

Amazon Fact Sheet

Last Updated in Late 2013

Basic Facts

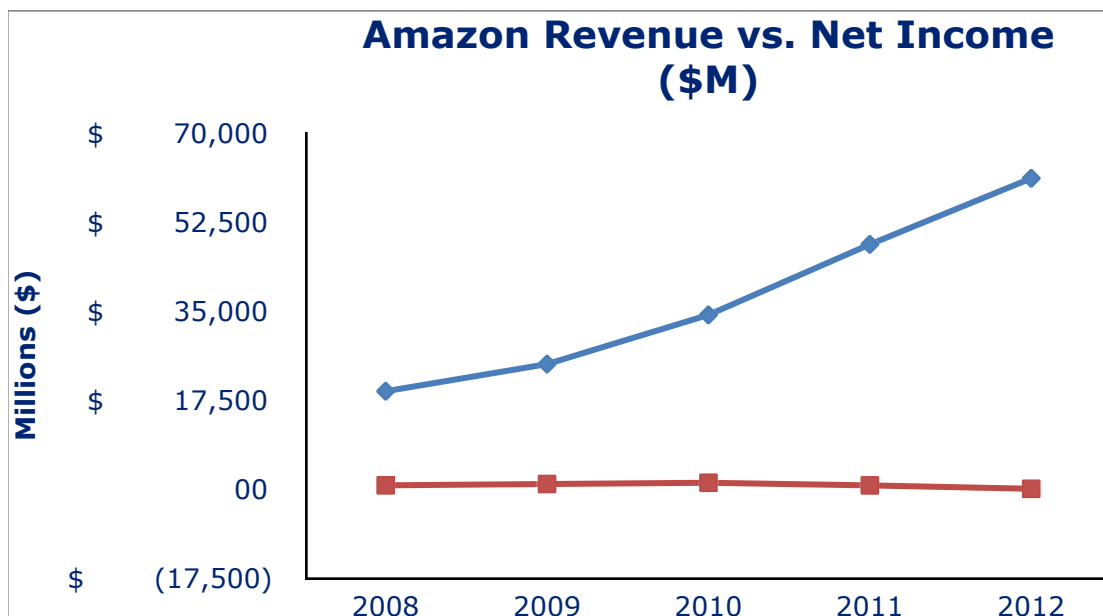
- **Corporate mission:** *We seek to be Earth's most customer-centric company for four primary customer sets: consumers, sellers, enterprises, and content creators*
- **Headquarters:** Seattle, WA
- **When Founded:** The company was incorporated in 1994 as Cadabra and went online as Amazon.com in 1995
- **CEO:** Jeffrey Bezos
- **Number of Employees:** 97,000
- **Number of Retail Categories:** 33 categories
- **Customers:** 200 million active customers; 132 million unique visitors each month
- **Fulfillment Centers:** 89 worldwide, 54 million square feet of total space

Geographical Presence

- Amazon has 89 fulfillment centers worldwide
- Fulfillment centers are located in 8 countries including USA, Canada, France, Germany, Italy, China, Japan, and the UK
- Amazon has separate retail sites for USA, Canada, France, Germany, Italy, China, Japan, and UK plus Brazil, India, Mexico, and Spain
- The US fulfillment centers are located in: Arizona, California, Delaware, Indiana, Kansas, Kentucky, Nevada, New Hampshire, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington
- 1995: 400 square foot garage 1997: 2 fulfillment centers (300,000 square feet) 2010: 50 fulfillment centers 26M square feet

Financial Results

- Revenue was \$61, \$48, \$34, \$25, and \$19B in 2012, 2011, 2010, 2009, and 2008 respectively
 - Annual revenue in 2011 was 27% more than Google's
- Revenue to reach \$74.6B in 2013 (though \$0 net income), 24.6% CAGR from 2011
- Amazon's market share represents one third of U.S. e-commerce sales
- Amazon on pace to reach over \$125B globally by 2016; 4.5% CAGR from 2010
 - North America: \$65.4B by 2016; 23.2% CAGR from 2010
 - International: \$61.3B by 2016; 26.3% CAGR from 2010
- Amazon has had one of the fastest growths in the internet's history
 - After 5 years eBay reached \$0.4B, Google reached \$1.5B, and Amazon reached \$2.8B



Organizational Structure

- CEO and founder Jeffery Bezos and an eight-member board of directors  CEO oversees the Chief Financial Officer (CFO), the Chief Technology Officer and the following 8 departments:
 - o Business Development
 - o E-Commerce Platform
 - o International Retail
 - o North America Retail
 - o Web Services
 - o Digital Media
 - o Legal & Secretary
 - o Kindle
- CFO oversees the Real Estate and Control department
- International Retail oversees three separate departments: China, Europe and India
- North America Retail oversees the following five departments: Seller Services, Operations, Toys, Sports & Home Improvement, Amazon Publishing and Music & Video
- Web Services department oversees Amazon S3 and Database Services
- Other departments include Product Development & Studios, Europe Operations, Global Advertising Sales, Computing Services, and Global Customer Fulfillment

Key Acquisitions

- **1998:** PlanetAll, Jungle, Bookpages.co.uk
- **1999:** Internet Movie Database (IMDb), Alexa Internet, Accept.com, Exchange.com, Pets.com, Home Grocer, Back-to-Basics Toys, drugstore.com
- **2004:** Jovo.com
- **2005:** BookSurge, Mobipocket.com, CreateSpace.com
- **2006:** Shopbop
- **2007:** DPRreview.com, Brilliance Audio
- **2008:** Audible.com, Fabric.com, Box Office Mojo, AbeBooks, Shelfari, Reflexive Entertainment
- **2009:** Zappos, Lexcycle, SnapTell, Stanza
- **2010:** Touchco, Woot, Quidsi, BuyVIP, Amie Street
- **2011:** LoveFilm, The Book Depository, Pushbutton, Yap
- **2012:** Kiva Systems, Teachstreet, Evi
- **2013:** IVONA Software, GoodReads, Liguavista

Corporate Timeline (1995-2013)

- **July, 1995**
 - o Began selling books online
 - o Two small fulfillment centers - Seattle and Delaware
- **1999**
 - o Acquired Pets.com for \$58 million
 - o Acquired Home Grocer for \$42.5 million
 - o Acquired Back-to-Basics toys for \$135 million
 - o Acquired drugstore.com for \$44 million
 - o (Since then have acquired hardware, car, electronics, sporting goods, luxury, wine, etc.)
- **2001**
 - o Became the online engine behind Borders.com
 - o Broadened beyond books to CD's and DVD's

- o (Instant new major competitor for Blockbuster and Netflix)
- **2005**
 - o Launched Amazon Prime
- **2007**
 - o Launched Kindle (developed by Lab126, their internal appliance R&D shop)
 - o Launched Amazon Fresh in Seattle
- **2008**
 - o \$19 billion revenue
- **2009**
 - o \$24.5 billion revenue (+28%)
 - o \$.6 billion net income
 - o Acquired Zappos for \$920 million
- **2010**
 - o Acquired Quidsi for \$500 million (owns Diapers.com)
- **2011**
 - o \$48 billion revenue (+41%)
- **2012**
 - o 164 million active customers
 - o \$61 billion revenue (+27%)
 - o \$.6 billion net income
 - o Launched AmazonSupply (with 500,000 products, in 14 categories, B2B target)
- **2013**
 - o \$75 billion revenue PROJECTED (+22%)
 - o \$0 net income
 - o 200 million active customers
 - o (132 million every month, compared to EBAY 60MM; Wal-Mart 63 MM; Apple 18MM)

Product Categories


- In 15 years, Amazon went from one category (books) to 33 (cloud services, clothing, baby products, sports, electronics, music, video games, books, film, audio, beauty products, tools & home improvement, office products etc.)
- Has introduced two new product categories every year for almost a decade

Strategies

- Build, buy, partner
 - o Build: new categories (e.g., MYHABIT)
 - o Buy: well-established competitors (E.g., Quidsi)
 - o Partner: offers tech service / e-commerce expertise to third parties (e.g., cobranded website with Toys “R” Us)
- Customer-first solutions
 - o Bottom-up approach: customer needs drive everything
 - o Frugality: Amazon continually seeking to do things cost-efficiently
 - o Innovation: Amazon always seeing simpler solutions
- Data & human driven customer service
 - o Every employee, even the CEO, spends two days every two years on the service desk to answer calls and help customers
 - o 90% of customer service by email rather than by telephone
 - o Amazon has developed its own software to manage email centers

- Convenience
 - 1-click ordering
 - Amazon Prime - \$79 / year, instant streaming of movies & TV shows, instant access to thousands of Kindle Books, free-two day shipping
 - Amazon Locker - lockers installed in grocery, convenience and drugstore outlets that can accept packages for customers for a later pick-up
 - Moving towards same-day delivery
 - Building warehouses close to city center - risky because Amazon will pay states taxes it did not pay before, but it will get closer to same-day deliver
 - Warehouses currently being built in California, Indiana, New Jersey, Tennessee, South Carolina, Virginia
 - Amazon Supply - free two-day shipping for orders over \$50
- Low price
 - Amazon significantly cheaper than competitors
- Digital optimization of supply chain
 - Amazon automatically chooses the cheapest origin for the customer's order in real-time
 - It re-optimizes it based on the customers' orders
 - Fast moving items are stored in all the fulfillment centers
 - Hard-to-find items are kept in small quantities in one or two fulfillment centers
 - Easily movable items (e.g. media) are stored in highly automated facilities
 - Extensive use of tracing
 - Drop shipping: when applicable, Amazon provides packages and asks the supplier to ship the product himself
 - Third-party sellers follow the same principle, which increases margins
- Kindle
 - Selling at a loss - costs around \$210 to produce, sold at \$199
 - But over the first 6 months of use, Amazon makes \$136 of margin on average on every Kindle Fire by selling digital content
 - Amazon is developing international partnerships with retailers (e.g., Darty in France) to sell more Kindles

Comparisons to Wal-Mart

- Contrary to Wal-Mart, which failed to enter the German and South Korean markets, Amazon's international expansion has been successful
- Amazon to reach \$74.6B in 2013, 24.6% CAGR from 2011
 - Wal-Mart's revenue will be \$500B in 2013, but its revenue in e-commerce by 2014 will reach just \$10B
- Wal-Mart had 62.5M unique visitors in August 2013, compared with Amazon's 133M
- Wal-Mart copycatting some of Amazon's most successful tactics
 - Trying out lockers, allowing shoppers to order items online and pick them up in stores
 - Dabbling in same-day delivery (testing in four cities) and even going a step further than Amazon by attempting to crowd-source package drop-off among customers
 - Investing in web technology to improve both their site's appearance and ease of navigation
- E-commerce is growing at 11% a year, but sales for consumer packaged goods online - food, groceries, everyday items - are growing at closer to 20%  this is the area Wal-Mart will go after
 - Amazon already one step ahead with Amazon Fresh

Added Sources:

<http://techcrunch.com/2011/05/11/how-amazon-controls-ecommerce-slides/>

<http://www.forbes.com/sites/clareoconnor/2013/04/23/wal-mart-vs-amazon-worlds-biggest-e-commerce-battle-could-boil-down-to-vegetables/>