

Us investment essays examples

[Business](#), [Company](#)



US Investment Review

Amazon. com is the largest bookstore. This is a company that changed the very essence of trade, giving popularity to the sale over the Internet.

Currently, its market capitalization is estimated at USD 132. 91 billion and number of employees amounts to 132, 600 people. Amazon is a US-based multinational electronic commerce company, headquartered in Seattle, Washington. The mission of Amazon. com is to be a place where “ people can come to find and discover anything they might want to buy online.”

Amazon. com crucial factors of lowering price, offering convenience, expanding selection, and increasing availability are unified in what the company calls a virtuous cycle, and together make up the base of the tremendous growth that has taken Amazon from a bookstore started in a garage to a multibillion retail machine (Amazon. com Inc., 2013).

The firm’s revenues increased from \$15. 7 million in 1996 to \$74. 45 billion in 2013. Today, Amazon. com is the place to find and discover anything you want to buy online. Amazon has offices, fulfillment centers, customer service centers and software development centers across North America, Latin America, Europe and Asia. It offers the Earth’s Biggest Selection of products to 35 million people in more than 200 countries making them the leading online shopping site accessed via the World Wide Web (Amazon. com Inc., 1996-2014).

Concept of Amazon is encoded in its name and logo: firstly, the letter A stands at the beginning of the alphabet and provides the company with leading positions in various directories. Secondly, Amazon is the largest river in the world, which, according to the creators of the store, metaphorically

comparable to the internet: the eternal flow. Smile-arrow below the word, which appeared in 2000, symbolizes the fact that the directory has everything from A to Z.

Amazon all the time improves. Therefore, investments will only lead to better results and achievements by the company.

Amazon Financial Ratios

Amazon holds a very strong financial position. Over the most recent 10 years, Amazon recognized revenue raised nearly nine fold and earnings per share rose more than 23 times. In 2013 Amazon's revenue rose 21.9% to \$74.75 billion. Part of Amazon's financial strategy is to increase amount of money on R&D; allowing access to the latest technology, which will give the company a leading position in industry of innovations (e-book development).

Based on the company's financial information the following ratios can be analyzed:

Since the company's current liabilities are repaid mainly due to current assets, to ensure the proper level of liquidity it is necessary that current assets exceed current liabilities. In case of Amazon three year dynamic shows positive results (> 1), so the company has considerable free resources that are shaped by their own sources. From the perspective of company's creditors the option of circulating capital is the most appropriate. Concerning Debt/Equity ratio its value raised because of Amazon's attraction of long-term finance. Nevertheless, the general rule is that the higher the ratio, the greater will be the risks associated with the business. There is no definition of specifications for the turnover values, because they depend on industry characteristics of organization of production. In capital-intensive industries

asset turnover will be lower than in the trade or services. As the company specializes in trade its ratio changed a little in three years. Return on Equity is an important indicator of the financial impact for all investors, business owners, showing how effectively in a nested case capital was used. It showed dramatically changes, but now it is positive. Regarding Gross margin if it grows (as in case of Amazon), the business becomes more efficient, since it either sells products for a great price, or gets them at a lower cost.

Price of the Investment to Its Market Index

The main objective of the economic analysis of investments is to determine their effectiveness. Efficiency is an economic category, which characterizes the ratio performed in the course of economic activity and the resulting resource costs due to this result. The effectiveness of financial investments is determined by their profitability. In a developed market economy to predict the amount of dividends paid on the shares of large corporations is tended to be much easier than to determine the future value of these shares. Therefore, it is the change in the market value of the shares is the main object of statistical study. In the analysis of the effectiveness of investments in securities more emphasis is usually made on performance due to changes in the market value of the securities.

Figure 1. Stock Price Change

According to the figure 1 Amazon's value of shares raised 150% in 5 years. That is a great opportunity for investments, because the company has stable and positive reputation.

Trend Line

Candidate for Investment

In the analysis of the effectiveness of investments in the whole country, region or sector of the economy to solve becomes complicated, because in this case, as a rule, there is no information on the results of investments and their distribution in time. Gathering information for each investment project is very expensive and time-consuming. Therefore it is necessary to carry out a rough estimate of the efficiency of real investments on the basis of existing macro.

Amazon is recommended to pay attention to the following ways of investments inflow:

- Factoring is a set of services for manufacturers and suppliers of leading trading activity on deferred payment. Three parties are usually involved in factoring: the factor (factoring company or bank) - customer requirements, the supplier of the goods (the creditor) and buyer of goods (the debtor). The main activity of the factoring company is lending suppliers by foreclosure short-term receivables, usually not exceeding 180 days. Between the factoring company and the supplier of goods there is a contract that its emergence as the requirement for payment of supplies of products is presented by invoices or other payment documents. Factoring company performs discounting these documents by paying client 60-90% of the cost requirements. After the payment for the product by the buyer factoring company pays the remaining amount to the supplier, keeping him with the percentage for the granted credit and commission payments for services rendered.

- A financial royalty becomes fairly common method of attracting external financing. When financial royalty investors receive not stake in, but a guaranteed percentage of revenues, i. e. business owners guarantee investors a percentage of income for a certain period of time. Transactions are usually under the refund amount increased by 2 - 6% of the amount originally invested in the project. With this method of financing business owners retain ownership of the business. Also, there is no need to worry about declining sales because payments are tied to a percentage of revenue. The complexity of this type of financing is that it is needed to be able to convince investors in the lucrative future of products.

Conclusion

When customer shops online from Amazon. com there is no need for physical interaction. Amazon. com is like walking into your favorite store and finding only items that u want on the shelves near the door. Also Amazon. com doesn't require a high level of computer literacy. Customers can read recommendations and find collaborations with the product users (customers that purchased) about items that are on sale. Also Amazon. com has a wish list system that provides books that customers couldn't find online. Amazon. com has some handicaps as it has advantages. If a customer changes frequently mail address he/she is unavailable to use his/her Amazon. com profile. So customer should register again and create a new profile. Amazon. com has it all to encourage even psycho-centric customers to shop online who rather prefer to shop only places that they know or known. Amazon also allows users to form reading groups where customer can post comments to one another about specific books. Also in the past there was a shortage that

the system cannot realize whether a book is a gift or not so it was giving wrong statistical advices.

The company is very attractive for investments because it shows good perspectives.

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