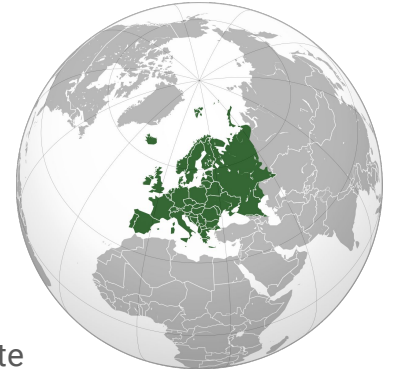


amazon

The Amazon logo consists of the word "amazon" in a white, lowercase, sans-serif font. Below the word is a thick, orange arrow that starts under the 'a' and curves upwards to end under the 'n', pointing to the right.

Delaney George, Liz Gehman, Rosie Mcilvaine, Carolyn Pepe, Molly Seaman, and Katelyn Allan

Market Landscape



Market Landscape

- Focus on small businesses in the UK and Europe
- Amazon can market to these businesses and get them to sell their products on the website

Size, Growth Rates, and Attractiveness

- UK, Germany, France, Spain, and Italy drive the most growth for Europe
 - The UK is the most attractive European country for inbound and domestic investment
- Europe's GDP is expected to expand by 0.8% in 2023 and 1.6% in 2024
- Headline inflation in the EU is forecast to fall from 9.2% in 2022 to 6.4% in 2023 and 2.8% in 2024

Porter's Five Forces and Changing Technology

Key Dynamics: Porter's 5 Forces

1. *Threat of new entrants*: there are low barriers of entry meaning new entrants can easily enter and compete against Amazon.
2. *Threat of substitutes*: there is a high threat of substitutes with many brick-and-mortar and e-commerce platforms
3. *Bargaining power of buyers*: there are many buyers giving them significant bargaining power
4. *Bargaining power of suppliers*: there is a large and growing network of suppliers giving them significant bargaining power in negotiations
5. *Rivalry among competitors*: there are high levels of competition so Amazon must innovate and import products/services to stay competitive

Technology Changing in Europe

- Automation, 3D printing, and AI are changing the nature of Europe jobs
- Technological change is boosting growth and opportunities for people in Europe
- 68% of the total population aged between 16 and 74 years bought products online within 12 months

Competitors and SWOT



Key Competitors:

- Alibaba, Target, eBay, Walmart, and Flipkart



SWOT Analysis:

- Strengths = large customer base, strong brand recognition, strong financial performance, and diverse product offerings
- Weaknesses = easy to copy business model, regulatory issues, and limited product control
- Opportunities = investment into new ventures, more acquisitions, expansion into emerging markets, and more physical stores
- Threats = cybersecurity threats, regulatory issues, and maintaining profitability due to intense competition

Risks and How We Compete/Win

Regulatory, Environmental, Cultural Dynamics, and Risks

- Potential regulations that would define an agenda for how to uplift the data capabilities of European companies, create a market for data, and regulate activities around AI
- Post-pandemic financial risks
 - Inflation projected to fall, however issues and shortages in the supply chain are still present
- War in Ukraine
 - Sanctions against Russia have upended Europe's energy supplies which could lead to recession
- Product safety and tight controls on ingredients

How We Compete and Win

- Broad product assortment
- Competitive pricing
- Greater ease of use over other retail e-commerce websites
- Amazon Prime offerings (free and fast shipping, Prime Video, Prime Music)

Key Marketing and Execution Strategies

- **Promote small business use**
 - According to Eurostat data, small and medium-sized businesses (SMEs) make up 99% of all enterprises in the EU's non-financial business economy and almost half their employees (Wood).
 - Small businesses can use Amazon as a way to sell their products online with ease.
 - Reach a wider audience
 - Business tools
 - They can also use Amazon to ship store essentials quickly and easily.
- **Increase cyber safety**
 - The EU has cyber security at the top of its mind.
 - The expansion of Amazon into Europe opens up the possibility of fraud and hackers.
 - In 2022, the European Commission published a Cyber Resilience Act (CRA) to help take action against cybercrime.
 - Amazon should enact a similar regulation to put consumers' minds at ease.
- **Maintaining competitive advantage**
 - Amazon has been accused of using third-party data to give an unfair boost to its retail businesses and whether it favors sellers who use its logistics and delivery services (Owusu).

Product Revisions and Development

- **Various import regulations and documentation is required in the EU and UK**
 - According to Int. Trade Administration (ITA), all products must be safe for the environment and human health.
 - Sellers around the world must update their products to be sold in small businesses in the EU and UK including packaging, digital labeling, and clean ingredients in cosmetics, food, and drink products.
- **Taxes in U.S. vs UK + EU**
 - Anything sent to the UK abroad must go through customs and a tax and 'duty' is paid on it above €150
 - VAT is paid from any non-EU country importing goods
 - Fulfillment and logistics may need to be adjusted to minimize taxes/tariff costs
 - UK is not part of EU (Brexit)
- **Price and quality differences**
 - The cost of living is much higher in the U.S. vs UK or EU. Buying in bulk (lower costs per unit) can apply to small businesses purchasing products/materials online. (Subscribe & Save Feature)

Current Local Footprint and Local Partners



- **Amazon has a significant local footprint in Europe.**
 - It has established a strong presence in Europe through its online marketplace, which enables customers to purchase products from a wide range of sellers.
 - Additionally, Amazon has physical operations in Europe, including warehouses, data centers, and offices.
 - Includes operations in the UK, Germany, France, Italy, Spain, etc.
 - Each of these countries has its own Amazon website, localized for the local language, currency, and cultural norms.
 - Amazon has also expanded its local footprint in Europe through acquisitions of local companies, such as the UK-based grocery chain Whole Foods Market.
- **Local Partners**
 - Amazon partners with Stripe in the US, Europe, and Canada.
 - Help process a significant portion of Amazon's total payments volume across its businesses.
 - Amazon transformed a fulfillment center in Poland into a humanitarian hub.
 - Stocked with items for refugees
 - Partnered with the World Food Programme, the International Red Cross and Red Crescent (ICRC), and Save the Children International.

Investments in Digital Technologies and Infrastructure

- **Amazon is currently in the EU and UK**
 - Largest in Germany and UK with already standing fulfillment centers: Fulfillment By Amazon (FBA)
- **New & improved: A push for more**
 - 92% of Europeans would stop using an app if they had to pay for it: offer free Amazon Prime for European and UK small business owners or push more incentives and discounts for non-members
 - Digital advertising in the EU generates annual revenues of €41.9 billion, with growth of 12.3% year-on-year
- **EU Operations network consists of more than 40 fulfillment centers**
 - The creation of more fulfillment centers could increase shipping and delivery rates as well as give access to a wider audience.

176MM

monthly unique visitors in the UK,
Germany, France, Italy, & Spain

86K+

3rd party Sellers over \$100K Amazon EU
marketplace sales in 2020

2,700+

products sold per minute in Amazon EU
marketplace in 2020

Source: SimilarWeb, December 2020

Financials and Expected Growth

- **Current Revenue**
 - 32 Billion in UK
 - 33.6 Billion in Germany
- **Baseline Revenue**
 - 10 billion from small businesses
- **Marketing Investment**
 - 50 million (USD)
- **Digital Marketing/Social Media Marketing: 90% of the UK have access to the internet**
 - Sponsorships/Commercials
- **After three years**
 - Amazon.com is forecasted to grow earnings and revenue by 40.5%
 - EPS and ROE are also expected to grow by 40.7% and 14.2% per year respectively.



Sources

https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/winter-2023-economic-forecast-eu-economy-set-avoid-recession-headwinds-persist_en#:~:text=Growth%20for%202022%20is%20now,in%202024%20in%20the%20EU.

<https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/the-eu-digital-strategy-the-impact-of-data-privacy-on-global-business>

<https://privatebank.jpmorgan.com/gl/en/insights/investing/investing-in-europe-as-recession-threatens-and-war-continues>

<https://www.marklogic.com/blog/amazon-beating-retailers/>

https://ec.europa.eu/eurostat/statistics-explained/index.php?title=E-commerce_statistics_for_individuals

<https://www.trade.gov/country-commercial-guides/eu-import-requirements-and-documentation>

<https://www.gov.uk/goods-sent-from-abroad>

<https://www.thestreet.com/investing/amazon-has-big-european-problems-ahead>

https://taxation-customs.ec.europa.eu/buying-goods-online-coming-non-european-union-country_en

<https://sell.amazon.com/global-selling/europe>

<https://iabeurope.eu/the-value-of-digital-advertising/>

<https://businessmodelanalyst.com/amazon-swot-analysis/>

<https://www.hivelr.com/2023/02/amazon-amzn-porters-five-forces-industry-and-competition-analysis/>

https://m.media-amazon.com/images/G/02/Website/SOA/Website/UK_European_Selling_Partner_Report_2021.pdf?ref=sduk_soa_espr_fnay