

E-commerce: amazon.com

[Business](#), [E-Commerce](#)



Amazon has a lower price because it does not need to pay for storage for the books as the books come directly from publishers and wholesalers. Further, with a wide variety of sources, sellers need to lower their book prices to make them competitive online.

What other advantages does Amazon enjoy?

Amazon enjoys the ability to market a host of other products and advertise their site as a venue for other retail opportunities.

Should e-retailers be forced to apply sales taxes?

According to the official site of Amazon: “ companies selling over the Internet are subject to the same sales tax collection requirements as any other retailers” (Amazon: Sales Tax Requirements, 2011, par. 1).

Why will the number of web retailers increase? (hint: easy entry)

The number of web retailers increases due to several factors: the lure of financial profit, easy entry, and access to create a site and market products and services, and the wide range of clients that search the internet for opportunities to buy, sell or simply initiate social networking.

Why is there likely to be a shakeout in this industry (firms leaving)?

Yes. Web retailers who fail to attract substantial clients for their products and services effectively leave this medium. If they spend more on maintaining the site than what they ultimately earn, firms naturally decide to leave this industry.