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Topic- Amazon.com. Inc.

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## Introduction

Amazon (Amazon.com) is the world's largest online retailer and a prominent cloud services provider.

The company was originally a book seller but has expanded to sell a wide variety of consumer goods and digital media as well as its own electronic devices, such as the Kindle e-book reader, Kindle Fire tablet and Fire TV, a streaming media adapter.

Amazon Web Services(AWS) is a comprehensive, evolving cloud computing platform. The first AWS offerings were launched in 2006 to provide online services for websites and client-side applications. Amazon's Elastic Compute Cloud (EC2) and Simple Storage Service (S3) are the backbone of the company's large and growing collection of Web services.

Jeff Bezos incorporated the company as Cadabra in 1994 but changed the name to Amazon for the website launch in 1995. Bezos is said to have browsed a dictionary for a word beginning with "A" for the value of alphabetic placement. He selected the name Amazon because it was "exotic and different" and as a reference to his plan for the company's size to reflect that of the Amazon River, one of the largest rivers in the world.

Amazon is headquartered in Seattle, Washington. The company has individual websites, software development centers, customer service centers and fulfillment centers in many locations around the world.

**Amazon and its environment, including main competitors, product/service offerings, global reach of company**

Amazon Inc. is the largest e-commerce company founded in 1994 by Jeff Bezos and headquartered in Seattle, Washington, United States. Amazon is the tech giant expanding its businesses and focuses on e-commerce retailing, cloud computing (Amazon Web Services), digital streaming and other related services.

It started operations as an online bookseller and expanded its operations to sell electronics, video games, food, furniture, movies, grocery, clothing, toys and many more. Amazon is no more focused on only e-commerce but it also expands its physical (brick and mortar) presence to increase its customer base and brand presence. Amazon e-commerce segment dominates almost 50% of the U.S e-commerce market. All this success is made possible due its huge expansion, loyal customer base and the Amazon prime membership program and lastly the competitive advantage of change and adaptability.

Amazon's key strength is its strong financial position which enabled Amazon expansion and decision supported other businesses like Amazon Web Services. AWS is a cloud computing platform that provides services to individuals, companies and governments. In the year 2018, Amazon annual revenue from AWS services reached \$25.656 billion which was only \$17 billion in 2017. Amazon reached the trillion-dollar valuation just a month after Apple hit the trillion-dollar mark in August 2018. This puts Amazon as the second-fastest industry to ever get to a trillion-dollar valuation.

And unlike Apple, which deals with technology primarily, Amazon boasts a much diverse portfolio of operations –

E-commerce

Brick & Mortar

Cloud computing

Artificial intelligence

Digital distribution

Grocery

Amazon's current valuation remains close to a trillion dollars at the time of writing and its presence in various different sectors definitely makes Amazon the major target for most businesses.

Let's look at a few of the biggest competitors of Amazon.

EBay

Walmart

Home Depot

Etsy

Best Buy

Flipkart

Kroger

Target

Netflix

Microsoft Azure

Facebook

FedEx

Alibaba

JD.com

Amazon E-commerce Competitors

EBay

EBay has always been a major competitor to Amazon in the e-commerce space though both are known for selling different things and to different audiences. eBay had a market capitalization of about \$34 billion in mid-2019, making it one of the biggest competitors to Amazon within and outside of the US.

It is “the online marketplace” where individuals and businesses buy and sell a variety of goods. Buyers can freely use websites but sellers are charged a fee for their items sold after providing limited free listings. Countless transactions go through eBay websites on a daily basis. After Amazon, eBay is the second largest e-commerce company in the United States in sales share at 6.1%.

Walmart

Walmart is one of the fastest growing e-commerce retailer in 2019. This retail giant surpassed Apple to become the third largest e-commerce retailer. Walmart e-commerce sales up 43% in Q4 of 2018 in the US market. This was made possible due to growing online grocery,

delivery business and huge collection of assortments on Walmart.com. Walmart has become the strongest competitor of Amazon, Instacart and many other grocery businesses. Wal-mart.com is working with several partners to offer grocery delivery to customers doorstep at more affordable prices.

#### Amazon's Competitors in Digital Distribution

Amazon is quite diversified. Apart from its e-commerce and cloud services, Amazon has its own digital distribution service: Amazon Prime Video and Amazon Prime Music and a production studio: Amazon Studios.

#### Amazon Web Services Competitors

Amazon's cloud service platform – Amazon Web Services – has held the top spot for a long time and leads the cloud industry by a wide margin. But in recent times, offerings from companies like Microsoft and Google have managed to make a dent in the market, taking some of the market share away from Amazon.

### current stock price of Amazon

Amazon.com, Inc. 

NASDAQ: AMZN

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**2,410.22** USD **+10.77 (0.45%)** ↑

Closed: Apr 24, 5:24 PM EDT · Disclaimer  
After hours 2,409.74 **-0.48 (0.020%)**

1D 5D 1M 6M YTD More ▾



Open	2,417.00	Mkt cap	1.20T
High	2,420.43	P/E ratio	104.83
Low	2,382.00	Div yield	-

Prev close 2,399.45

## Review of company's financial performance over the past five years

FINANCIAL STATEMENTS	Historical Results					
	2012	2013	2014	2015	2016	2017
<b>Income Statement</b>						
Revenue	102,007	118,086	131,345	142,341	150,772	158,311
Cost of Goods Sold (COGS)	39,023	48,004	49,123	52,654	56,710	58,575
Gross Profit	62,984	70,082	82,222	89,687	94,062	99,736
<b>Expenses</b>						
Salaries and Benefits	26,427	22,658	23,872	23,002	25,245	26,913
Rent and Overhead	10,963	10,125	10,087	11,020	11,412	10,000
Depreciation & Amortization	19,500	18,150	17,205	16,544	16,080	15,008
Interest	2,500	2,500	1,500	1,500	1,500	1,500
Total Expenses	59,390	53,433	52,664	52,066	54,237	53,421
Earnings Before Tax	3,594	16,649	29,558	37,622	39,825	46,314
Taxes	1,120	4,858	8,483	10,908	11,598	12,968
Net Earnings	2,474	11,791	21,075	26,713	28,227	33,346
<b>Balance Sheet</b>						
<b>Assets</b>						
Cash	167,971	181,210	183,715	211,069	239,550	272,530
Accounts Receivable	5,100	5,904	6,567	7,117	7,539	7,807
Inventory	7,805	9,601	9,825	10,531	11,342	11,715
Property & Equipment	45,500	42,350	40,145	38,602	37,521	37,513
Total Assets	226,376	239,065	240,252	267,319	295,951	329,564
<b>Liabilities</b>						
Accounts Payable	3,902	4,800	4,912	5,265	5,671	5,938
Debt	50,000	50,000	30,000	30,000	30,000	30,000
Total Liabilities	53,902	54,800	34,912	35,265	35,671	35,938
<b>Shareholder's Equity</b>						
Equity Capital	170,000	170,000	170,000	170,000	170,000	170,000
Retained Earnings	2,474	14,265	35,340	62,053	90,280	123,627
Shareholder's Equity	172,474	184,265	205,340	232,053	260,280	293,627
Total Liabilities & Shareholder's Equity	226,376	239,065	240,252	267,319	295,951	329,564
<b>Cash Flow Statement</b>						
<b>Operating Cash Flow</b>						
Net Earnings	2,474	11,791	21,075	26,713	28,227	33,346
Plus: Depreciation & Amortization	19,500	18,150	17,205	16,544	16,080	15,008
Less: Changes in Working Capital	9,003	1,702	775	903	827	375
Cash from Operations	12,971	28,239	37,505	42,354	43,480	47,980
<b>Investing Cash Flow</b>						
Investments in Property & Equipment	15,000	15,000	15,000	15,000	15,000	15,000
Cash from Investing	15,000	15,000	15,000	15,000	15,000	15,000
<b>Financing Cash Flow</b>						
Issuance (repayment) of debt	-	-	(20,000)	-	-	-
Issuance (repayment) of equity	170,000	-	-	-	-	-
Cash from Financing	170,000	-	(20,000)	-	-	-
Net Increase (decrease) in Cash	167,971	13,239	2,505	27,354	28,480	32,980
Opening Cash Balance	-	167,971	181,210	183,715	211,069	239,550
Closing Cash Balance	167,971	181,210	183,715	211,069	239,550	272,530

**Corporate Governance.** Amazon Corporate Governance

Amazon's corporate governance is to "focus relentlessly on our customers. Make bold investment decisions in light of long-term leadership considerations rather than short-term profitability considerations. There is more innovation ahead of us than behind us, and to that end, we are committed to extending our leadership in e-commerce in a way that benefits customers and therefore, inherently, investors — you can't do one without the other. Some of these bold investments will pay off, others will not, but we will have learned a valuable lesson in either case. Focus on cash.

When forced to choose between optimizing the appearance of our GAAP accounting and maximizing the present value of future cash flows, we'll take the cash flows. Work hard to spend wisely and maintain our lean culture. We understand the importance of continually reinforcing a cost-conscious culture. Focus on hiring and retaining versatile and talented employees, and weight their compensation to significant stock ownership rather than cash. We know our success will be largely affected by our ability to attract and retain a motivated employee base, each of whom must think like, and therefore must actually be, an owner.

" Financial Amazon has profited three years in a row and has increased revenue every year these past 2 years. Benchmarks Amazon was able to be able to control the majority of the American Android Tablets market. Organization structure U. S. Market Share of Android Tablets by Unique Devices Jeffrey P. Bezos-President, Chief Executive Officer and Chairman of the

Board, Jeffrey M. Blackburn- Senior Vice President, Business Development, Sebastian J. Gunningham- Senior Vice President, Seller Services, Andrew R. Jassy- Senior Vice President, Amazon Web Services, Steven Kessel- Senior Vice President, Worldwide Digital Media, Marc A. Onetto- Senior Vice President, Worldwide Operation, Diego Piacentini- Senior Vice President, International Consumer Business, Shelley L. Reynold- Vice President, Worldwide Controller and Principal Accounting Officer, Thomas J. Szkutak- Senior Vice President and Chief Financial Officer, H. Brian Valentine- Senior Vice President, Ecommerce Platform, Jeffrey A. Wilke- Senior Vice President, Consumer Business and L. Michelle Wilson- Senior Vice President, General Counsel, Secretary. Read about Corporate Governance at Wipro

The Directors are Jeffrey P. Bezos- President, Chief Executive Officer and Chairman of the Board, Tom A. Alberg- Madrona Venture Group, John Seely Brown- Visiting Scholar and Advisor to the Provost at USC, William B. (Bing) Gordon- Kleiner Perkins Caufield & Byer, Jamie S. Gorelick- Wilmer Cutler Pickering Hale and Dorr LLP, Blake G. Krikorian- id8 Group Productions, Inc. , Alain Monie- Ingram Micro Inc. , Jonathan Rubinstein- Former Chairman and CEO, Palm, Inc. , Thomas O. Ryder- Former Chairman and CEO, Reader's Digest Association, Inc. and Patricia Q. Stonesifer- Smithsonian Institution. (Last Name, Year)

*Corporate Supply Chain.* Retailers can learn a lot from the Amazon supply chain strategy – especially since the company has decided to launch its own delivery network, a la Fedex and UPS.

What is the Amazon Supply Chain?

Jeff Bezos and his organization have found a way to optimize nearly every piece of the supply chain puzzle – from warehousing and inventory management to delivery times and prices.

Sellers who sell on the Amazon Marketplace have different fulfillment options to choose from. Sellers can choose whether they want to handle fulfillment or let Amazon sort, package and ship products through their own fulfillment centers.

As a third party seller selling on the Amazon Marketplace you have the option to use Amazon's fulfillment services:

Fulfillment by Amazon (FBA) – Sellers leverage Amazon's fulfillment for products sold on the Amazon Marketplace

Or sell using your own fulfillment (FBM) – Sellers handle fulfillment for their products sold on the Amazon marketplace.

The components of the Amazon distribution strategy

Now, let's break down the individual pieces of the Amazon supply chain strategy including:

- Warehousing
- Delivery
- Technology
- Manufacturing

#### Amazon Supply Chain: Warehousing

A big part of Amazon’s success lies in its expert warehousing strategy, which ensures products are easily accessible from pretty much everywhere in the world.

All the company’s warehouses are strategically placed near big metros and population hubs, and inventory is spread amongst them to ensure supply can meet demand. There are even mini-warehouses in smaller areas to ensure orders can be sent and delivered fast, no matter what is being purchased.

Warehouses are also optimized internally. Each with five unique storage areas, the organization strategy allows team members and pick-and-pack robots to pull products almost instantly and move them toward delivery.

Plugable Technologies, founded in September of 2009, is just one example of a brand who was able to successfully establish its goal of “building a better device company” – largely thanks to the implementation of FBA seller strategy & automation

### Amazon Supply Chain: Delivery

One of the biggest differentiators between the Amazon supply chain strategy and other online retailers' is the plethora of delivery options offered.

Sure, those options include the free, two-day Prime deliveries and even the Prime Now option, which gets products from point A to point B in two hours or less. But what's the bigger game-changer?

That's the number of ways in which Amazon can make those deliveries happen.

Amazon employs a whole host of strategies – from more traditional to super high-tech – to get its products out in lightning-fast times and all over the world.

There are drones that land in your backyard or on your roof, there are Amazon-branded trucks and delivery vans and there are even deliveries by bike in certain areas.

The retailer also leverages existing delivery routes via FedEx and UPS, too.

These wide-ranging strategies allow the company to get orders out faster, easier and more efficiently to basically everywhere in the world – even remote and rural areas not served by traditional options.

“Many online shoppers already have a deep loyalty to shopping on Amazon and are Amazon Prime members, which makes them much more likely to click on products being advertised by Amazon. If a shopper knows they can get free two-day shipping and the unmatched customer service experience they get with Amazon, they will often choose them over lesser-known retailers.”

– Pat Petriello, Director, Amazon Strategy at Tinuiti

### Amazon Supply Chain: Technology

The Amazon supply chain management approach is to embrace technology. The company utilizes countless automation and robotic solutions, both to pick and pack orders as well as stacking and storing inventory.

These tools not only up the company’s efficiency and delivery speeds, but they also cut down on warehouse and staffing costs – freeing up funds for other logistics or supply chain needs.

The company has also embraced drones as well, launching Amazon Prime Air.

Though the program's not fully operational just yet, the drones will eventually allow for 30-minute deliveries in some of the nation's biggest markets.

All customers need is an Amazon-branded landing mat (and to live within 15 miles of the nearest drone-enabled warehouse), and the instant air-side deliveries are within reach.

#### Amazon Supply Chain: Manufacturing

Amazon still allows third-party sellers, but the company seems to have learned that many of those third-party products can be made for much cheaper – and more profitably. The retailer has taken to manufacturing its own lower-cost products, as well as white-labeling products from other sellers.

Amazon offers branded lines in everything from household products to pets to babies, and the list of labels just keeps growing. This allows Amazon to own the whole lifecycle of its products – from creation to marketing to storage to shipment.

## Global supply chain by Amazon

Though Amazon might have one of the most well-tuned supply chain strategies in the world, the company's never one to sit stagnantly. The retailer is preparing to start construction on its second headquarter location and its partnership with Whole Foods is set to change the food delivery game.

But what about sellers who want to expand internationally?

Amazon operates 11 online marketplaces (websites) worldwide, allowing sellers to grow their business internationally, independent of where their business is physically established.

With Amazon, sellers can introduce their brand and products to millions of customers in Amazon's marketplaces as seen below:

North America

Amazon.com

Amazon.ca

Amazon.com.mx

Europe

Amazon.co.uk

Amazon.de

Amazon.fr

Amazon.it

Amazon.es

Amazon.co.jp

Amazon.cn

Amazon.in

These marketplaces represent many of the world's largest e-commerce opportunities. When you register to sell in one of these Amazon marketplaces, you gain immediate access to customers who know and trust the Amazon buying experience. There's a lot of advantages to expanding sales to one or more of Amazon's marketplaces. One of the biggest benefits is that sellers can leverage the Amazon brand without having to foot the upfront costs of building business name recognition on their own in a brand new sales environment.

“Amazon will handle picking, packing, and shipping your products across Europe from a single pool of inventory without you having to worry about importing or customs for each nation within the EFN.”

“For instance, you can ship your inventory into Amazon Fulfillment Center in the UK and any customers across Europe can have that product shipped directly to them. You can also use that pool of inventory to list the product on other European sites such as .de or .fr as long as you list that product in the native language of that region's marketplace.”

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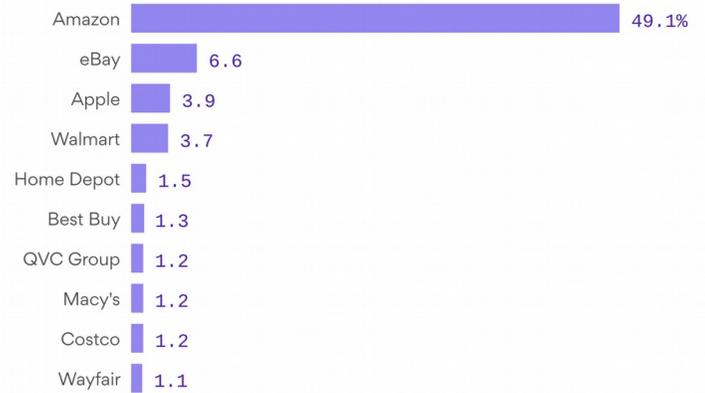


## Products

- Books
- Movie, Music and Games
- Digital Download
- Kindle
- Computer And Office
- Electronics
- Home and garden
- Grocery, Health and beauty
- Toys, kids and baby
- Clothing, Shoes and jewelry
- Sports and outdoors
- Tools, Auto and industrial

RANK	COMPANY	LEADERSHIP	CEO SCORE	EMPLOYEES	TOTAL FUNDING	REVENUE
		Jeffrey P. Bezos Chairman & CEO	79/100	647,500	\$56M	\$280.5B
1		Doug McMillon President & CEO	72/100	2,200,000	\$6.9M	\$524B
2		Scott Schenkel Interim-CEO	72/100	14,100	\$63M	\$10.8B
3		Daniel Yong Zhang Chairman & CEO	71/100	36,446	\$24.8B	\$71.1B
4		Sundar Pichai CEO	72/100	118,899	\$1.7B	\$160.7B
5		Satya Nadella CEO	83/100	144,000	\$61M	\$134.2B

Share of U.S. retail e-commerce sales, 2018



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