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AMAZON: THE TOTAL RETAILER

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Case published by the Research Division of San Telmo Business School, Spain. Prepared by professor Enrique Garrido Martínez in collaboration with Anylú Vidal Romero as a research assistant. This case is developed only as the basis for class discussion. Cases are not intended to illustrate any judgement on the effective or ineffective management in a specific situation.

AMAZON: THE TOTAL RETAILER[1]

"We have had three big ideas at Amazon that we have stuck with (…), and they are the reason we are successful: Put the customer first. Invent. And be patient. What is dangerous is not to evolve."

Jeff Bezos, Amazon's CEO.

In 1999, Time Magazine named Bezos *Person of the Year*, honoring his success in popularizing online shopping. Eighteen years later, Bezos topped the Forbes magazine list of richest men in the world, surpassing Microsoft founder Bill Gates[I].

Amazon had developed a successful e-commerce business and become the largest virtual store on the planet. It certainly was a story of success, albeit not without failures and the misgivings of some analysts.

From the beginning, Jeff Bezos's strategy was to prioritize cash flow generation over net profit. This favored accelerated growth by creating or acquiring new businesses, investing in innovation, and expanding internationally. The latest results revealed a turning point where, despite Amazon's rapid deployment of new initiatives, the company no longer spent all the money it made.

In the beginning, Amazon focused on the online world, gradually moving toward a brick and click model[2] with the opening of bookstores in several US states[II] and the more recent – and surprising, purchase of the American organic food chain Whole Foods[III].

The acquisition of the 450 Whole Foods supermarkets was the most significant purchase made by Amazon to that date, and it sent a message both to food retailers and all other global businesses. Did the future of retail lie on an omnichannel model? What position

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[2] Companies with brick & mortar and online stores.