The Random House Response to the Kindle
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Why Amazon's Kindle cannot be Made in the United States

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The Kindle

The Amazon Kindle is an e-reader device designed by Amazon in California.

Amazon's digital books outsold its traditional print books in 2011 with 115 Kindles sold per 100 print books.

Amazon released a tablet version of their e-reader called Kindle Fire in 2011.

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Situation Analysis

The parts of the Kindle are manufactured in China, Taiwan, and South Korea. Final assembly of the product is completed in China.

There are currently no US-manufacturers capable of producing the Kindle.
SWOT Analysis - Internal

Strengths  
- Amazon created and owns the rights to the Kindle  
- Positive brand image and well known for high sales  
- Huge customer base moving from print books to e-readers

Weaknesses  
- No US-manufacturing experience  
- Lack engineer design training as the original design manufacturers  
- Loss of employees due to lack of manufacturing capabilities in the US

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SWOT Analysis - External

**Opportunities**  
- Abundance of skilled workers  
- Buy smaller companies  
- Emulate Apple's strategy to have R&D remain in the US  
- Open up office in Asia  
- Move operations to the US

**Threats**  
- May have to relinquish the design function to their Asian suppliers  
- Loss of jobs in the US if Amazon does not remain the dominating product  
- Competitors from other countries with the required expertise may arise  
- Possible diminishing e-reader market

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Problem Statement

1) Excessive outsourcing could lead to loss of control over their product.

2) Amazon currently lacks the manufacturing expertise to create their product.

3) The lack of experience shrinks the overall job market within the US for devices.

4) Asian countries could overrun the market of designing and manufacturing electronic devices.

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Alternative 1 - Train and Educate to Manufacture in the Country

Pros:
- Creates more job opportunities within the US
- Gain the expertise to learn all the processes
- Decrease the risk of Asian countries overtaking the manufacturing and design
- Helps promote manufacturing industry within the US
- Keeping R&D and manufacturing close creates better communication
- Collaboration between departments are vital to produce a valuable good

Cons:
- Expensive and possibly not profitable
- May damage relationship with current manufacturers
- Disadvantageous start with limited knowledge and expertise
- Time consuming process
- Possibly create lower quality products than Asian manufacturers

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