

# Amazon: Journey from selling books online to becoming an e-commerce giant

Amazon is a multinational technology company that aims at cloud computing, e-commerce, digital streaming and artificial intelligence. It is one of the most valuable globally, offering its services to multiple industries.

These include cloud computing, e-commerce, artificial intelligence, consumer electronics, entertainment, supermarkets and digital distribution.

Amazon has become a one-stop destination for everyone's shopping needs and is correctly called 'the everything store'. Today, Amazon has a market capitalization of \$117 billion.

It began with a mission: to provide a hassle-free way for customers to discover and buy products from around the world at unbeatable prices. By offering value for money, transparency regarding product availability and guaranteed customer satisfaction, Amazon has built up one of the most trusted brands in the world.

The key principles that drive Amazon's success are efficiency and innovation. Its technology platform was designed from the outset to enable quick product selection, easy payment processing and lightning-fast delivery speeds.

Regularly updated IT systems, improved process automation and analytics keep costs down while service levels remain high.

Moreover Amazon keeps on innovating by constantly testing new features or services such as predictive search tools, artificial intelligence along with an exclusive line of

electronics called “Echo”. These have turned out to be popular among customers which gives Amazon an edge over its competitors.

In short Amazon has achieved tremendous success due to its commitment towards providing customers with convenience , value & innovation – all hallmarks of a quality experience.

With such a complex ecosystem comprising various entities and millions of customers, it is important to understand every aspect of this e-commerce. Let’s see Amazon’s journey from zero to billionaire.

## **Amazon journey of becoming an e-commerce giant**

The journey started back in 1994, Jeff Bezos, a former Wall Street hedge fund executive and a vision who was already aware of the potential of the internet and e-commerce platforms took the decision while sitting in the garage to give the first try to create an “online everything store”.

At first, Jeff thought about naming the company “Cadabra” (from abracadabra).

However, his lawyer, Todd Tarbert, advised him that the name could be seen as kind of unclear.

After the new website name was decided, the next decision would be about the product to be sold on the e-commerce platform was very important for him. Jeff found that the most logical option would be to sell books online.

Going against financial journalists and analysts that just couldn’t see the growth of the internet as Jeff did, Amazon.com reached 180,000 accounts in its first year of business. In May 1997, Amazon.com became a public firm, with \$54 million on NASDAQ.

At the end of the same year, there were around 1 million accounts and \$148 million in revenues which became \$610 million the following year. The company expanded quickly and began selling music, videos, electronics, video games, software, houseware, toys, games, and many more.

Moreover, what attracted customers were its personalized recommendation tools and customer reviews for better purchases, thus developing a community of consumers. In 2000, Amazon opened a room for small businesses and individuals to sell their products through the platform.

Two years later, Amazon Web Services (AWS) was launched, confirming what Jeff claimed from the start: Amazon was not a retail company, but a technology. From that year on, AWS has encompassed statistics on the internet for developers and marketers, its Elastic Compute Cloud that rents out computer processing power, and its Simple Storage Service, for renting data storage.

Kindle e-readers launched in 2007, fostering the e-book market by Amazon. In 2009, Amazon launched Amazon Encore, its first publishing line, which would also allow individual writers to publish their own e-books through Amazon.

In February 2011, Amazon launched a streaming service Amazon prime. It also found its tablet computer – Kindle Fire in November of the same year. It also declared the concept of Amazon Lockers where buyers can pick up their online purchases without waiting for delivery. Amazon becomes Amazon Publishing, aiming to develop its own titles.

To boost its presence in Asia, Amazon came up with a marketplace in India in 2013. On the technological front, it launched a Mayday button which lets users get instant access to a live tech adviser through their devices. And in the same year started delivering packages on Sundays.

In 2014, Amazon came up with its first and only smartphone –

Fire integrating its universe of media and streaming options into one smart device. However, the phone failed to make a place in the market and the company had to write down \$170 million and cease production.

Amazon also purchased the video game streaming company Twitch for \$970 million. And later launched Fire TV and Amazon Echo voice-enabled speakers.

In the year 2016, Amazon teamed up with Fiat Chrysler Automobiles to sell cars online in Italy. It also came up with a new concept called Amazon Flex where drivers can sign up with the company to deliver packages using their own cars.

In June 2017, Amazon acquired Whole Foods marking the entry of the company into the world of grocery and physical retail stores. It purchased all 471 stores of Whole Foods for a whopping around \$13.7 billion.

The company went from a bookstore to an “all-purpose store” and then to a worldwide e-commerce giant. But Amazon definitely didn’t stop there and potential never seems to end. But what keeps its audience attached to the company is its profit margin, which remains low on any products offered by Amazon.

Customers know it is comfortable to work with Amazon and will always bring a reasonable and competitive price in all fields and products. And for sellers who use the multi-sided platform, it’s convenient for them to be sure they can easily display their effects on the website and app to make sales worldwide.

Nowadays, Amazon is recognized as the biggest retailer across the globe, a brand for those who don’t have limits.

# **10 Strategies that led Amazon to build a trillion-dollar eCommerce company**

## **1) Making customers' service priority**

Amazon has top-notch customer service, the company has set itself apart as a go-to online store when it comes to shopping from them. With fast and reliable shipping times, cheap yet high-quality products, secure and convenient payment methods, plus the option to replace damaged or lost orders should the need resolve quickly.

because they have managed to focus on the one thing that matters most for business to grow is consumers are always the priority.

## **2) Availability huge range of products to choose from**

Amazon sells a massive range of different products and options for it to choose from. They have categories for everything from clothing to electronics, and from makeup to grocery so it's easy to find something that works for you. You can see their selection over at Amazon or buy from a third-party seller on their website or application.

## **3) Modern technology**

Amazon has a massive understanding of modern technology and implements it into its business model. For example, Amazon's recent product offering, the Amazon Echo, Alexa is a voice-controlled device that lets you request music be played, hear the news and traffic reports, tell your stories, control your TV set, listen to podcasts, and much more!

This product has proven to be very popular with consumers and has modern technology because it letting for greater convenience than any offered product from existing marketplaces.

## **4) Customer Support System**

Getting customer service at Amazon is very simple. On their Customer Service page, you can choose a category out of many to best service your inquiry. These include: Your Order, Returns & Refunds, Digital Service & Device Support, Manage Prime Account, Payment Options, Your Accounts, and Safe Online Shopping.

- Order page: Customers can find their recent orders and track their orders as well. This page also has an option for reporting any problems related to your order. You can leave feedback for the seller and write a review of the product as well.
- Returns & Refund: The page is the gateway to your return of the products. The return policy is right at the top, making it easy for customers to get all of the information they need related to the order return and refund process.
- The Digital Services & Device Support: Page differs from Things You Can Do and Popular Articles. The Things You Can Do section contains an option of helpful links for managing things like digital orders, downloading apps, registering a Fire Tablet to your Amazon account, and cancelling subscriptions prime account.

The Popular Articles section gives you links to resourceful articles that can guide you with different situations, such as returning books and getting the battery in your Fire Tablet to charge, plus many more!

- The Manage Prime Account: Page has a lot to offer as part of its membership program – you can get delivery, watch Prime exclusives entertainment, Deals and read Prime Reading right here. There's also a list of FAQs at the bottom of the page that will help you to guide your Prime account.
- On the Payment Options: Page, where you are able to change, add or update payment methods for Amazon orders.

## **5) Fastest deliver goods**

Amazon's shipping speed is consistently fast, but it depends on the customer's geographical location. Those who get prime subscriptions get two-day shipping extensions, with some orders arriving even on the same day.

Packages also include tracking numbers which let customers check their order's status wherever they are at any given time.

## **6) Product pricing & available new daily discounts**

Amazon offers discounts in many categories on its website and application, even though the Fashion category is not included in discounts in some regions.

Their frequent discount campaigns go in the name of the following categories: Today's Deals, Watched Deals, Outlet Deals, Warehouse Deals, Lightning Deals, Coupons, eBook Deals, Subscribe & Save.

## **7) Provide service worldwide**

Amazon has websites for the most popular countries, such as the United States, Canada, India, Australia, Brazil, China,

France, Germany, Italy, Japan and Mexico. Amazon also offers country-specific sites worldwide. The company can be found in more than one hundred different countries.

Moreover, in countries that don't have a website, or application so Amazon offers a Worldwide global store merging with local e-commerce platforms from where anyone in those countries can order global products directly from the amazon store itself. Although the delivery time and shipping cost for these global products might differ.

## **8) Gives assurance to protecting consumer safety**

Amazon and its affiliate system have very detailed security process measures to ensure that customer information is safe with them. Amazon does not share any of their personal or financial info with a third party, and they have a system in place for reviewers to report scams or bad service if they feel the need to.

## **9) Kindle publishing option & focus on bookselling**

Amazon has recently got a lot of critical acclaim in book-centric circles because of the company's endeavours in e-book publishing and promotion. This is interesting because Amazon has pretty much beaten the market competition when it comes to selling printed books on its website or application.

Therefore, from the Kindle e-reader and Kindle Direct Publishing to Audible and its massive selection of physical books, Amazon continues to fill its inventory with an abundant supply of written materials boasting a rich history going all the way back to its past as merely a website where customers could order books online to be shipped right to their doorstep.



## **10) Talented UX Team**

Amazon employs a complete team of specialists (also known as their UX team) to analyze customers' search habits to offer each customer only a selection of products they are most possible to be interested in finding.

## **A brief overview of Amazon's ownership**

Since Amazon is a publicly traded company, it is owned by various institutions and individual shareholders. However, Jeff Bezos is the founder, executive chairman, and former president and CEO of Amazon.

With a net worth of US\$128 billion as of February 2023, he is the third-wealthiest person in the world and was the wealthiest from 2017 to 2021 according to both Bloomberg's Billionaires Index and Forbes.

He still holds a major part of the company ( around 10%), making him one of the most influential shareholders in the company. However, in July 2021, Jeff stepped down from the CEO position to become Executive Chairman, leaving Andy Jassy for the president and CEO positions.

Before being appointed by Jeff and the Amazon board during the fourth quarter of 2020, Jassy served as the SVP and later as the CEO of AWS from 2003 to 2021.

Amazon is the official name of the holding group, which includes all of its amazing services, such as Amazon Music, Amazon Prime Video, Kindle and Alexa devices, and Amazon Web Services (AWS).

# **Amazon's revenue generation**

Amazon has different operations that are under Amazon's big corporate umbrella. These operations have successfully helped the company achieve profitability, which has fueled its growth.

## **1) Amazon Marketplace:**

The company's first revenue stream, Amazon.com, accounts for more than 42% (\$220 billion of \$513.98 billion revenue in 2022 from its online e-commerce stores. Third-party sellers accounted for an extra \$117.71 billion of revenue. Basically, Amazon charges a fee from its sellers to promote and advertise its products.

## **2) Amazon Prime:**

Amazon prime is a paid subscription service from Amazon which is available in various countries and gives users access to additional services, such as free & fast delivery of eligible items, video streaming, ad-free music, free games and in-game content, exclusive access to deals and has been important to the brand's growth.

In exchange, the company asks for a monthly fee, and subscribers have access to the platform. Prime currently has beyond 150 million members.

## **3) Amazon Web Services:**

It is a low-cost complete IT structure platform, whose services are contracted by companies, firms, organizations, and institutions around the world. It's not the main source of revenue, but it is certainly the most profitable one for the company.

## **4) Amazon Kindle:**

It is Amazon's e-reading service, where readers can buy, browse and download books, magazines, and newspapers that are available at Kindle Store. Amazon doesn't make much money from Kindle, but by generating traffic to the Prime membership plan. Besides, the platform lets independent authors publish their info-products and e-books, charging fees between 30 to 70% of royalty fees from the sales.

## **5) Amazon Patents:**

The company has more than 17,600 patents, various licensed by other companies. Just in 2022, the U.S. Patent & Trademark Office granted them around 2,051 patents;

## **6) Amazon Advertising:**

Amazon Ad platform offers sponsored ads and videos. It is a very efficient marketing channel, since the customers that access the platform already intend to buy something.

# **Amazon's Value Propositions**

Jeff Bezos defines Amazon's business model as based on three value propositions: low price, fast delivery, and a huge selection of products.

However, looking at these three consumer benefits, you can say that Amazon's greatest value proposition is convenience because the customers understand that, with just the help of a device connected to the internet, they get access to the product catalogue of the massive retailer in the world, with a reasonable price and an agile, safe and reliable delivery service.

# Amazon's Revenue Streams

- One-Time Sales
- Commission on Sales
- Advertising
- Subscriptions (Amazon Prime)
- Web Services (AWS)
- Licenses
- Delivery Services
- Patents
- Pay-Per-Use & Support Subscription

## Amazon's Mission Statement

Amazon is guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. Amazon strives to be Earth's most customer-centric company, Earth's best employer, and Earth's safest place to work.

## Amazon's main partners

Amazon's key partners consist of:

### 1) Sellers:

Certainly, the most important partners of the company are sellers; they are the generators of Amazon's first source of revenue. There are around 8 million worldwide, which guarantees more than half of the company's revenue.

## **2) Affiliates:**

Bloggers earn a commission for any referrals that lead to generating sales. In addition to helping with sales, they boost traffic to the platform.

## **3) Developers:**

They are the partnership of the AWS segment, or, as Amazon itself defines, “thousands of systems integrators who get in AWS services and tens of thousands of independent software vendors (ISVs) who adapt amazon technology to work on AWS.

## **4) Content creators:**

Independent writers who can publish their works through Kindle Direct Publishing.

## **5) Subsidiaries:**

They include companies offering storage spaces, stores, and systems, in addition to brands and products developed by Amazon, such as Amazon Essentials, Amazon Elements, Amazon Elements, Kindle, Alexa, etc.

# **Amazon acquisitions and subsidiaries.**

Amazon has acquired 77 companies and invested in 51 companies. Its first acquisition was made in 1998. Some of its major investments and subsidiaries are:

- 1998: PlanetAll, Junglee, Bookpages.co.uk
- 1999: Internet Movie Database (IMDb), Alexa, Accept.com and Exchange.com
- 2003: CDNow

- 2004: Joyo.com
- 2005: BookSurge, Mobipocket.com and CreateSpace.com
- 2006: Shopbop
- 2007: DPReview.com and Brilliance Audio.
- 2008: Audible.com, Fabric.com, Box Office Mojo, AbeBooks, Shelfari, and Reflexive Entertainment.
- 2009: Zappos, Lexcycle, SnapTell,
- 2010: Touchco, Woot, Quidsi, BuyVIP, and Amie Street.
- 2010: Toby Press
- 2011: LoveFilm, The Book Depository, Pushbutton and Yap
- 2012: Kiva Systems, TeachStreet and Evi
- 2013: IVONA Software, GoodReads and Liquavista, and so on, many acquisitions and subsidiaries.

## **Interesting Statistics & Facts About Amazon**

- The total accumulated online sales of Amazon was a whopping \$ 234.61 billion in 2018.
- Amazon is the largest book-seller in the US.
- Amazon prime has the second-highest number of paid users, with over 100 million subscribers.
- Amazon.com was almost called “Cadabra” as in “Abracadabra”. That idea came because the CEO’s lawyer misheard it as a “cadaver”.
- Bezos had two reasons to choose Amazon: One was to point

out dimensions, and the other was because site listings were normally alphabetical at that time.

## Summary

Amazon is a great and leading name in the online e-commerce industry and the title possessor of the world's biggest online retailer. The company commenced almost two decades ago, in July 1994. Its story sprang from garage storage and now reached the dominant market position in the world.

Amazon is the face of the current market global, digital, and constantly expanding business. It is an increasingly productive brand, which adapts quickly to respond to market demands, in a fast, effective and original way.

## FAQ's:

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