Innovating for the Mobile End-User Market: Amazon's Kindle 2 Strategy as Emerging Business Model

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ABSTRACT
Using the example of Amazon’s Kindle 2 launch, this exploratory case study research investigates an emerging mobile business model in the eBook market that closely connects an innovative device with access to content. Reflecting on the business model and innovation literature, the paper points to the potential of an emerging mobile business model that relies on radical innovations to change industry structures combined with high uncertainty. Based on the case study of Kindle 2, the study reveals the need to align innovative products and services with a company’s overall brand strategy to avoid dilution. Finally, it suggests that a mobile business model based on a proprietary approach can be successful in the short run, its long run success depends on the ability to react to new market requirements and competitors. The paper concludes with a reflection of how business models need to be dynamically re-adjusted in such a fast moving field.

INDEX TERMS
Mobile Business Model Innovation, Exploratory Case Study, Amazon Kindle

CITATION
Amazon conducts its R&D under the “Technology and Content” label, which is much more than just research and development: “Technology costs consist principally of research and development activities, including payroll and related expenses for employees involved in application, production, maintenance, operation and platform development for new and existing products and services, as well as AWS and other technology infrastructure. In 2013, the group generated a higher turnover in global retail than the nine largest (after Amazon) internet retailers taken together (National Retail Federation 2013). In Germany, Amazon’s second-largest market, the group in 2015 generated €7.8 billion. But Amazon is simply a company that combines things in innovative ways. Being able to order Whole Foods Market products through Amazon Prime Now is one such innovation. With the acquisition of Whole Food Markets, Amazon entered the brick-and-mortar retail business. With over >300 stores it is by far Amazon’s biggest direct retail channel. In some locations Whole Foods produce can be ordered through Amazon Prime Now. Amazon projects the opportunity for the small business owners to be: Start-up costs as low as $10k. Annual revenue potential $1M-4.5M.