

Amazon.com business combinations and financial results analysis

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Amazon. Com Business Combinations and Financial Results Analysis Amazon. Com Business Combinations and Financial Results Analysis How growth strategy alternatives utilized by Amazon. com in the global and domestic retail markets influenced profitability Due to information technology and global communication networks, new business models have emerged. Attempts have been put across to develop into reshaped trade segment models and inventive products and services to attract valuable customers. In this context, amazon. com has demonstrated dedicated alternative strategies to increase profits and to gain market leadership in the global and local markets. The organization's stated strategy is to place more focus on the customer experience through giving its customers convenience, low prices, and a broad selection of merchandise. Growth alternative strategies include: Redefined Product Retail Amazon went a step further by redefining the traditional book retailing method used by companies like Barnes and Noble (B&N), by using radically dissimilar approach; online/internet use. Since traditional book selling has many disadvantages such as the selection of titles being physically limited by accessible store space, Amazon used the internet so as it can have the benefits of centralized record management as well as low occupancy costs (Grant, 2010). This actually was a huge success for the company's aim to make profit as it could reach a global and large group of customers from one central location. In addition, it is easy to track consumer buying patterns to greatly anticipate demand and offer personalized services like store fronts. Creation potentials It is known that Amazon is the globe's customer centric company. Listening, inventing, and personalization is its order. It provides synopses, annotations, content

services, editorial staff, product ratings and reviews by customers and clients can order or select gifts from its centers. Apart from this profitability strategy, the company has a website where customers can open accounts including invoice and shipping addresses, different payment methods, auto-login aspects and merchandise preferences. This has been a successful and profitable strategy because customers find the services more convenient and friendly, hence more purchases. Maximum utilization of First Mover Advantages (FMA) Amazon grasped the FMA with the idea of syndicated selling via its associates and store programs. It has linked with internet companies like Yahoo, Excite, AOL. com, and the AltaVista Search Service. These sites recommend Amazon products and service to their potential visitors and in return earn a commission and referral fee incase the purchases are completed. Here, the strategy is a kind of advertisement, which may attract many customers, hence profits made at large (Weiss, Capozzi & Prusak, 2004).

2. The financial value of the acquisitions and investments made by Amazon. com and the influence on profitability Amazon has experienced large purchases in the years back, but they tend to favor making investment in other companies and making marketing agreements with those companies that they invest in. For instance, Jungle Corp. has provided web-based essential database technology to assist Amazon shoppers find products online. The contract was for 100% outstanding shares to be exchanged with equity having a \$280 million value. In 2008, a 5\$ million investment was done in CatalogCity. com by Amazon (Filson, 2004). In January of the same year, there was an acquisition by the Internet Movie Database, serving like Amazon's subsidiary. This made it easier for Amazon

to promote films to audiences and festivals, an element that saw massive sales and profits in the whole year. 3. Effect of the equity investments and impairments resulting from the acquisitions and investments by Amazon.com on the financial statements According to the quarterly report, Form 10Q of Amazon.com, the company made cash expenses, net of acquired amounts, related to investments and acquisition activities of \$50 million and \$103 million during Q1 12 and Q1 2013. Despite these expenses, the strategies were credible because the companies made more profits than the expenses incurred. It also commendable since some services offered by the companies it invested in and the acquired ones had an impact on promotions and technological benefits. 4. Growth in the European market can have a significant impact on current earnings and profit for Amazon.com I agree with this thought for the reason that the 10Q quarterly reports of Amazon indicate that its financial hub is on long-term, sustainable expansion in free cash flow. In the recent European Business Review, it is evident that market growth and good profits act as a promoter to help businesses thrive in a customer-driven globe. If the European market models free future cash flow according to competition, strategies, financial trends, and apply a logical discount rate, then Amazon might increase earnings and profits (Khalifa, 2004). On the other hand, if there is no growth in the market, the incentives' leverage will tend to get close to their limit and Amazon may struggle making the desired cash necessary to operate this business in the near future. Therefore, the growth of European market is at the heart of successful financial operations of the company. References Filson, D. (2004). The Impact of E-Commerce Strategies on Firm Value: Lessons from Amazon.

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