

## Company of the Month: Amazon.com

Read the article below on Amazon.com.

### Before you start reading...

1. How often do you read a book or newspaper? How often do you use the Internet?
2. Which activity do you prefer doing?
3. What are your opinions about shopping online?
4. Do you think people will ever stop reading books completely and will do all their reading via the Internet?

Read this text to find the answers to these comprehension and vocabulary questions.

### Comprehension questions

1. Who started Amazon.com and where and when did he start it?
2. What are the two reasons that investors thought Amazon would fail when it started?

### Vocabulary Questions

Find the word or phrase from the text to complete these sentences.

3. Fxxxx sxxxxxxxxxxxx pxxxxxx is where the price of a product is definite and does not change when sold in different places.
4. If someone or something has pxxxxxxx, it means it has a natural ability or quality that will make it successful (although it might not be successful yet).
5. Pxxxxxxx refers to the way people do a particular task or activity e.g. Bill does business very differently, he has some unusual business pxxxxxxs.
6. Cxxxxxxx are people you know who might be able to help or advise you.
7. If you are dxxxxxxxxxx, you no longer have the confidence you need to continue doing something.

### Introduction

Many people thought that the Internet would cause the death of the Book. For generations, the Book has been the medium for storage and communication of ideas. Many people suggested that the Internet would become the new medium for storage and communication of ideas. All the books produced over the past hundreds of years would be converted to web pages and the traditional paper book would disappear.

It is strange that one of the first successful e-commerce businesses, Amazon.com, should have started by selling books, hundreds of millions of books.

## ***What is e-commerce?***

### **MAIL ORDER**

The enormous geographical distances in the USA created the first examples of 'catalogue shopping'. In the 1890s the Sears, Roebuck catalogue sold everything from tin openers to grandfather clocks, from the latest hats to agricultural machinery. Sears, Roebuck introduced the idea of fixed standardised pricing. This was important when the buyer was perhaps 10,000 miles from the seller.

### **E-COMMERCE**

E-commerce can be seen as a development from catalogue shopping. The major difference being the speed of electronic communication and use of debit and credit cards for payment.

A few years ago it seemed unimaginable that people would buy airline tickets, music CDs, books, insurance policies, investments and even houses and perfume through the Internet.

In this month's 'company of the month' we look at one of the first people to recognise and exploit the potential of e-commerce, Jeffrey Preston Bezos of Amazon.com.

### **The Story of Amazon.com**

As we have seen in other companies, very often the company is created by the enthusiasm of a singular individual. We have seen Stelios Haji-Ioannou from easyJet, Masuru Ibuka and Akio Morita in the Sony Corporation, Bill Gates in Microsoft. Amazon.com is the child of Jeffrey Preston Bezos (pronounced bay-zos).

In the early 1990s, most people did not believe in the future of e-commerce. They did not believe that people would change their traditional retail practices. Yet in book selling, one of the oldest and most traditional forms of trade, Amazon.com established its first success.

In the summer of 1994, Bezos left his well-paid job in a New York City investment firm and drove across the USA to Seattle and started what he believed would be a good business. When he left New York he did not have a plan. By the time he arrived in Seattle he had an idea to sell books over the Internet. Investors thought he was crazy.

### ***WHY DID INVESTORS THINK BEZOS WAS CRAZY?***

Investors had very good reasons to think that Bezos would fail. Firstly, he had no experience of book selling – no knowledge, no network of contacts. Secondly, book selling is a very traditional business. Customers like to search the shelves of their local bookshop. They want to ask the opinions of the bookshop staff. They like to be able to touch a book, feel its weight, flick through its pages. Book buyers were frightened of the Internet and particularly frightened of typing their credit card numbers into the Internet.



### ***HOW DID BEZOS RESPOND?***

Bezos was not discouraged by the investors' reaction. He was convinced it would work.

One of his great strengths is that he knows what he does not know. Bezos hired people with good knowledge of the book business. He hired excellent computer programmers and web site designers. He hired financial experts who would make online buying a simple and secure process.

Bezos created a web site which was more than a simple catalogue and price list. The web site included reviews of the books written by other customers. The web site suggested alternatives and recommended other books on the same topic. The web site became as 'user-friendly' as a traditional bookshop.

### ***HOW DID BEZOS EXPAND?***

As the first orders for books began to arrive, Bezos began to understand that amazon.com was more than just a bookshop, it was a new buying location. Very quickly Bezos added CDs, videos and DVD movies and videogames to his catalogue.