerned that some governments will impose extensive regulations on the Internet and electronic commerce. Potential areas of problematic regulation

include taxes and duties, restrictions on the type of information transmitted, control over standards development, licensing requirements, and rate regulation of service providers. Indeed, signs of these types of commerce-inhibiting actions already are appearing in many nations. Preempting these harmful actions before they take root is a strong motivation for the strategy outlined in this paper

Small and medium enterprises (SMEs) have received substantial focus on several international and intergovernmental forums, especially in APEC, in recent years. The contribution of SMEs to national economic development and employment creation is unquestioned. In Singapore, Malaysia, and Hong Kong, SMEs operate in almost every industry but few have considered seriously the impact of information technology (IT) and electronic commerce (e-commerce) on the success of SMEs. The Internet economy is a broader concept than e-commerce and e-business. It includes e-commerce and e-business. (Alireza Gharegozi, 2011, pp. 52,53)

Benefits of trading via electronic networks, namely: Companies do e-commerce to achieve overall organizational improvement. This improvement is expected to be the result of the 3 main benefits that will contribute to the company's financial stability and enable it to compete better in the business world that applies computer technology, namely:

Better customer service  
Better relations with suppliers and the financial community  
Returns on investment in shareholders and owners increases  
In terms of grouping benefits can be seen from:

Benefits for the company expansion of network of business partners. In traditional trade, it is very difficult for a company to find the geographical location of its business partners in other countries or other continents.

Efficient. It is considered very efficient because every company does not need equipment to run this business and only needs the internet. And reduce all levels of operational costs, so that it doesn't seem expensive. Because it is run through online channels, Market expansion. The reach will be increased very broadly because it is not limited by the geographical location wherever the company is located. Shortening Distance. Companies can get closer to consumers. By just clicking on the links on the sites consumers can go to companies wherever they are.

Benefits for consumers Effective. Consumers can obtain information about products or services needed and transact in a fast and inexpensive way. Physically safe. Consumers do not need to go to the store where the company sells its goods



and this allows consumers to trade safely because in certain areas it may be very dangerous to drive and carry very large amounts of cash. Flexible. Consumers can make transactions from various locations, both from home, office, internet cafe, or other places.

Benefits for the general public Reducing Pollution and Environmental Pollution. Open New Job Opportunities. Profitable Academic World. Improving the Quality of Human Resources Customer service improvements before, during, and after-sales Improving relations with suppliers and the financial community.

Strategy Business-to-Consumer (B2C) of E-Commerce The increasing number of products and services available for digital shipping and the increasing number of customers can overcome their reluctance to make purchases using the web. The faster speed of communication from home computers has also made the delivery of digital products more practical.

1. Digital Products Certain products and services can be sent to consumers directly through the internet. We can cite, for example, songs, movies, and software. Products and services can be directly consumed after downloading.

2. Physical Products Certain products and services that cannot be directly consumed via the internet, but must be sent to consumers. Sales and payment orders can be received through the internet, after which they are sent to the buyer.

3. Sales of Maya Versus Mixed Virtual sales are sales made by a company that does not operate a physical selling place. With virtual sales, there is no shop where customers can enter and buy products. Hybrid sales occur when a company has a place to sell physically and a website where customers can buy products. These two retail sales strategies need to inform customers of product costs and features, manage customer payments, and produce product shipments. Virtual sales are most often used when companies cannot build a place to sell physically or find a place to sell economically feasible physical sales. Mixed sales are sometimes referred to as brick-and-click operations. Most companies have a place to sell because usually this is needed for their business plans. The most popular example at this time is the sale of products through social networks such as Facebook or other sites such as [www.kaskus.us](http://www.kaskus.us), where the sales they do are usually virtual sales or mixed sales.

4. Electronic Governance The government can also benefit from e-commerce. Electronic government or e-government is the use of information technology by the government to provide information and services to its citizens, business affairs, and other matters relating to the government. E-government can be applied

to the legislature, judiciary, or public administration, to improve efficiency internally, deliver public services, or democratic governance processes. The main delivery model is government-to-citizen or government-to-customer (G2C), government-to-business (G2B), and government-to-government (G2G). The most expected advantage of e-government is increasing efficiency, comfort, and better accessibility of public services. The challenge for e-commerce is more than just the type of goods offered. Many customers are more comfortable using cellular phones than using computer keyboards. (Yadiati & Meiryani, 2019)

### **3-3.IT and competitive advantage:**

Although the objective of any Information IT business unit is the enhancement of modern firm's performance - through the improvement of the quality of managerial decisions - in the absence of an adequate alignment between IT and Business objectives, the attainment of the firm's agility status is jeopardized, and consequently, the chances of achieving the IT-Business competitive advantage are reduced.

The strategic role of information systems involves using information technology to develop products, services, and capabilities that give a company strategic advantages over the competitive forces it faces in the global marketplace

This creates strategic information systems, information systems that support or shape the competitive position, and strategies of an enterprise. So a strategic information system can be any kind sentence of the information system that helps an organization:

- 1) Gain a competitive advantage
- 2) Reduce a competitive disadvantage
- 3) Meet other strategic enterprise objectives

Information technology emerges as an essential asset of modern firms' competitive advantage because it connects all business functions and supports managerial decision processes - both essential conditions for the attainment of the organization's agility level.

In any company, IT has a dominant effect on competitive advantages in either cost or differentiation. The technology also affects value activity themselves or allows companies to gain competitive advantage by utilizing changes in competitive scope. Porter (1996) stated; the IT is affecting competition in three fundamental ways:

-It changes industry structure and, in so doing, alters the rules of the competition

- It creates a competitive advantage by giving companies a new way to outperform their rival
- It spawns whole new business, often from within a company's existing operations

In the last decade, many scholars were trying to develop the idea of IT as a source of competitive advantage that has been focusing on IT capabilities as a source of competitive advantage. The overview indicates four different relationships:

- 1- IT has a direct and positive effect on firm performance/competitive advantage
- 2- IT has a direct and negative effect on firm performance/competitive advantage
- 3- There is no connection and no effect between IT and firm performance/competitive advantage
- 4- IT has a contingent effect on firm performance/competitive advantage

IT as a resource can contribute to improved growth and productivity. However, the question of whether IT can be a source of competitive advantage remains unresolved since they discovered that IT spending was not correlated with a competitive advantage

IT capabilities have greater overall profitability (firm performance).(Nikoloski, 2012, pp. 306-307)

### **3-4. Effects of IT on Electronic Commerce:**

Information technology is vital for a modern firm's optimal performance today, as it augments the firm's capability to coordinate business transactions within the firm, but also among firms such as between buyers and suppliers. In this context, Malone et al. (1987) identified three effects of information technology, to which Wigand (1996) added a fourth one. All four effects may lead to reduced transaction and coordination costs:

- 1- The communication effect- Advances in information technology allow for more information to be communicated in the same unit of time, thus reducing transaction costs
- 2- The electronic integration effect-A tighter electronic linkage between buyer and seller is enable
- 3- The electronic brokerage effect- An electronic marketplace where buyers and sellers come together to compare offerings
- 4- The electronic strategic networking effect- Information technology

(including networks) enables the design and deliberate strategic deployment of linkages and networks among cooperating firms intended to achieve joint, strategic goals to gain competitive

Thus the \$4 billion to \$5 billion home shopping market that McKinsey and other consulting firms have predicted in the United States in 2003 will involve not new retail spending, but a switch of customers from shops and catalogs to computers and interactive television. An additional built-in dilemma here is that these new services not only need to cover their basic costs in terms of actual service provision, but they also need to be priced such that they can recover the cost of building the network that delivers them in the first place.

In essence, then, the entertainment that many expect to be beamed into people's homes someday must not only replace the trip to the local video store, but it also must persuade customers to spend more on those pleasures than they are now. However, in the Florida video-on-demand market trials by Time ± Warner, customers were unwilling to allocate additional funds to their entertainment budget. It appears that this behavioral change will come in time, especially when completely new services are being offered and applications are possible that we still have not dreamed of and when users realize the added value achieved via these services and new applications. The same was true with other technologies in history such as the steam engine(Wigand, pp. 2,3)

#### **4-Case study: AMAZON.COM**

##### **4-1. Presentation of AMAZON.COM**

In the early 1990s, the dot-com boom drastically changed the landscape of communications, business, and culture with no signs of regression. For new businesses, effective innovation offered great potential through the World Wide Web. The growing popularity of Internet access created an inspiring logistical niche later popularized as "E-commerce", proving to be a successful means of purchasing products through the Internet. Jeff Bezos, founder of Amazon.com, Inc. (Amazon) was the first to profitably innovate in this emerging market and has become the world's largest online retailer.

Bezos realized the opportunity presented by the web revolution, whereas becoming an established industry leader was the only means to long-term profitability. In 1994, Bezos left his vice-president position at D. E. Shaw, a Wall Street firm, to move forward with his business idea that would soon become Amazon.com.

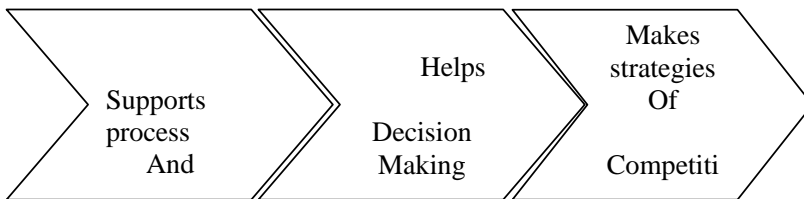
Before the end of 1994, Jeff Bezos incorporated his book e-commerce company as “Cadabra”.

Later, Bezos rebranded the company like Amazon for two distinct reasons: The alphabetical advantage when listed in directories and metaphorically representing the Amazon River in terms of the company’s size. Piloted right out of Bezos’s garage, Amazon became an instant success and soon acquired a warehouse for continued operations. Bezos planned his supply chain strategically from day one, placing the company headquarters in Seattle near a large book distributor in Oregon (Berryman, 2014)

#### 4-2. Information system:

Amazon has become one of the leading online retailers, service providers, and also offers the services of cloud computing services. Currently, the Amazon is focusing on their two major integration parts; which is the Customer Relationship Management and the Information System for the better growth of business in further. Now Amazon is using every perspective of Information Technology for the more increases in their business. For the better service for the customer Amazon is adopting each element and fundamentals of the Information System, whether it is big or small. The software the Amazon uses makes them to attain and attract the consumer and market, along with that they get some strongest coverage which covers under the fundamentals of the Information System, i.e. support of operation and process, decision making, strategies of competitive advantage, shown in Fig.1

**Figure.1.** Building a Fundamental Base through Information System



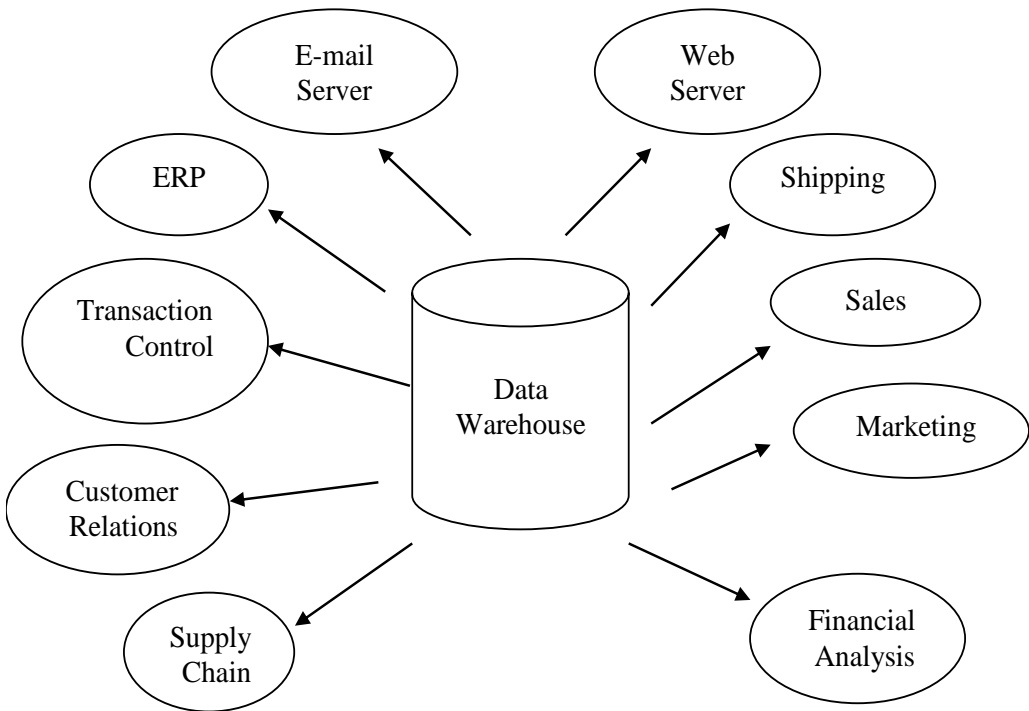
**Source:** Prashant et al, 2018, 24

With all the help for data Technology, Amazon needs assembling an immense warehouse; saves information that has been concentrated starting with the Different operational, external, also different databases which they generally need. It is, no doubt a focal wellspring for information that needs to be cleaned, transformed, and more cataloged, thus that they get a chance to be used to

analyses those information which makes the organization for furthermore data of the choice making.

The information's and information they get, it gets put away over endeavor information warehouse, starting with which they make moved under information marts alternately should an explanatory information store that holds information Previously, more functional type for certain sorts (Data Marts) of information that characterizes the information in the information warehouse. These data are being extracted from various operational analyses, decision support, and transformation(Prashant Bhat, 2018).

**Figure 2:** Data Warehouse, Building the e-empire



**Source:**Prashant et al, 2018,24

## 5. Transaction Processing System:

Every customer hashisprofileonamazon.comormusthave a profile to order any product. Amazon offers many features to personalize their profile with web tools like shopping cart, wish list.

### 5.1. 1-click purchase:

Amazon brings 1 click ordering, personalized shopping services, and easy to use card transaction, e-mail communication with customers, and direct shipping around the world. Customers with previously activated functionality can order items clicking only one button without fulfilling the order form. Amazon's secured server automatically provides the information required for the registered customer.

#### 2.2. Secure Credit/debit card payment:

To secure transaction, amazon.com use secured server software. Customer's personal information, credit card number, and everything is encrypted in order to secure information over the internet.

#### 3. Recommendation System:

Amazon developed an intelligent recommendation system that recommends items by customer's past purchases and searching data. This system store every order made by the customer. For example, if a customer buys a fiction book then the recommender system will recommend related books to the customer. The system is based on "linking" and "Data mining"

Every movement or search query is noticed and tracked down to provide the best possible recommendation. This enhances the browsing experiences of the customers because this acts as an interactive platform between website and customers which helps maximum customer satisfaction.

3.1. Interactive searching System: Amazon provides an interactive searching option for the customers. Customers can select desired items catalogs to find the item. Millions of items can be gained by searching for tools.

#### 4. Supply Chain Management (SCM):

For the huge success by 2004, the "Supply Chain System" played a huge role. In 2000 amazon spent a good amount to build automated warehouse and automated supply chain management. All the supply chain activities are controlled by the CRM system.

4.1. Enterprise Resource Management (ERP System): Amazon uses oracle as the ERP. It has a huge database that holds information related to the customer. The customer's ordering process is automated as the order is taken as it automatically find the nearest distributing center for the delivery. This system fastens the order fulfillment process with the order tracking and reduces any distribution mistakes. By this system, the company reduced 50% of its customer service contacts since 1999 because of fewer mistakes.

4.2. Customer Relation Management (CRM): To gain customer satisfaction and

loyalty amazon uses a Customer Relationship Management system (CRM). The CRM system follows the following application to collect information from the customer. All personal information of customers their credit card record, transaction record, order record, profile, their past purchase history are collected in the database.

The order processing system takes care of the transaction record with a secured transaction method and it delivers instruction to the delivery system for the execution of shipment. Through customer feedback, customer interest, wish list, product reviews web page system collect customer information.

Automated communication is ensured with customers through e-mail and message systems and order information systems. With the CRM system amazon successfully integrates customer sales, services, and communication. (Imran, 2014, pp. 4-6)

### **5. Amazon.com's Objectives & Strategy**

In its business model, Amazon.com has identified the following as key success factors. First of all, a strong brand name location. Then providing clients with marvelous value and a superior shopping knowledge. After that, considerable sales capacity. Finally, Realizing economies of scope and scale. Amazon.com's marketing strategy is designed to strengthen the Amazon brand name, increase customer traffic to the Amazon.com Web sites, build customer loyalty, encourage repeat purchases and develop incremental product and service revenue opportunities.

#### **Porter's Five Forces analysis:**

Porter's five forces of Competition can be a helpful tool in analyzing a business. Those factors are: buyer power, supplier power, competition from substitutes, entrants, and rivals.

-Power of Buyer: clients that buy books in amazon.com tend to become standard customers due to the low prices that amazon.com can offer.

- Power of Suppliers: As Amazon continues to develop; its ability to agreement with suppliers will continue to rise.

-Rivalry: Amazon.com is one of the first companies into the electronic commerce field. This gives to amazon.com a positive altitude of tranquility into the marketplace.

-Entry barriers: With today's principal markets being less friendly toward new internet start-ups, it would be difficult for a new company to effectively



compete with Amazon.(Zana Majed sadaq, 2018)

## 6. CONCLUSION:

Although the new IT paradigm promises many advantages in terms of competitiveness, empirical evidence on the relationship between IT and SME performance is still scarce in developing countries, moreover, concerning e-commerce adoption. This research has shown, E-commerce builds competitive advantages as firms can access and contact with potential clients, not only from external markets but also access to new domestic clients. Moreover, firms can provide more services to existing clients and suppliers.

Amazon has become a house-hold name in both books and music industries. Its position among small competitors is way ahead. The company's ability cannot be doubted in both books and music selling for years to come. Amazon has successfully expanded and hugely profitable due to the provision of the best E-commerce ever, the knowledge of its customers and the longevity of the relationships with its customers. And these three aspects will undoubtedly keep Amazon afloat and remain a dominant retailer regardless of the threats from its competitors.

## 7-RECOMMENDATION

For Algerian company, the road may be rough and unpleasant to keep up with Amazon. To remain on the market, they will have to re-invent themselves by providing E-retail equal to the competitive market. Without it, success for them remains on the horizon. They will also need to identify their customers and be able to keep them as long as possible to enable consistency

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