COMPARATIVE ANALYSIS AND EVALUATION OF BUSINESS AND FINANCIAL PERFORMANCE OF AMAZON.COM: A THREE-YEAR PERIOD CRITICAL REVIEW OF EXCEPTIONAL SUCCESS

Imaeka I. CHARLES
(MBA, ACCA and COREN Certified)
Department of Business Administration, School of Business and Society, University of South Wales, Cardiff, Wales, UK. imaekamoffatumana@yahoo.com
&
Imoh C. UFORD
(Doctor of Brand Management and Consumer Psychology)
Department of Marketing, Faculty of Management Sciences, Akwa Ibom State University, Obio Akpa Campus.
praisebill2@yahoo.com; imohuford@aksu.edu.ng
ORCID: 0000-0003-4618-0345

ABSTRACT

This paper analyzed the business and financial performance of Amazon.com for a three-year period from 2019 to 2021, which were notably the period when the COVID-19 pandemic lockdowns were enforced. The aim was to identify the critical success factors of the firm. To establish Amazon's financial performance, another performing brand's (Walmart Inc.) financial reports during the period, were used for a comparative analysis. The researchers first identified the key business factors responsible for Amazon's excellent performance, using the SWOT and PEST models. Furthermore, a basic financial analysis of Amazon.com's three-year audited financial statements for the period ending 2019 to 2021 was done using ratio analysis. The results of the ratio analysis of Amazon were then compared to Walmart's financial performance within the same period to ensure a meaningful analysis. This comparison showed that in spite of the Covid-19 pandemic which took a toll on the performance of most businesses during that period, Amazon's profitability, liquidity, solvency, and efficiency ratios are excellent when compared to Walmart Inc. Particularly, the results of the PEST and SWOT analysis were used to explain the result of the financial analysis. The researchers argue that given the strengths that Amazon.com has displayed in the areas of its customer-centric and resilient business model, continuous innovation, strides in cloud computing, and strong brand name, it is positioned for continuous excellence in the future having sustained such excellent performance in the face of the Covid-19 pandemic. However, it needs to cater to the complaints of its employees, evaluate its international business segment and keep an eye on the competition to remain the industry leader of the future.

Keywords: *Amazon.com, Walmart Inc., Business Performance, Financial Performance, PEST Analysis, SWOT Analysis.*

INTRODUCTION

Amazon.com is one company that has stood out in the sphere of online trading. It is an e-commerce retail store that supplies various kinds of products ranging from households to industrial products. Amazon.com categorizes its supply base under Amazon.Com store, devices and services, Amazon Web services, delivery and logistics, entertainment (Amazon, n.d). Being the largest global online store, Amazon.com has attracted much traffic to its site/activities.

Close to the heel of Amazon.com is the Walmart Inc., an American multinational retail company with chains of super centres, discount department stores and grocery stores. While Amazon.com has been unanimously accorded the market leader in e-commerce retailing, Walmart Inc. is ranked second/third by different evaluators in the literature (Walmart, 2020; Chevalier, 2022). Nevertheless, Walmart Inc. has been chosen for the purpose of comparison with Amazon.com based on its financial performance over the years. Hence, of necessity, the business and financial performances of these two companies are evaluated by various interest groups to serve their differing interests. It is for the reason of Amazon's excellent performance and outstanding success reflected in its financial ratios that this research is conducted to evaluate its financial performance with the aim of comparing it to Walmart.

Justification for the Choice of Amazon.Com for this Study

Amazon.com has been in the online retail business for 27 years now since the inception, of the online retail stores in 1994. Initially, it took about 14 years before substantial profits were made (Downey, 2021). But the retail business has changed the landscape of online trading and set the pace for several other businesses. Amazon.com was chosen as the case study for this research project because there is unanimous agreement within available literature and data that it is the leading online e-commerce market globally, with revenue of US$ 197 billion in 2021, far above any in recorded history and it accounts for 37.8 percent of the US e-commerce (Chevalier, 2022).

Research Objectives

The study's objectives were grouped into primary and secondary objectives.

Primary Objectives

The following were the primary objectives of the study:

i) to critically analyze the business reasons for the growth of Amazon.Com Inc. in the past three years (2019-2021) using existing literature.

Secondary Objectives

The secondary objectives set to achieve the primary objectives include the following:

i) to analyze and evaluate the accounting/ business models employed in the comparative analysis of the business and financial performance of Amazon.

i) to evaluate the profitability and liquidity ratios of Amazon.com in relations to those of Walmart.

ii) to evaluate the solvency and efficiency ratios of Amazon.com in relations to those of Walmart Inc.

Research Questions

The following research questions were set to help ensure the earlier mentioned objectives are achieved:

i. How Amazon.Com performed in the last three years in comparison with a competitor (Walmart) in this specific study?
ii. Why do we consider the performance of Amazon.Com to be exceptionally strong, over the last three years?
iii. What are the major drivers and factors that affect the business and financial performance of Amazon.Com?

METHODOLOGY OF RESEARCH

This project adopted the Ex-post Facto Research Design to analyze and evaluate the business and financial performance of Amazon.Com, for the last three years using ratio analysis. The financial ratios applied were the profitability, liquidity, solvency, and efficiency ratios.

Furthermore, Amazon.Com's financial performance was compared with Walmart (a competitor) to benchmark its performance against industry competitors. The research project analyses the internal circumstances of Amazon.Com via the SWOT analysis tool, in order to understand the Strengths, Weaknesses, Opportunities and Threats to Amazon.Com. To understand the external environment, the PEST analysis framework was applied to understand the Political, Economic, Social and Technological factors affecting Amazon.Com.

Lastly, both the Qualitative and Quantitative information obtained from the analysis provide a basis to answer the research questions. Then conclusions were provided along with recommendations. The analysis was facilitated with charts and spreadsheets.

Sources of Information

To extend existing research on financial performance of Amazon.Com, data were sourced from publicly available sources, mainly the annual reports of Amazon.Com and Walmart for the preceding years, peer reviewed journals and reliable web sources. This is considered an authentic source of data as only audited financial statements were utilized in the analysis.

Firstly, the Amazon.Com annual reports provided the information used for the financial analysis. These were sourced from the annual fillings Amazon.Com on www.annualreports.com
Secondly, the concepts of PEST, SWOT and the various financial performance indicators were reviewed in various peer reviewed journals sourced from Google Scholar.
Amazon's website, Amazon.com (2022), provided insight into their shared value and leadership principles. Current information about Amazon, Walmart and other industry players were obtained from news sites of Bloomberg, Macrotrends, and Yahoo Finance report.
Finally, the Oxford Brooks University (OBU) Research and Analysis Project (RAP) study pack and Association of Chartered Certified Accountants (ACCA), paper P1, and P3 books were consulted for information on business ethics and analysis.

Limitations to Information Gathering

As earlier stated, most of the information utilized for this research was obtained from the internet. A major constraint in accessing most of the information on the internet was the time available for the research. According to OBU (2022), there is a risk of obtaining irrelevant and incorrect information on the internet. To avoid this, a clear plan was drawn up to guide the research. The publicly available PDF versions of Amazon's and Walmart's accounts had to be converted to Excel using Nuance PDF to reduce the labour intensity and reduce the risk of human error while inputting data. Though the topic is centered on accessing the success of Amazon.Com which already skews the research towards placing Amazon.Com above the competitors, the authors ensured a high level of objectivity throughout the research. As such, there is no basis to believe that the project has been overly prejudiced by any personal predisposition. The major source of this paper is the BS.c. Project from Oxford Brookes University (Umana, 2022), as cited in the reference list, and was guided by the co-author.

FINANCIAL PERFORMANCE

A variety of definitions of financial performance are available in literature. Kenton (2021, pp. 22) defines financial performance as "a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues". According to Corporatefinanceinstirute.com, financial analysis "involves using financial data to assess a company's performance and make recommendations about how it can improve going forward". For a firm's financial performance to be assessed, the financial statement of the firm must be analyzed. Financial statement analysis is defined by Stobierski (2020), as "the process of reviewing key financial documents to gain a better understanding of how the company is performing".

Wild et al. (2014) cited in Baraja and Yosya (2019, p.5), defined financial statement analysis as the review of financial statements to determine the relationships, tendencies, or trends affecting the financial position, performance, and growth of the company. Key among a company's financial statement to be analyzed includes; the Balance sheet, Income statement, Cash flow statement and Annual report (Ukpong, 2012).

Financial performance measures include profitability ratios, Liquidity ratios, solvency ratios, efficiency ratios and investor's ratios.
Profitability Ratios

Dave (2012) in Adjirackor et.al (2017) defined profitability as a firm's ability to utilize her resources efficiently to generate profit from the business activities of the organization. Adjirackor et al. (2017 p.2) defined profitability as the "earning power of operating efficiency of the concerned investment" or "the ability of a given investment to earn a return from its use". Profitability ratios measure profitability of an organization. The commonly used ratios are as follows:

Return on Capital Employed (ROCE), which is the ratio of the Profit before interest and tax (PBIT) to the Capital employed and usually expressed as a percentage. The PBIT is applied as it is necessary to reward the shareholders (Association of Chartered Accountant ACCA, 2020).

The Gross Profit margin compares the gross profit to the revenue of the company (Ar, 2019). The higher the gross profit margin, the better the company growth. This is because low gross margins usually being due to high cost of sale or low prices. The Net Profit margin uses the Net Profit instead and the higher the better (ACCA, 2020).

Liquidity Ratios

Liquidity is an indication of the company's ability to meet its short-term financial obligations (ACCA, 2020). The two common measures of liquidity are the current ratio and quick ratio.
Current ratio is a ratio of the current assets to current liabilities. A current ratio below the industry average suggests at higher debt default. On the other hand, a higher current ratio indicates inefficiency in handling the company's asset (Ar, 2019).
The quick ratio is a more cautious ratio which eliminates inventory from the current asset before comparing it to current liabilities. This is based on the argument that inventory could take a long time to convert to cash (ACCA, 2020).

Solvency Ratios

Solvency ratios measure how well a company's cash flow can cover its long-term debt (Goel, 2016). Munawir (2007), also defines it as the "as the ratio used to assess a company's ability to meet its debt obligations. Solvency is measured by Debt-equity ratio and interest cover.

High debt- equity ratio indicates that the company's capital structure is tilted more towards debt, which is usually riskier but require a lower rate of return (ACCA, 2020). Interest cover compares the PBIT to the interest on long-term borrowings to determine the ease with which the company can pay of interests on its long-term debts (Goel, 2016).

Efficiency Ratios

These ratios indicate the ease with which a company can utilize its resources to generate cash and revenue (Goel, 2016). The common ratios are the receivables collection period, payables collection period and inventory holding period. These all indicate the efficiency of the company in managing its assets.

Receivables collection period shows the efficiency of the company in collecting debts by comparing the receivables to the credit sales multiplied by 365 days. The shorter the period, the better as it shows the company is able to quickly turn receivables to cash (Goel, 2016).

Payables collection period shows the efficiency of the company in paying off debts by comparing the payables to the cost of sale multiplied by 365 days. The longer the period, the better for the company's liquidity but can have a negative impact on the relationships with the suppliers (Pymnts, 2016).

Inventory holding period shows how long the company holds its inventory. This means the shorter the period, the better the company's liquidity (ACCA, 2020).

As companies venture into new and divergent businesses, the more realistic ratio for comparing their efficiencies in cash management is the working capital cycle. This is the number of days between settling suppliers and receiving payment from sales (Asworth, n.d). Working capital is calculated by deducting payables days from the sum of inventory and receivable days, with a negative working capital being preferable.

BRIEF PROFILE OF AMAZON.COM

Amazon.Com was established in July 1995 by Jeff Bezos after being convinced by a data that showed the internet grew at the rate of 2300% (Sadq, Nuraddin and Hama, 2018). He chose Seattle as the Head Quarters of Amazon.com because of the city's reputation in technological advancement and relatively small population (which implied, Amazon.com would only collect sales tax from a smaller percentage of its customers). Also, Seattle was close to Roseburg, Oregon where one of its major suppliers was located (Stone, 2013). By 1997, Amazon.Com became a publicly traded company with focus on unlocking the power of internet to the delight of customers and shareholders (Amazon, 2021).

Jeff Bezos had two clear cut visions: Building the most customer-centric company on earth and providing a platform where customers can easily buy anything they want (Hof, 2001a as cited in Hof, 2001b). This vision has been achieved through its key success factors. The key success factors of the Amazon.com business model as enumerated by Modi et.al (2000), are as follows: strong brand positioning; providing a superior shopping experience to customer with exceptional value for money; Huge selection of items; and Leveraging on economies of scale.

Kumar, Eidem, and Perdomo (2012) posit that Amazon.com's business model allows it to sort customers into three (3) basic categories. The first category comprises of the Consumers. This group is made up of customers who are only there to buy and as such require information such as available prices, sales and expected delivery dates. Consumers can subscribe to the Amazon Prime which qualifies them for frequent discounts and two-day free shipping option. The second category is made up of the Sellers. Sellers are able to sell their products on the Amazon website while leveraging on Amazon.Com's distribution service. Amazon.com then earns a fixed fee, a percentage of sales, per-unit activity fee, interest, or a combination thereof, from the seller programs. The final category involves the developers. Developers utilize the Amazon Web Service (AWS) to offer a broad range of new technology services (Amazon.Com, 2021).

Irrespective of the customer category, Amazon.Com, maintains its customer centric business approach. This involves, focus on the customer's needs, predicting the customer's needs and delivering them through innovation, and personalizing each customer's shopping experience (Sadq, Nuraddin and Hama, 2018).

Highlights of Amazon.com's Management's Discussion and Analysis of their Financial Condition:
The primary source of her revenue is through selling a wide range of goods and services to customers. Amazon.Com's strategy to increase sales is by increasing the unit sales across all stores by increasing product selections (Amazon.Com, 2022). The company also has a long-term focus to increase its free cash-flow in a sustainable way. To achieve this, the company seeks to increase its operating income and efficiently manage its working capital cycle (Amazon.Com, 2021).

There is a drive to improve the company's operating gearing by optimizing its fixed cost to reduce the variable costs on a per unit basis. This will lead to reduced prices for customers. It seeks to achieve this through direct sourcing and maintaining a lean culture which minimizes the growth of fixed cost and eliminates waste (Hines, Holweg, & Rich, 2004).

Inventories are products available for sale, primarily accounted on a First-In-First-Out basis and valued at the lower of cost and net realizable value (Amazon.Com, 2022). Significant risks disclosed in the financial statements include the market risks to which the company is exposed as a result of interest rate fluctuation, foreign currency fluctuation due to its international business portfolio and changes in the market value of its investments in various public and private companies (Amazon.Com, 2022).

SWOT ANALYSIS

SWOT represents Strengths, Weaknesses, Opportunities and Threats. SWOT is a business model with which companies identify and analyze both the internal and external factors affecting the business performance (Namugenyi, Nimmagadda and Reiners, 2019). According to Eastwood et al. (2016), Strengths are the internal capabilities of the business that are responsible for the company's success. Weaknesses on the other hand, are internal factors that impede the performance of the company. Opportunities in the SWOT analysis are external factors available to the company, which can be exploited by the company to gain competitive advantage. Threats

on the other hand are external factors that can negatively impact the company's performance SWOT Analysis is instrumental in strategy formulation and selection.
According to Önören, Arar and Yurdakul (2017), SWOT or (TOWS) analysis attempts to partition the key factors influencing the strategic direction of the firm along two dimensions which are, broadly speaking, internal/external and positive/negative. It is a technique that provides a framework to facilitate analysis and assessment of a particular situation.
The internal environmental analysis is an analysis of the strengths the firm possesses and its inherent weaknesses. Strengths of the organization are its capabilities or areas of competitive advantages while weaknesses are its areas of disadvantages. Since they are within the organization, they represent controllable factors which management can directly influence.

External environmental analysis is the assessment of the organization's opportunities and threats. A marketing opportunity is an area of buyer need and interest in which there is a high probability that a company can profitably satisfy that need. Opportunities are evaluated in terms of the attractiveness and probability of success, and this can be achieved using Market Opportunity Analysis (MOA).

Environmental threat on the other hand, is an area of challenge posed by unfavourable trends or developments that would lead to lower sales or profit if there is no intervening defensive marketing action. Classifying threats according to their seriousness and probability of occurrence offer a chance of detecting major threats early and formulating contingency plans; ignoring very minor threats and seriously monitoring the moderate ones if they grow serious.
SWOT is a strong tool for high level guide in business performance analysis but does not offer details or prescriptions (Namugenyi, et al., 2019). Hence it avails businesses the tool to build on their strengths, eliminate their weaknesses, exploit, and maximize new opportunities, while overcoming threats (Gautam, 2017).

Disadvantages of SWOT analysis:
However, SWOT has been criticized as being overly simplistic, subjective and not solution driven. Hence, based on the propositions of (Dess et al., 1997: 78; Koch, 2000; King, 2004), SWOT Analysis is suitable as starting point for business analysis, which opens opportunity for a more comprehensive review, analysis and strategic planning using other business models such as the PESTEL, Porter's Five forces etc. For example, Wu (2020) combined the PESTEL framework, Porter's five forces model and SWOT analysis to examine the international strategy, and the cost leadership strategy, of IKEA. Such combination, offer a comprehensive view of the business environment, with the SWOT analysis looking inwards, the PESTEL looks outward while the Porter's five forces model, analyzes the competitive ecosystem of the company, by considering five key factors: Suppliers, Customers, New entrants, substitute products and rivals (Benzaghta et al., 2021).

PEST ANALYSIS
The PEST analysis helps organization to identify the macro environmental factors affecting them in the present and the future. These factors may be Political, Economic, Social and Technological in nature (ACCA, 2015). As Mahmood (2019), also posits, merely listing the PEST factors has minimal value, it is important to identify how the key threats and opportunities can affect current and future changes in the environment of the company.

PEST analysis helps companies to consider the external environment, think strategically, identify threats and exploit opportunities (Ahsan, 2021). While, these advantages are like the SWOT analysis, the PEST analysis does not analyze internal factors. However, when performing the SWOT analysis, the external environment is not thoroughly evaluated as in the pest analysis.
Disadvantages of PEST Analysis:

The dynamic nature of the external environment requires a continuous performance of the PEST analysis, making it a dynamic tool. Also, the knowledge of the researcher might be limited depending on the information available and assumptions taken. Hence, the PEST analysis needs to be revisited continuously to assessed current conditions.

EVALUATION OF AMAZON.COM BUSINESS TECHNIQUES USING SWOT ANALYSIS

The SWOT analysis of Amazon.com is as follows:
Strengths:
Strong Brand Name:
According to Business Strategy Hub (2022), Amazon.Com has more than 310 million active users and about 200 million prime subscribers around the world. It is a global giant in e-commerce, with a diversified business portfolio, a strong position and a successful brand image. A strong brand image leads to brand equity, which is an intangible asset (Etim & Uford, 2019).

Top Brand Valuation:
According to Interbrand (2022), Amazon.Com has been ranked the second-best global brand, in 2021, with a brand value of 249B$ and a positive growth of 24%. This contributes to the company's growth and sustainability (Thomas, Ukpong & Usoro, 2022).

Customer-Centric Approach:
Amazon.Com has maintained a track record of continuous exponential growth from its incorporation in 1994 by Jeff Bezos and reincorporation in 1996. According to the founder, the company focuses on these four principles: Customer obsession rather than competitor focus; commitment to operational excellence; Passion for innovation; and Long-term thinking (Amazon.Com, 2019). Amazon.Com began as an online bookstore but has continuously expanded its operation both pre and post Covid 19 through organic growth and numerous acquisitions. It has grown to become the most customer-centric company in the world and a place where customers can buy anything (Amazon.Com, 2019).

Differentiation, Lean Culture and Innovation:
Amazon.Com has been the leader in innovation by encouraging creative ideas and innovative additions. It also differentiates its service delivery through innovations like the drone delivery service and Withings Aura Smart Sleep System (Guta, 2020). These disruptive technologies were available pre-Covid 19 and during Covid-19. They are promoted through the Amazon Launch Pad which provides a platform for new products to be launched to customers ever before they are available elsewhere. This also contributes to the company's excellent performance over the years. Amazon.com has also adopted a lean culture to eliminate waste at all levels (Amazon.Com, 2022).

Delivery:

Customers are interested in having their orders delivered to them in safe conditions as quickly as possible. Amazon.com has continuously created a consistently reliable world-class shopping experience next to none for its customers. It takes on the delivery responsibility through its fulfillment by Amazon.Com (FBA) motto to ensure quick delivery through its advanced logistics, robotic innovative technology and 175 fulfillment centres worldwide operating 24 hours. In the end, customers have their products delivered fast and sellers are spared the rigours of picking, packing and shipping of products (Jordan, 2020).

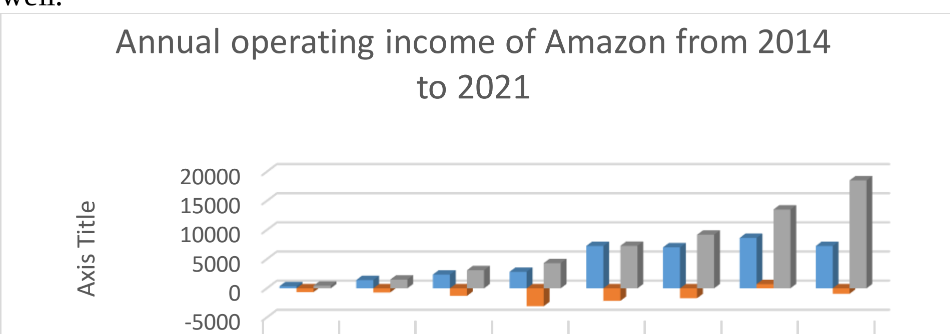
Higher Net Sales due to the COVID-19:

Işık, İbiş and Gulseven (2021), in their study of the impact of covid-19 pandemic on Amazon's business, established a positive correlation between customer demand and covid-19 cases. The global lockdown, quarantine measures and safety requirements during the pandemic which meant had to stay indoors, led to increase in the sales figures of Amazon.com. Mattia (2021), also reports that the negative effect of the global shutdown experienced by many companies the world over did not extend to top online companies like Amazon.Com . Accordingly, the e-commerce enterprises recorded double digit revenue growth with gross merchandise sales growing at a 29% rate. He asserted that despite the challenges with delivery and custom clearance, these e-commerce companies "experienced four to six years of growth over a single year".

Weaknesses:

Shrinking Operating Margins in Some Segments of the Business:

The international segment of Amazon.Com has recorded a net loss for a long period of time. According to Amazon.Com's Annual Report, (2020), this is primarily due increased shipping and fulfillment costs due in part to COVID-19. The cost is expected to continue to increase due to COVID-19 related costs. Figure 1 below shows that though Amazon.Com has recorded an increasing net profit on its Amazon Web Service the international segment has not been doing well.



	2014	2015	2016	2017	2018	2019	2020	2021
North America	360	1,425	2,361	2,837	7,267	7,033	8,651	7,271
International	-640	-699	-1,283	-3,062	-2,142	-1,693	717	-924
AWS	458	1,507	3,108	4,331	7,296	9,201	13,531	18,532

Figure1: Annual operating income of Amazon.Com from 2014 to 2021
Data Source: Coppola (2022).

Tax Avoidance Controversy:
Given that Amazon.Com operates in different jurisdictions, this subjects the company to tax assessments against it. Audit findings or tax controversies can result in a material reduction in the reported performance in in the period or periods for which that development occurs (Ukpong & Ukpe, 2023), as well as for prior and subsequent periods. For instance, president trump had criticized the organization on taxes, as well as tax avoidance controversies in Japan, UK and US (Business Strategy Hub, 2022).

***Employees' Treatment and Workplace Conditions*:**
Lieber (2018) wrote about poor treatment of employees and workplace condition in August 2018. These include bad air conditioning, restricted bathroom breaks, and constant video surveillance which all leads to poor media coverage.
As Jeff Bezo's wrote in his 1997 letter to shareholders:
"You can work long, hard or smart, but at Amazon.com you can't choose two out of three" (Amazon.Com, 2019. p.8), the statement shows Amazon.Com 's obsession with customers at the expense of staff welfare which further supports the media outrage against her.

Declining Consumer Safety:
Amazon.Com's large offerings of products have made it increasingly difficult for the retailing giant to properly vet all its products to ensure safety and high quality of products. Recently, The U.S. Environmental Protection Agency (EPA) recently asked Amazon.Com to remove several unsafe products on its platform (Reuters Staff, 2020). Amazon.Com alleged that these products were listed by third party sellers, which shows the porosity of their site.

Opportunities
Increasing overall and Urban Population:
With increase in world population and internet users the market for Amazon.Com has further increased. According to Kemp (2022), About 4.95 billion people all over the globe make use of the internet in January 2022 and the number of mobile phone users grew by 95million in 2021. This equals 62.5 percent of the world's population. For Amazon.Com this is an exceptional opportunity to leverage on the increased number of internet users and capture new markets.
Covid-19 Related Demand for Online Products:
According to Gowdra Shanthakumar, Seetharam, and Ramesh (2020), the onset of the pandemic and the resulting lockdowns led to panic buying and stockpiling among customers. This also resulted in more people relying on online products. Amazon.Com took advantage of the opportunity to expand its delivery hub to 1500 across the United States (Amazon.Com, 2021).

Backward Integration:
As recommended by Saumya (2021), Amazon.Com can increase its product lines through the Amazon Basics into new segments. Amazon Basics brands generic items and sells them. Asides from brand promotion, such integration, would offer differentiated products, backed with customer-demanded features (from customer data analytics), and improve profit margins emanating from earnings from product sales and not just distribution.

New Markets:
Amazon.Com is increasing taking advantage of its position as the pioneer online retail company. It took advantage of the cloud computing market, when it was considered a risk in 2006 (Sauer, 2022). Currently, Amazon.Com is already announcing Joint venture agreements, with British retailer Marks and Spencer announcing a joint venture with Amazon.Com to sell its products and service online. Other recent collaborations have been with Target, Toys-R-Us and the NBA. Amazon's new Luxembourg-based division aims to provide tailored services to retailers as a technology service provider in Europe, (Missouri Center for Career Education-MCCE, 2017).

Threat
Competition:
According to Amazon.Com (2021), the competitive factors in the future will be price, selection, convenience, speed, reliability, and flexibility. Given that the Internet simplifies competitive entrance and comparison shopping, new entrants can compete against Amazon.Com offer lower prices and flexibility. Also, other companies may enter mergers and strategic alliances to improve their competitive advantage and better cater for user needs. As a result of competition, our product and service offerings may not be successful, we may fail to gain or may lose business, and we may be required to increase our spending or lower prices, any of which could materially reduce our sales and profits.

Adverse Effect of Foreign Exchange Rate:
Given that Amazon.Com reports its financial results in U.S Dollars, its international stores and product and service offerings are subject to foreign exchange rate fluctuations. As a result of these fluctuations, operating results may differ materially from budget. Also, cash and cash equivalents held in foreign currencies may be materially impacted on conversion. For instance, changes in foreign currency exchange rates impacted International net revenue by $(2.4) billion and $1.7 billion in 2019 and 2020 (Amazon.Com, 2021 and Peachy Essay, 2021).

Government Regulation:
Amazon.Com operates in several countries of the world and as such is subject to different jurisdictions. It is also subject to various formal and informal investigations and audits by regulators around the world. From its latest annual reports, various regulators have opened investigations to determine if it is violating competition rules. Where such investigations, regulations, laws, interpretations and decisions lead to unfavorable outcomes, Amazon.Com may be subjected to substantial fines or even criminal charges which in turn reduce the demand for her products and services, damage her reputation, hinder growth, or otherwise have a substantial consequence on organization's operations (Adi, 2021).

Shrinking Product Life Cycle:
The life cycle of gadgets and other innovative products from Amazon.Com are continuously shrinking as new ones continuously phase out existing innovations. Hence Amazon's Sales and Marketing faces the threat of shrinking product life cycle. This would in turn lead to research and development expenditure, higher marketing costs and lower brand loyalty. Also, Amazon.Com must strive to shorten the Payback period before innovative products get outdated (Oberoi, 2019).

PEST ANALYSIS OF AMAZON.COM

PEST analysis is the analysis of a company's business external environment. A business external environment has the capacity to influence a company's sales and ultimate survival in the business environment. Therefore, it is recommended that a company keeps trail of its external environmental factors to adapt where necessary. Below is the PEST analysis of Amazon.Com:

Political Environment

Government Regulation (Threat)

The international segment of Amazon.Com is exposed to government regulations affecting its products and services and its ability to compete. These include trade protection measures for indigenous companies, export duties and quotas and custom levies and restrictions on foreign ownership. For instance, The People's Republic of China ("PRC") and India regulate Amazon.Com and its affiliates' businesses and operations through guidelines and license requirements that discourage foreign investment in and operation of the Internet, IT infrastructure, data centers, retailing, delivery, and other sectors; Internet content, and the marketing of media and other products and services (Amazon.Com , 2021). These are threats to Amazon.Com

Political Instability Due to War and Terrorism (Threat)

Wars, terrorism and political tensions among countries affect the activities of Amazon.Com. For instance, Amazon.Com has suspended all shipment of retail products to clienteles in Russia and Belarus and stopped providing customers in Russia with access to its streaming service Prime Video (Catherine, 2022 & Ani, 2022). Hence, a politically stable hub such as Canada and the United States present an opportunity for Amazon.Com.

Economic Environment

Restriction on Fund Repatriation and Investment (Threat)

With various countries placing restrictions on the repatriation and investment of funds from their counties, Amazon.Com may face problems when trying to repatriate funds which may lead to fines and reputation damage.

Also, there may be limits on the amount of foreign currency exchange, making it difficult for the local currencies to be converted to USD. This is a threat to Amazon.Com. For instance, according to INS Global (2018), fund repatriation from the People's Republic of China, may still be stopped even if all standard requirements are made by the State Administration for Foreign Exchange. Also, Home countries are introducing limitation on foreign direct investments (Golub, 2003).

Liquidity Issues (Threat)

As a result of the Covid-19 pandemic, most companies have had to struggle to survive, this could subject Amazon.Com to shorter payables days and longer receivable days, which in turn result in a negative impact on cash flow. This presents a threat to Amazon.Com as the earlier the inventories are converted to cash the better and the shorter the Cash Conversion Cycle (Hayes, 2020).

ISSN 2056-6018

Sociological Environment

Lower levels of use of the Internet (Threat)

Data from the U.S Census Bureau's Population Division shows that by 2030, when all boomers will be older than 65, older Americans consist of 21 percent of the populace, up from 15 percent currently (Vespa, Armstrong, and Medina, 2018)), With this growing number of older adults, the use of the internet for purchase may reduce, which constitutes a threat to the profitability of Amazon.Com .

Increasing Online Buying Habits (Opportunity)

Amazon.Com benefits from the increased willingness of people to shop online during the Covid 19 crisis. This trend was seen to be on the increase during the Covid-19 (Uford, 2021), leading to staggering revenue increase for Amazon.Com (Saumya, 2021).

Technological Environment

Rapid Technological Obsolescence (Threat and Opportunity)

The life cycle of gadgets and other innovative products from Amazon.Com are continuously shrinking as new ones continuously phase out existing innovations. Hence Amazon's Sales and Marketing faces the threat of shrinking product life cycle. This would in turn lead to research and development expenditure, higher marketing costs and lower brand loyalty However, in the context of this PEST analysis, such a condition is also an opportunity for the business to continuously innovate. For instance, innovative technologies can optimize online retail productivity and reduce operational costs (Oberoi, 2019; Amazon.Com, 2021).

Increasing Rates of Cybercrime (Threat)

Amazon.Com collects and stores huge amounts of data. Any information security breach may result in litigation, liability, or regulatory action. Amazon.Com has admitted to such security breaches in the past and the risk increases everyday as fraudsters invade the online space. For instance, in advance of the Amazon.Com Prime Day, 2022, Check Point observed a 37% increase in Amazon-related phishing attacks in early July compared with the daily average of the previous month. Furthermore, about 10% of the 1,900 new domains using the term "Amazon" in June, were found to be either malicious or suspicious (Whitney, 2022). It would also discourage potential customers from using their stores and services, and harm the business and reputation.

FINANCIAL ANALYSIS OF AMAZON.COM

Ratio Analysis

The financial analysis evaluated profitability, liquidity, solvency, and efficiency of Amazon.com. Results from Walmart, a major competitor against Amazon.Com will be used to benchmark its performance (Morgan, 2022)

Walmart, whose financial performance will be used as a benchmark in this work has a year end of January 31st, hence, the comparable statements are for the period ending, January 31st 2020, 2021 2022 while Amazon.com's are for the period ended December 31st 2019, 2020 and 2021.

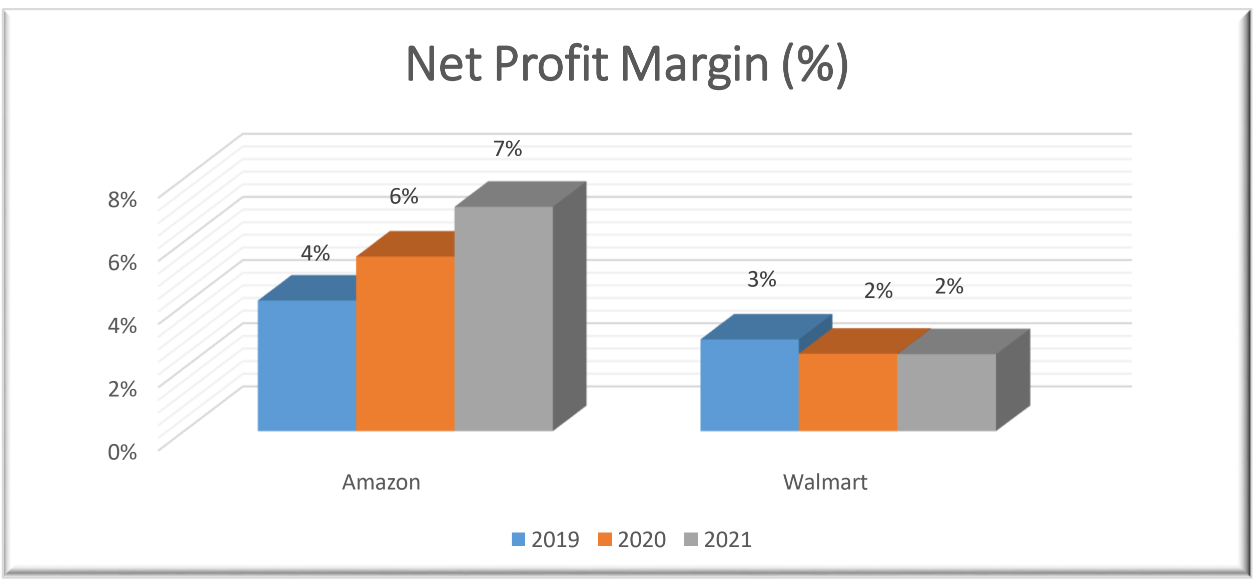
i). Profitability Ratios

Net Profit Margin

The Net Profit Margin of Amazon.com has soared during the period under review, while Walmart saw dwindling margins at the peak of the Covid-19 Pandemic. This is because, while brick and mortar retail stores like Walmart, had to shut down or reduce their operations, during the lockdowns, top online companies like Amazon.Com flourished during this period as people depended on the web for purchases (Mattia, 2021). Also, Amazon.Com's strategic alliances with other companies like fresh food companies, allowed it to maintain a robust value chain during the Covid-19 Pandemic and sustain a low-cost structure, which resulted in soaring profits (Business Strategy Hub, 2022).

Furthermore, Amazon.com's diversified business portfolio helps it to remain profitable in spite of market changes. For instance, in Q4 2021, when the international segment and North America segment of the Amazon.Com business portfolio reported losses, its Amazon Web Service reported a huge profit that compensated for the losses in the other segments (Johnson,2022).
Also, a major driver of the company's sustained excellent performance was its decision to take advantage of the new cloud computing market and venture into the Amazon Web Service which has now proven to be the cash cow (Sauer, 2022). Figure 1 showed that though Amazon.Com has recorded an increasing net profit on its Amazon Web Service and the North America business, the international segment has been struggling since 2014 (Coppola, 2022).

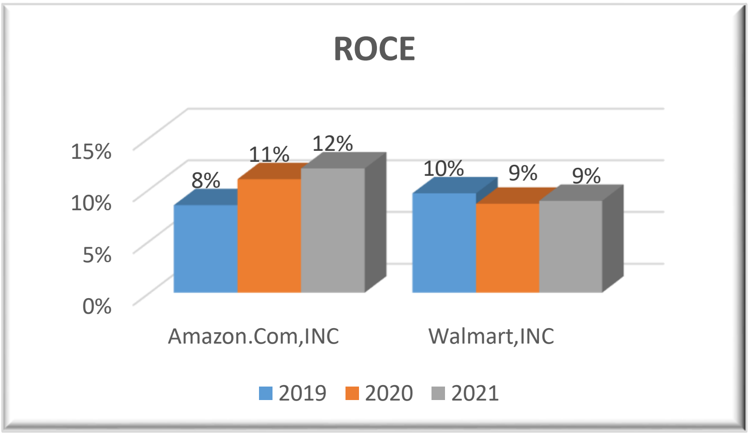
Due to the online nature of its business, Amazon.Com eliminates the cost of maintaining physical stores and staff. It also leverages on economies of scale to control its cost and inventory. Also, Amazon.Com forms strategic alliances with many companies such as Evi Technologies, Thalmic Labs, Shoefitr, The Orange Chef etc., thus achieving a robust value chain which also helps in sustaining a low-cost structure (Business Strategy Hub, 2022). Being a cost leader increases the profit margin of Amazon.Com and by implication its performance.



Return on Capital Employed (ROCE)
ROCE of Amazon.Com has consistently increased during the period under review, irrespective of the pandemic, while Walmart saw a decline in its ROCE within the same period.
The implication is that its profits have flourished, mainly because of its ability to increase market share and leverage economies of scale (Amazon.com,2022). This large market share then allows it to gain a high bargaining power towards her suppliers and further increase her profits (Wei, 2021).
Given the significant increase in the online sales during the covid 19 crisis, Amazon's brand has become increasingly popular around the world (Business Strategy Hub,2022). Through data

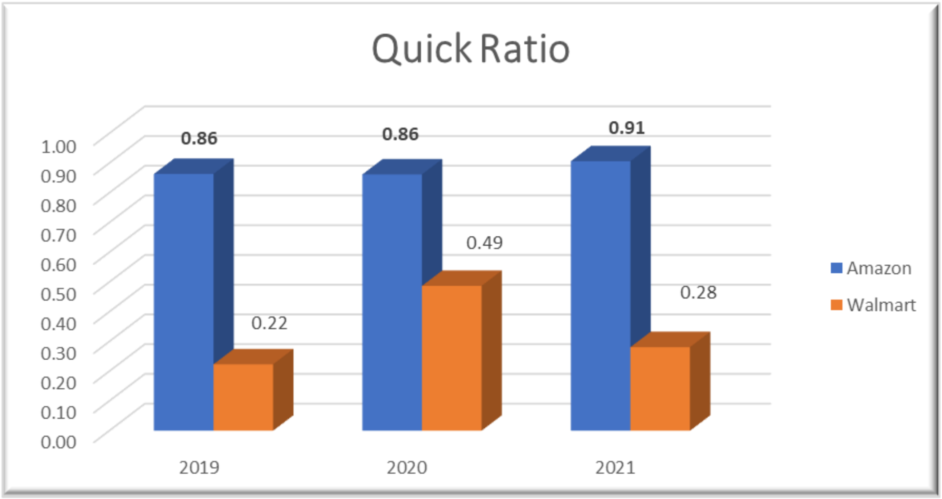
analytics the company has taken advantage of this information to establish physical stores around customer clusters.

Also, Mukerjee (2013) mentioned that the customer-centric strategy of Amazon.Com, has led the company to venture into new businesses and increase its market share, leading to customer satisfaction, increased number of customers, customer loyalty as well as higher sales (Uford, 2017).
The long-term impact is a steady growth in the ROCE.



ii). Liquidity Ratio Analysis
Liquidity analysis shows the company's ability to meet its short-term financial liabilities using available cash (Qadeer, 2013).

Quick Ratio
The current ratio compares the company's current asset to its current liabilities, with the aim of determining its short-term solvency (Tracy, 2012). Since this ratio is affected by the inventory method used in different companies, the Quick Ratio eliminates the effect of inventory, hence the choice of the quick ratio for analysis. From the graph below, Amazon.Com's quick ratio averaged 0.9, while Walmart's was 0.3 over the last three years. The higher quick ratio of Amazon.com compared to Walmart and the industry average of 0.7 based on statistics on Readyratios (n.d.), indicates that the company has uninterrupted flow of cash to meet to run its operations in the short run. This is mainly because of the retail giant's ability to adopt a lean approach that eliminates waste at all levels (Ehrenfeld, 2020). There is also an intentional drive by Amazon.com to source goods directly thereby reducing the amount it pays for goods (Amazon.Com, 2022). Thirdly, Amazon.com, goods are hardly kept in inventory as it continues to engage third party sellers and improve its delivery service. This reduces the risk of the company to run out of cash to meet her financial obligations (Kale, 2021). Amazon.com also has an unbeatable logistics network that facilitates quick delivery. This system is technology driven, with features that identify fast selling items and directs warehouse staff with radio signals and voice technology (Kha, 2000).
All these strategies have led to Amazon.com's ability maintain a higher quick ratio than Walmart and other competitors.

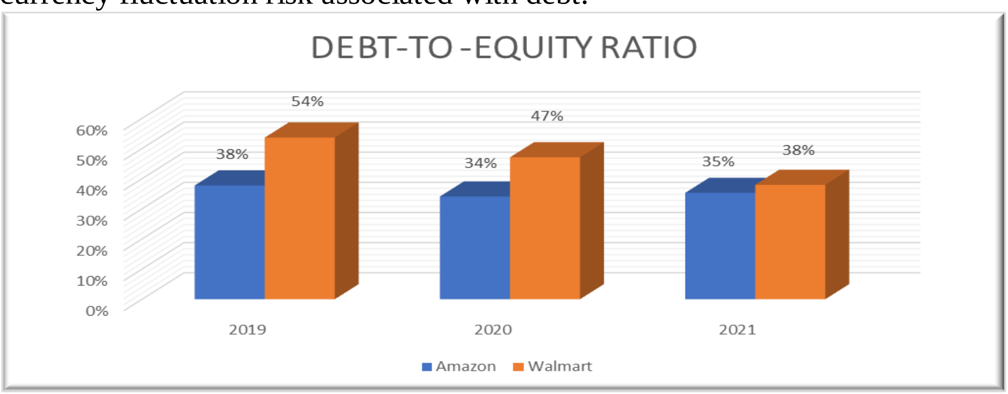


iii). Solvency Ratios

Debt-Equity ratio

The Debt-Equity ratio of Amazon.Com averaged 36% in the last three years while Walmart's was 46%. This shows more security for the Amazon.Com shareholders than the Walmart shareholders as it funds its operations more from shareholder funds which are less risky than debt (ACCA, 2020).

This is driven by that Amazon.com's ability to attract more shareholders as a result of its strong position and successful brand image (Business Strategy Hub, 2022). Secondly, Amazon's non-payment of dividend over the years has helped it grow its equity, thereby reducing the need for debt (Backman, 2022). The reduced debt further shield's the company from interest risk and currency fluctuation risk associated with debt.



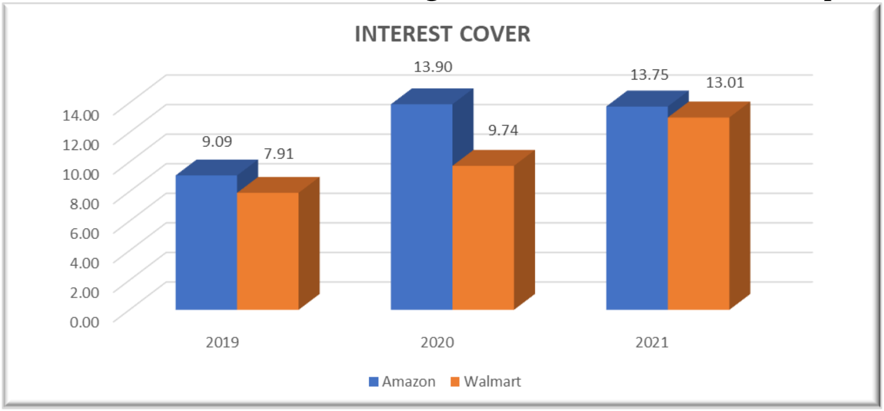
Interest Cover

The interest cover shows that Amazon.com can meet it interest obligation over 12 times a year versus Walmart which can only meet its interest obligation 10 times over the same period. Hence, Amazon.com has a better interest coverage than Walmart. One driver of the high interest cover is the fact that Amazon.com has continuously leveraged its online presence to increase sales before and during the pandemic and the resulting lockdowns, as customers engaged in panic buying and stockpiling (Gowdra Shanthakumar, et.al **2020).** This results in higher profits to cover interests.

Amazon.Com has also leveraged its strong brand name, which is a business' important intangible asset (Uford and Duh, 2021), to access debts with lower interest rates (Amazon.Com, 2022). It

ISSN 2056-6018

has excelled in this strategy so much that despite Walmart's debt extinguishment in 2021, Amazon.Com still maintained a higher interest cover in the same period.



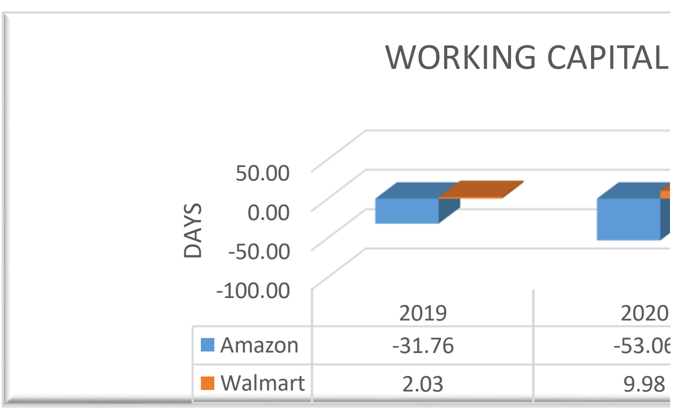
iv). Efficiency Ratio

Working Capital Cycle

Amazon.com has operated a negative working capital cycle in the period under review, meaning she collects cash faster than she paid off her suppliers (Corporate Finance Institute. 2022). Worthy of note was 2020 (The height of the Covid-19 Pandemic) where it collected cash about 53 days (vs 32 days in 2019) before it had to pay its suppliers while Walmart saw an increase 7 days from previous years to pay suppliers 9 days before receiving cash. Hence, the working capital cycle of Amazon.Com is better for the company's liquidity than Walmart's.

One of the factors responsible for the negative working capital structure is Amazon.com's strong brand name which gives it a high bargaining power versus suppliers, which allows her to negotiate longer payable terms (Wei, 2021).

Other factors responsible for the favorable working cycle of Amazon.com are the cash on delivery of her products and taking advantage of more third-party deals (Kale, 2021). This free cash allows it to continue to grow as it can invest in new ventures with the free cash (Amazon, 2022).



CONCLUSION

The main aim of the project was to analyze and evaluate the business and financial performance of Amazon.com, a company that performed exceptionally well over the last three years with a critical analysis of the reasons for its success. The reason for the choice of Amazon.Com was justified by showing how it performed exceptionally well through leaping increase in revenue, profit margins and quick ratio. Further reasons for choosing Amazon.Com were because of the unanimous agreement within available literature and data that it is the leading online e-commerce market globally, with a steady growth rate over the years, and the highest ever revenue growth within its sector. A comparison was then performed against Walmart to show Amazon's superior performance.

The analysis was divided into two: the business analysis and the financial analysis. The business analysis was done with the SWOT and PEST models. These revealed several strengths and opportunities which the company is taking advantage of, based on the result of the financial analysis. For instance, the company is already thriving in new markets such as AWS and using its strong brand name to get low prices, longer payables days and high stock price despite its nonpayment of dividend. Nevertheless, it also has many weaknesses and faces threats in the environment which could be a problem in the future.

The Financial Analysis to evaluate it profitability, liquidity, solvency and efficiency ratios. The performance was then compared to Walmart. Amazon.com showed a better overall performance than Walmart and indeed proved the company's ability to take advantage of its strengths and opportunities to perform excellently while hedging against threats (such as cybercrime and interest risks).

RECOMMENDATIONS

To sustain the successes recorded so far by Amazon.com, the following recommendations need to be adopted:

- Amazon.Com must cater for the needs of her employees to avoid complaints which can be damaging for its already strong brand name.
- The company needs to reevaluate the sustainability of its international business which has been struggling since 2014. This may lead to divestment of some of her international businesses.
- Finally, Amazon.com must keep an eye on the competition to retain its leading position in the future years.

REFERENCES

ACCA (2015). The strategic planning process: part 1. *ACCA*. Available at: https://www.accaglobal.com/my/en/student/exam-support-resources/professional-exams-study-resources/strategic-business-leader/technical-articles/the-strategic-planning-process-part-1.html/ [Accessed: 10 October, 2022].

ACCA (2020). Ratio analysis. *ACCA*. Available at: https://www.google.com/search?q=Ratio+analysis+%7C+ACCA+Qualification+%7C+Students+%7C+ACCA+Global&oq=Ratio+analysis+%7C+ACCA+Qualification+%7C+Students+%7C+ACCA+Global&aqs=chrome..69i57.2812j0j7&sourceid=chrome&ie=UTF-8/ [Accessed: 10 October, 2022].

Adi, F. (2021). Amazon Anti-Competition Law in the International Political Economy. *Atlantis Press*, 31st May. Available at: 10.2991/assehr.k.210531.076

Adjirackor, T., Asare, D. D., Asare, F. D., Gagakuma, W. & Okogun-Odompley, J. N. (2017). Financial ratios as a tool for profitability in Aryton Drugs. *Research Journal of Finance and Accounting*, 8(14). Available at: https://www.iiste.org/

Ahsan, S. (2021). The Use of PESTEL Analysis Tool of Quality Management in the Health Care Business and its Advantages. *American Journal of Biomedical Sciences & Research*, 14(6). AJBSR.MS.ID.002046. DOI: 10.34297/AJBSR.2021.14.002046/

Amazon.com (2019). *Financial Statements 2018*. Seattle, Washington. Available at: https://www.annualreports.com/HostedData/AnnualReportArchive/a/NASDAQ_AMZN_2018.pdf/

Amazon.com (2020). *Financial Statements 2019*. Seattle, Washington. Available at: https://www.annualreports.com/HostedData/AnnualReportArchive/a/NASDAQ_AMZN_2019.pdf/

Amazon.com (2021). *Financial Statements 2020*. Seattle, Washington. Available at: https://www.annualreports.com/HostedData/AnnualReportArchive/a/NASDAQ_AMZN_2020.pdf/

Amazon.com (2022). *Financial Statements 2021*. Seattle, Washington. Available at: https://s2.q4cdn.com/299287126/files/doc_financials/2022/ar/Amazon-2021-Annual-Report.pdf/

Amazon (n.d). What we do. *Aboutamazon.com*. Available at: Amazon: What We Do (aboutamazon.com)/ [Accessed: November 5, 2022].

Ani (2022). Amazon halts product shipments to Russia, suspends Prime Video Access. *Business Standard News*. Businessstandard.com Available at: https://www.business-standard.com/article/international/amazon-halts-product-shipments-to-russia-suspends-prime-video-access-122031000820_1.html/ [Accessed: November 5, 2022].

Ar, S. (2019). Accounting ratios: A guide to financial ratio analysis. *QuickBooks*. Available at: https://quickbooks.intuit.com/in/resources/accounting/accounting-ratios/ [Accessed 20 Oct. 2022].

Backman, M. (2022). Why doesn't Amazon pay a dividend*? The Motley Fool*. Available at: https://www.fool.com/investing/2022/09/16/why-doesnt-amazon-pay-a-dividend/ [Accessed: November 5, 2022].

Baraja, L. & Yosya E. A. (2019). Analysis of the impact of liquidity, profitability, activity and solvency on change in earnings. *Indonesian Management and Accounting Research*, 17(1), p. 1. Available at: https://www.researchgate.net/publication/ [Accessed: 24 October, 2022].

Benzaghta, A., Elwalda, A., Mousa, M., Erkan, I., and Rahman, M. (2021) 'SWOT analysis applications: an integrative literature review', *Journal of Global Business Insights*, 6(1), pp. 55-73. DOI: https://www.doi.org/ 10.5038/2640-6489.6.1.1148/

Business Strategy Hub (2022). *Amazon.Com SWOT 2022/SWOT analysis of Amazon*. Retrieved from: https://bstrategyhub.com/swot-analysis-of-amazon-amazon-swot/

Catherine, N. (2022). Amazon stops shipping products to Russia and suspends Prime streaming s ervice amid the Ukraine war. Business Insider Africa, 10th March. Available at: https://africa.businessinsider.com/news/amazon-stops-shipping-products-to-russia-and-suspends-prime-streaming-service-amid/kd8ndtm/ [Accessed: 16 October 2022].

CFI (2022). Working Capital Cycle: the length of time to convert net working capital into cash. *Corporate Finance Institute*, 7th May. Available at: https://corporatefinanceinstitute.com/resources/knowledge/accounting/working-capital-cycle/ [Accessed: 16 October 2022].

Chevalier, S. (2022). Largest online retailers in the U.S. 2022. *Statista*. Available at: https://www.statista.com/statistics/274255/market-share-of-the-leading-retailers-in-us-e-commerce/#:~:text=Biggest%20online%20retailers%20in%20the%20U.S.%202022%2C%20by%20market%20share&text=As%20of%20June%202022%2C%20Amazon,leading%20online%20retailer%20the%20country./ [Accessed: November 5, 2022].

Coppola, D. (2022). Amazon operating income by segment 2021. *Statista*. Available at: https://www.statista.com/statistics/241835/amazon-operating-income-annual-by-segment/#statisticContainer/ [Accessed: November 5, 2022].

Dess, G. G., Lumpkin, G. T. and Eisner, A. B. (1997). *Strategic Management: Text and Cases*. USA: McGraw-Hill.

Downey, L. (2021). What traders missed about Amazon (AMZN) over the years. *Investopedia*. Available at: https://www.investopedia.com/what-traders-missed-aboutamazon-amznovertheyears5196781#:~:text=In%20fact%2C%20it%20took%2014,income%20for%20fourth%20quarter%202017.&text=So%20that%20brings%20us%20to,talk%20about%20P%2FE%20ratios/ [Accessed: November 5, 2022].

Eastwood, C., Turner, S., Goodman, M. and Ricketts, G. (2016) 'Using a SWOT analysis: taking a look at your organization' *Community and Economic Development Publications*. 3. Available at : https://uknowledge.uky.edu/ced_reports/3, Culp III et al. 2016

Ehrenfeld, T., (2020). *How Lean is Amazon? - Lean Enterprise Institute.* [online] Lean Enterprise Institute. Available at: https://www.lean.org/the-lean-post/articles/how-lean-is-amazon/ [Accessed: 16 October 2022].

Etim, G. S., & Uford, I. C. (2019). Measuring the Contributions of Sources of Employee-Based Brand Equity to the Market Performance of Deposit Money Banks in Nigeria. *Business and Management Studies*, *5*(2), pp. 21-33.

Gautam, S. (2017). *SWOT Analysis: Definition, advantages and limitations.* Available at: SWOT-Analysis.pdf (educatererindia.com) [Accessed: 10 October, 2022].

Golub, S. (2003) 'Measures of restrictions on inward foreign direct investment for OECD countries', *OECD Economics Department Working Papers*, No. 357, Paris: OECD Publishing. Available at: https://doi.org/10.1787/335043060125/

Guta, M. (2020). 30 cool new products from Amazon Launchpad. *Small Business Trends*. Available at: https://smallbiztrends.com/2016/08/amazon-startups-products-launchpad.html/ [Accessed: November 5, 2022].

Hayes, A. (2022). Cash conversion cycle (CCC): What is it, and how is it calculated? *Investopedia*. Investopedia. Available at: https://www.investopedia.com/terms/c/cashconversioncycle.asp/ [Accessed: November 5, 2022].

Hines, P., Holweg, M., & Rich, N. (2004). Learning to evolve: a review of contemporary lean thinking, *International Journal of Operations & Production Management*, 24(10), pp. 994-1011.

Hof, R. (2001a) in Krishnamurth, S. (2005). Amazon.com: a comprehensive case history. Available at: https://www.researchgate.net/publication/228319552. Content uploaded May 2015

Hof, R. D. (2001b). Q & A with Amazon's Jeff Bezos. 26th March. Available at: http://www.businessweek.com/magazine/content/01_13/b3725027.htm

INS-Global (2018). Repatriating Profits from China as a Foreign Investor. *Gloabal Consulting*. Available at: https://ins-globalconsulting.com/news-post/repatriating-profits-china-foreign-investor/ [Accessed: 16 October 2022].

Işık, S., İbiş H. and Gulseven, O. (2021). *The impact of the COVID-19 pandemic on Amazon's business*. Available at: https://www.researchgate.net/publication/348481365/

Johnson, M. (2022). How Amazon makes money: Shopping, advertising, and cloud. *Investopedia*. Available at: https://www.investopedia.com/how-amazon-makes-money-4587523#citation-37/ [Accessed: October 24, 2022].

Jordan, F. (2020). Applying the amazon.com Flyheel to your online business. *Sellics*, 2nd November. Available at: https://sellics.com/blog-applying-amazon-flywheel-to-your-online-business/

Kale, A. (2021). *Amazon net working capital guide 2022: meaning & impact on seller's Brands*. *Unybrands.com*. Available at: <https://unybrands.com/blog/amazon-net-working-capital/> [Accessed: October 16, 2022].

Kemp, S. (2022). Digital 2022: Global Overview Report', *Global Digital Insights*. *DataReportal*. Available at: https://datareportal.com/reports/digital-2022-global-overview-report/ [Accessed: November 5, 2022].

Kenton, W. (2021). Financial performance definition. .*Investopedia*. Available at https://www.investopedia.com/terms/f/financialperformance.asp

Kha, L. (1989). Critical success factors for business-to-consumer e-business: lessons from amazon.com and Dell. *dspace.mit.edu*. Available at: https://dspace.mit.edu/bitstream/handle/1721.1/28223/45745438-MIT/

King, R. K. (2004). Enhancing SWOT analysis using triz and the bipolar conflict graph: a case study on the Microsoft corporation. *The TRIZ Journal*. Available at: https://triz-journal.com/enhancing-swot-analysis-using-triz-bipolar-conflict-graph-case-study-microsoft-corporation/ [Accessed: 10 October, 2022].

Koch, A. J. (2000). SWOT does not need to be recalled: it needs to be enhanced. *Swinburne University of Technology School of Business*, 1, pp. 1-14.

Kumar, S., Eidem, J. and Perdomo, D. (2012). Clash of the e-commerce titans: A new paradigm for consumer purchase process improvement. *International Journal of Productivity and Performance Management*. 61(1), pp. 805-830. 10.1108/17410401211263872/

Lieber, C. (2018). Bernie Sanders called out Jeff Bezos for poor treatment of Amazon workers: in a rare move, the company fired back. *Vox*. Available at: https://www.vox.com/2018/8/30/17797786/amazon-warehouse-conditions-bernie-sanders/ [Accessed: November 5, 2022].

Mahmood, R. (2019). Knowledge Grab ACCA P5 TUITION & EXAM SUPPORT NOTES. Available at: https://www.scribd.com/document/312471279/ACCA-Summary-P5-Notes/ [Accessed: 10 October, 2022].

Mattia, D. (2021). The world's largest e-commerce companies by GMV. Available at: https://fabric.inc/blog/ecommerce-companies/

MCCE, (2017). SWOT Analysis AMAZON strengths, weaknesses, opportunities and threats. *Missouricareereducation.org* Available at: www.missouricareereducation.org/ [Accessed: 10 October, 2022].

Modi, T., Durkin, M. A., Kass, C., and Ulin, M. (2000). *Strategic audit: barnes & noble. Strategic and International Management*, April 2000 edition.

Morgan, B. (2022). *7 Ways Amazon and Walmart compete: a look at the numbers*. *Forbes*. Available at: https://www.forbes.com/sites/blakemorgan/2019/08/21/amazon-versus-walmart-goliath-versus-goliath/?sh=5cf1d8c24674/ [Accessed 15 October 2022].

Mukerjee K. (2013). Customer-oriented organizations: a framework for innovation. *Journal of Business Strategy*, 34(3), pp. 49-56. Available at: http://dx.doi.org/10.1108/JBS-Jun-2012-0013/ [Accessed: 15 October 2020].

Namugenyi, C., Nimmagadda, L. and Reiners, T. (2019). Design of a SWOT analysis model and its evaluation in diverse digital business ecosystem contexts. *Procedia Computer Science*, 159, pp.1145-1154.

Oberoi, S. (2019) 'Modeling of the shrinking product life cycle' *Theoretical Economics Letters*, 9, pp. 234-239. DOI: 10.4236/tel.2019.91018/

Önören, M., Arar, T. and Yurdakul, G. (2017) 'Developing competitive strategies based on SWOT analysis in Porter S five forces model by DANP', *Journal of Business Research-Turk*, 9(2), pp. 511–528. Available at: https://doi.org/10.20491/isarder.2017.282/

Oxford Brookes University (2022). *OBU Information Pack 22/23'*, *Scribd*. Available at: https://www.scribd.com/document/600680963/Obu-Information-Pack-22-23/ [Accessed: November 5, 2022].

Peachyessay, (2021) *Effect of foreign exchange movement on the financial performance of Amazon Inc. Peachyessay*. Available at: https://peachyessay.com/sample-essay/business/foreign-exchange-movement-financial-performance-amazon-inc/ (Accessed: 10 October, 2022).

Pymnts, (2016). Amazon suppliers divided on late payments. *www.pymnts.com*. Available at: https://www.pymnts.com/news/b2b-payments/2016/amazon-late-supplier-payments-invoice/[Accessed 16 October 2022].

Qadeer, A., (2013). Research & Analysis project: Royal Dutch Shell' *Coursehero.com*. Available at: https://www.coursehero.com/file/21351031/Research-Analysis-Project-Royal-Dutch-Shell/ [Accessed 15 October 2022].

Readyratios (n.d.) *Amazon.com, Inc. (AMZN) Industry Benchmarking*. [online] Available at: https://www.readyratios.com/sec/AMZN_amazon-com-inc/ [Accessed 16 October 2022].

Sadq, Z., Nuraddin, S. & Hama, S. (2018). Analyzing the Amazon success strategies. *Journal of Process Management. New Technologies*, 6, pp. 65-69. DOI:10.5937/jouproman6-19264/

Sauer, M. (2022). Jeff Bezos keeps a 16-year-old framed magazine as a 'reminder' that Amazon's most profitable service was once just a 'risky bet. *CNBC*. Available at: https://www.cnbc.com/2022/05/20/why-jeff-bezos-keeps-a-reminder-that-aws-was-once-just-a-risky-bet.html/ [Accessed: 4 November, 2022].

Saumya V. (2021). SWOT Analysis of Amazon. *Superheuristic.com*. Available at: https://www.superheuristics.com/swot-analysis-of-amazon/ [Accessed: 10 October, 2022].

Shanthakumar, G., Seetharam, A. and Ramesh, A. (2020). Analyzing societal impact of covid-19: a study during the early days of the pandemic. *NASA/ADS*. Available at: https://ui.adsabs.harvard.edu/abs/2020arXiv201015674G/abstract/ [Accessed: November 5, 2022].

Stobierski, T. (2020). Financial performance measures managers should monitor. *Harvard Business School Online Business Insights*. Available at: https://online.hbs.edu/blog/post/financial-performance-measures/ [Accessed: 5th March 2022].

Stone B. (2013). *The everything store: Jeff Bezos and the age of Amazon*. October 2013 edtn. New York: Little Brown and Company.

Thomas, C. D., Ukpong, E. G. & Usoro, M. U. (2022). Ergonomics and Organizational Sustainability: A Study of Peacock Paint Limited, Ikot Ekan, Etinan L.G.A Akwa Ibom State. *International Journal of Business and Management Review*, 10 (4). pp. 75-94.

Tracy, A. (2012). Ratio Analysis Fundamentals: How 17 financial ratios can allow you to analyse any business on the planet. *Brookvale*, Australia: Accofina.

Uford, I. C. (2017). Customer and employee-based brand equity driving United Bank for Africa's market performance. *Published Ph.D. Thesis*, University of the Witwatersrand, Johannesburg, South Africa, pp. 1-227.

Uford, I. C. and Duh, H. I (2021). Measuring the sources and outcomes of customer-based brand equity in a Service Industry. *African Journal of Economics and Business Research*, Vol. 16(2), pp. 245-266.

Uford, I. C. (2021). Teleworking and stress factor amidst COVID-19 pandemic in total Nigeria. *Journal of Marketing Management and Consumer Behavior*, *3*(2), pp. 48-72.

Ukpong, E. G. (2012). Cognitive apprenticeship instructional models and students' performance in Financial Accounting in Akwa Ibom State. *Unpublished Ph. D. Thesis University of Uyo, Uyo.*

Ukpong, E. G., & Ukpe, E. A. (2023). Assessment of Dividend Policy Practices and the Performance of Firms: Evidence from Listed Nigerian Companies. *European Journal of Business, Economics and Accountancy*, 11(2), pp. 54-68.

Umana, I. (2022). Now: Charles I. (2022). Analysis and Evaluation of Business and Financial Performance of Amazon.Com: A Three-Year Period Critical Review of its Exceptional Success. *Unpublished BS.c. Project.* Oxford Brookes University, London, UK.

Vespa, J., Armstrong, D. M., Medina, L. (2018) . Demographic Turning Points for the United States: Population Projections for 2020 to 2060. *Current Population Reports*, pp. 25–1144. Washington, DC: US Census Bureau.

Walmart, Inc., (2020) '*Financial Statements 2020*', Corporate.walmart.com. Available at: https://corporate.walmart.com/media-library/document/2020-walmart-annual-report/_proxyDocument?id=00000171-a3ea-dfc0-af71-b3fea8490000/

Walmart, Inc., (2021). *Financial Statements 2021*. Corporate.walmart.com. Available at: https://s201.q4cdn.com/262069030/files/doc_financials/2021/ar/WMT_2021_AnnualReport.pdf/

Walmart, Inc., (2022). *Financial Statements 2022' 2021*. Corporate.walmart.com. Available at: https://s201.q4cdn.com/262069030/files/doc_financials/2022/ar/WMT-FY2022-Annual-Report.pdf/

Wei, J. (2021). Amazon's 3 key financial ratios (AMZN). *Investopedia*. Available at: https://www.investopedia.com/articles/markets/120115/amazons-3-key-financial-ratios.asp/ [Accessed 16 October 2022].

Whitney, L. (2022). How cyber criminals are targeting Amazon Prime Day Shoppers. *TechRepublic*. Available at: https://www.techrepublic.com/article/cyber-criminals-target-amazon-prime-day-shoppers/ [Accessed: November 5, 2022].

Wu, Y. (2020). The marketing strategies of IKEA in China using tools of PESTEL, Five Forces Model and SWOT Analysis' [Paper Presentation]. *International Academic Conference on Frontiers in Social Sciences and Management Innovation*, February 17, 2020, Beijing, China.

APPENDIX

Ethical Issues

Plagiarism as stated in the ACCA, and the OBU Research and Analysis Project (RAP) study pack is a grave offence in academic writing. Hence all sources were carefully referenced using the Harvard referencing style.

Secondly, there is a risk of collusion where a mentor provides guidance to several students. This ethical issue was addressed by the ensuring that the mentor did not share any information beyond publicly available sources with the author. Also, the project was completed in isolation, while the mentor provided guidance where necessary.

To ensure that there is no privacy issue, only publicly available data was utilized. Also, the only audited annual reports were utilized, to avoid using unreliable and inaccurate data.