

Modified Enlarged 24pt
OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Wednesday 14 June 2023 – Morning

A Level Business

H431/03 The global business environment
Resource Booklet

Time allowed: 2 hours
plus your additional time allowance

INSTRUCTIONS

Use the Resource Booklet to answer all the questions.

Do NOT send this Resource Booklet for marking. Keep it in the centre or recycle it.

INFORMATION

The business described in this Resource Booklet is a REAL business.



AMAZON

EXTRACT A

Amazon – statistics and facts

Amazon.com is an international e-commerce company offering online retail as well as other services.

According to recent industry figures, Amazon is the leading online retailer in the USA with close to \$386 billion (bn) in sales revenue in 2020. Most of the company's revenue is generated through online retail sales of electronics and other products. Due to Amazon's global reach, it is considered one of the most valuable brands worldwide.

5

10

**SOURCE: Adapted from
<https://www.statista.com/topics/846/amazon/> (Accessed 05/07/21)**

EXTRACT B

Globalisation in the era of Amazon.com

Globalisation in the last 40 years has moved manufacturing jobs to places where the labour is cheap. Global advertising via social media is also cheap, as is global shipping... and hugely efficient. 15

People expect to pay less with Amazon than for comparable goods on the high street. As the internet makes it easier to purchase goods sourced in other countries and have those goods delivered to your home, the increased competition for each purchase should also drive prices down further. 20 25

New technology brings efficiency that lowers costs. Amazon will fill its warehouses with robots and its trucks will deliver parcels without drivers. Many companies will follow suit. 30

It is easy to forget that Amazon does not have the same dominance

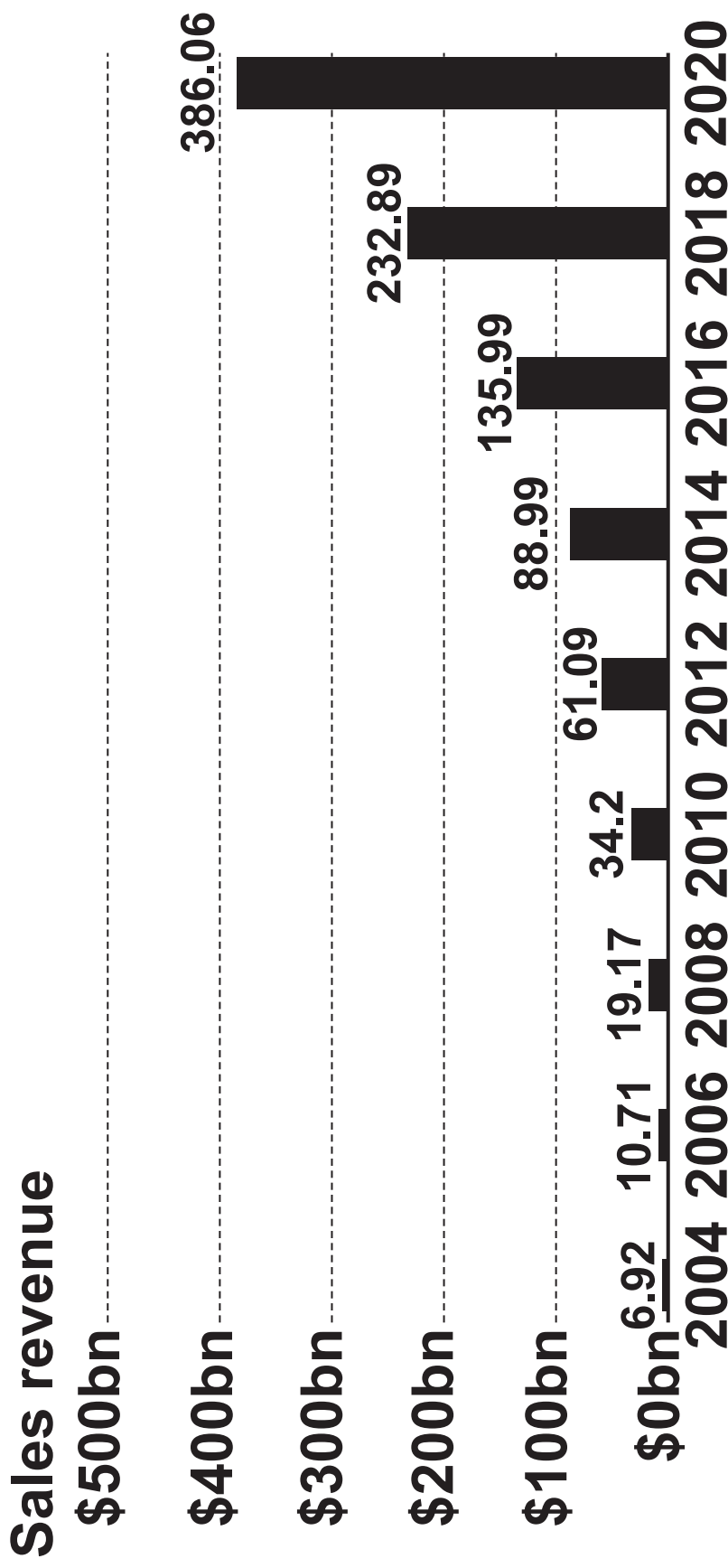
everywhere across the globe – in fact, 35
there are regions where it has faced
significant challenges in establishing
itself and turning a profit. For example,
Amazon has expanded relatively slowly
into the Asia-Pacific region. 40

SOURCE: Adapted from <http://laweconomicscapital.com/2019/08/globalization/> (Accessed 05/08/19) and <https://www.marketingweek.com/amazon-asia-pacific-2020/> (Accessed 09/09/20)

EXTRACT C

Amazon's sales revenue

Annual sales revenue of Amazon from 2004 to 2020
(in billion US dollars)



SOURCE: Adapted from <https://www.statista.com/statistics/266282/annual-net-revenue-of-amazoncom/> (Accessed 20/07/21)

EXTRACT D

Amazon proves consumers are choosing easy over ethical

Amazon is a world leader in ‘big data’. It owns the advertising channels, the real and digital ‘shopfronts’ and all elements of the distribution chain in between. It effectively knows what you are going to buy before you do and changes manufacturing, availability, logistics and pricing accordingly. 45 50

Before 2014, if anyone had suggested that consumers would allow an advertiser to listen in on their private conversations in order to sell to them more effectively, there would have been outrage. But Amazon sold Alexa as a ‘digital home assistant’, making it seem like a beneficial lifestyle tool, rather than as a bugging device! 55

In the USA, Amazon has not paid any corporation tax for the past two years, despite revenues of \$233bn and profits of \$10.07bn in 2018. 60

Meanwhile, the majority of us are one-clicking our casual shopping via Amazon, and accepting unnecessarily over-packaged parcels every week, if not every day. **65**

SOURCE: Adapted from <https://www.marketingweek.com/harry-lang-amazon-proves-consumers-choosing-easy-over-ethical/> (Accessed 20/07/21)

EXTRACT E

Amazon's marketing strategy: a brief overview

Amazon's marketing strategy is generally based on the following principles: 70

Amazon's product range is the widest among online and offline retailers, offering hundreds of millions of products in the USA alone. Moreover, the company is able to offer products for competitive prices due to being an online retailer. 75

Amazon targets the widest customer segments possible. 80

Amazon integrates the widest choice of products and services offered at competitive prices, fast delivery and exceptional customer service.

Amazon's promotional mix integrates print and media advertising, sales 85

**promotions, events and experiences,
public relations and direct marketing.**

**SOURCE: Adapted from
<https://research-methodology.net/amazon-marketing-strategy-2/> (Accessed 04/08/21)**

EXTRACT F

Amazon is the perfect example of why big brands need to advertise

Amazon is a strange champion for advertising. It is a company that both earns and spends money on advertising. While it was spending \$11bn to advertise its products in 2020, for example, it was receiving even more money from companies paying to promote their products via the company's all-powerful platform. But the main reason Amazon seems an odd fit with advertising is that it is often described as the prime example of a company that does not need to advertise at all!

90

95

100

**SOURCE: Adapted from
<https://www.marketingweek.com/mark-ritson-amazon-example-why-big-brands-need-advertise/> (Accessed 20/07/21)**

EXTRACT G

Amazon: the ultimate change management case study

Amazon's innovations have helped it become extremely successful. Since it was formed, Amazon has innovated across countless areas, including: 105

Streaming video and on-demand media – Amazon began by selling videos and DVDs. Now it streams, rents, and sells digital copies of videos. It has joined YouTube, Netflix and other tech giants by producing its own movies and TV shows. 110

Electronic books – Kindle has changed the way books are read, sold, and distributed. 115

The web server industry – when Amazon Web Services (AWS) started out, most developers did not take it seriously. A decade later, it was the go-to cloud server company in the world. 120

Warehouse automation – warehouses use robots to collect and transport many of its products. In coming years even more of Amazon’s 200 000+ warehouse workers could be replaced by robots. 125

Delivery – with its drone delivery program on the horizon, customers may be able to receive orders in 30 minutes or less. 130

SOURCE: Adapted from <https://change.walkme.com/change-management-case-study/> (Accessed 28/06/21)

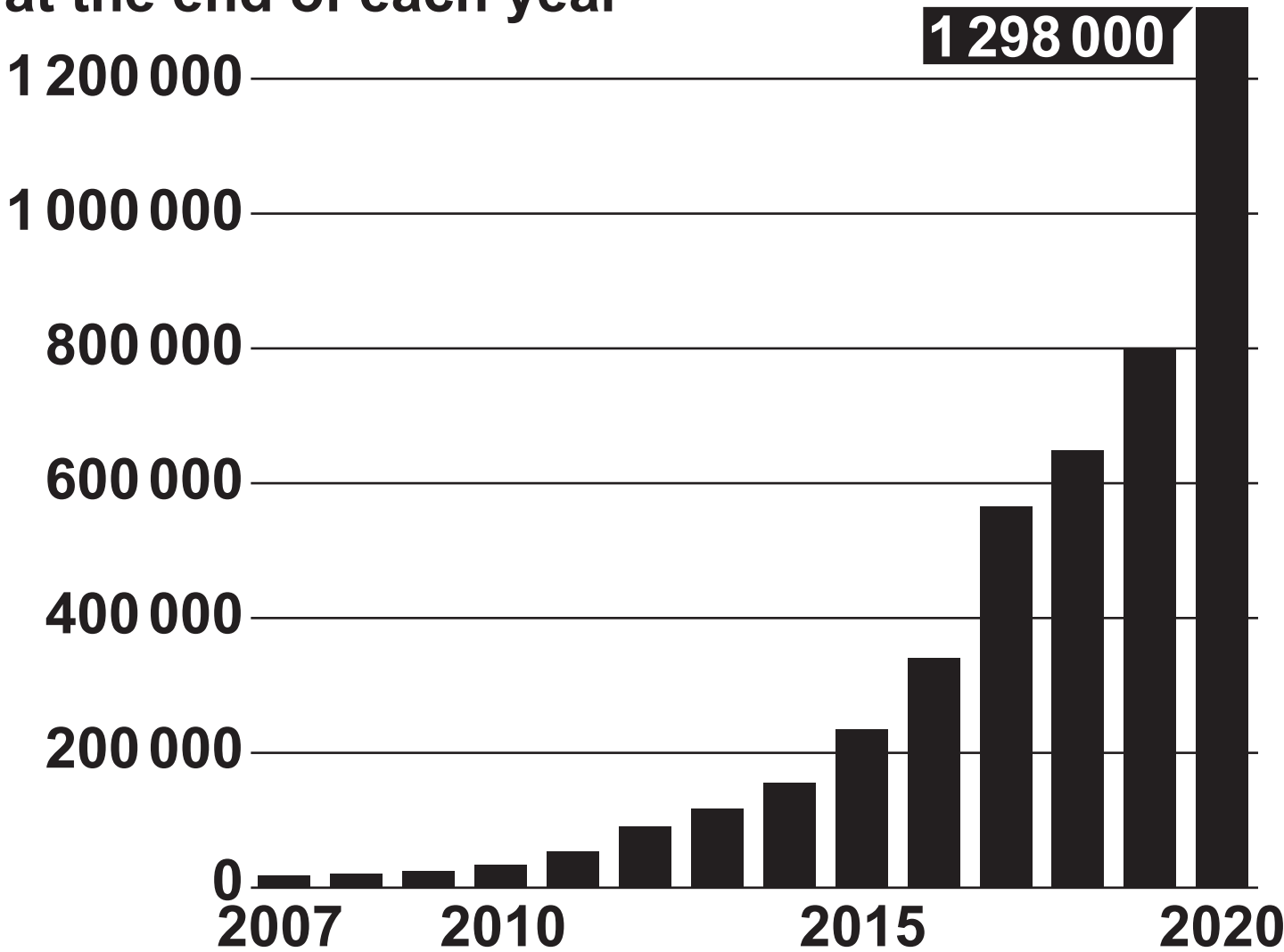
BLANK PAGE

EXTRACT H

The rapid growth of Amazon’s workforce

While many companies were forced to cut jobs, Amazon went on an unprecedented hiring spree in 2020. It created 500 000 new 135 jobs in 2020, adding to its already sizeable workforce.

Number of Amazon employees worldwide at the end of each year*



***includes full-time and part-time employees; excludes contractors and temporary personnel**

**SOURCE: Adapted from
[https://www.statista.com/chart/7581/
amazons-global-workforce/](https://www.statista.com/chart/7581/amazons-global-workforce/) (Accessed
05/07/21)**

EXTRACT I

Operations management: 10 decisions

Design of goods and services. 140

Amazon uses its technologies to ensure that its online retail services are efficient and convenient for target customers.

Quality management. 145

The objective is to maximise quality. Amazon's approach involves continuous improvement in its e-commerce business. It uses its organisational culture to support innovative idea creation among employees. 150

Process and capacity design.

Amazon applies extensive automation to streamline its business processes. 155
For example, it automates the ordering process to increase the capacity to accept as many simultaneous orders as possible.

Location strategy. 160

Amazon must maintain warehouses that are ideally near the largest possible number of customers.

Layout design and strategy.

Its warehouses involve the maximisation of shelf space and minimisation of aisles to achieve optimal capacity without reducing efficiency. 165

Job design and human resources. 170

Workers fill temporary positions and are then evaluated to determine suitability for permanent positions, especially in warehouses.

Supply chain management. 175

Amazon streamlines its supply chain through automation and enabling suppliers and buyers to access some of its IT systems.

Inventory management.	180
Using just-in-time inventory management, some goods that arrive at Amazon's warehouses are immediately shipped to fulfil customers' orders.	
Amazon holds other goods as part of its finished goods inventory.	185
Scheduling.	
Suppliers access Amazon's website to determine demand levels and implement their shipping and delivery schedules accordingly.	190
Maintenance.	
Amazon has specialised teams for maintaining technological assets, and workers are regularly trained to maintain human resource capacity.	195

**SOURCE: Adapted from
<http://panmore.com/amazon-com-inc-operations-management-10-decisions-areas-productivity> (Accessed 20/07/21)**

NB: All data was correct at the time of writing.

Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact The OCR Copyright Team, The Triangle Building, Shaftesbury Road, Cambridge CB2 8EA.

OCR is part of Cambridge University Press & Assessment, which is itself a department of the University of Cambridge.