

Amazon.com, inc. – company background



Amazon. com, Inc. (NASDAQ: AMZN) is an American electronic commerce (e-commerce) company in Seattle, Washington. Amazon was one of the first major companies to sell goods by Internet, and was an iconic “ stock in which to invest” of the late 1990s dot-com bubble. After the collapse, the public became skeptical about Amazon’s business model, although it has since remained profitable.

Jeff Bezos founded Amazon. com, Inc. in 1994, and launched it online in 1995. Amazon. com started as an on-line bookstore, but soon diversified to product lines of VHS, DVD, music CDs, MP3 format, computer software, video games, electronics, apparel, furniture, food, toys, etc. Amazon has established separate websites in Canada, the United Kingdom, Germany, France, China, and Japan. It also provides global shipping to certain countries for some of its products.

The company began as an online bookstore named “ Cadabra. com”, a name quickly abandoned for sounding like “ cadaver”; while the largest brick-and-mortar bookstores and mail-order catalogs for books might offer 200, 000 titles, an on-line bookstore could offer more.

Bezos renamed the company “ Amazon” after the world’s biggest river. Since 2000, Amazon’s logotype is an arrow leading from A to Z, representing the desire to sell many products. In 1994, the company incorporated in the state of Washington, beginning service in July 1995, and was reincorporated in 1996 in Delaware. The first book Amazon. com sold was Douglas Hofstadter’s Fluid Concepts and Creative Analogies: Computer Models of the Fundamental Mechanisms of Thought. Amazon.

com issued its initial public offering of stock on May 15, 1997, trading under the NASDAQ stock exchange symbol AMZN, at an IPO price of US\$18.00 a share (U. S. \$1.50 after three stock splits in the late 1990s). Founder Jeff Bezos owns about 24% of the firm. Amazon's initial business plan was unusual: the company did not expect a profit for four to five years; the strategy was effective. Amazon grew steadily in the late 1990s while other Internet companies grew blindingly fast. Amazon's "slow" growth provoked stockholder complaints: that the company was not reaching profitability fast enough.

When the dot-com bubble burst and many e-companies went out of business, Amazon persevered, and, finally, turned its first profit in the fourth quarter of 2002: U. S. \$5 million, just 1¢ a share, on revenues of more than U. S. \$1 billion, but the profit was symbolically important. The company remains profitable: As of September 2007, the accumulated deficit stood at U. S. \$1.58 billion. Revenues increased thanks to product diversification and an international presence. On November 21, 2005, Amazon entered the S&P 500 index, replacing AT&T after it merged with SBC Communications.