

1. Study the information below and then answer the questions that follow.

### **Amazon.co.uk – an internet success story**

In 1994, Jeff Bezos founded amazon.com in the USA. The highly **market orientated** internet retailer of books and music offered services that other retailers could not offer, such as lower prices, extensive selection and a wealth of product information. Amazon.co.uk is amongst the leading e-commerce sites in Europe and even in 2001 the Office of National Statistics reported that as many as 1 in 8 of the United Kingdom's internet users had made a purchase at amazon.co.uk. Today, Amazon offers much more for its customers to browse through, claiming the 'Earth's Biggest Selection' of products, ranging from electronics, photo items, tools and hardware and much more, all in all, some 28 million different items.

The use of **primary market research** is central to the company's marketing strategy. It has shown that 70% of its UK sales are from repeat purchasers and that 97% of its customers are 'satisfied' or 'very satisfied' with the service that they receive from the site. Amazon.co.uk has panels of literary, music and technology experts on board who write reviews on new products. In addition, customers are also invited to give their personalised reviews and opinions of products they have purchased.

In 2000, amazon.co.uk had grown sufficiently to warrant the opening of a 46 450 sq. metre distribution centre (the size of eight football pitches!) – a move which some business commentators regarded as **the most important element in amazon.co.uk's marketing mix**. It has the capacity to ship 100 000 packages an hour and is the largest distribution centre in Europe for an online retailer.

*Adapted from Superbrands eCouncil, editor Marcel Knobil*

- (a) (i) What is meant by 'market orientated'? [2]  
 (ii) Briefly explain **two** advantages to Amazon of being market orientated. [4]
- (b) (i) What is the difference between primary and secondary market research? [4]  
 (ii) Briefly explain **one** advantage and **one** disadvantage to Amazon of **primary** research. [4]
- (c) Evaluate the view that distribution is *the most important element in amazon.co.uk's marketing mix*. [6]