

## The New Era of Commerce

Over the years, the Puget Sound has been home to numerous groundbreaking innovations, including anything from Microsoft to grunge music, which affected the global community. However, the one innovation that stands above the rest is Amazon. Founded by Jeff Bezos, the Seattle based website single handedly revolutionized the way the world shops.<sup>1</sup> Amazon opened the door for the new online shopping industry, also known as e-commerce, thereby providing consumers with a unique and convenient means for purchasing products. A reduction in the adverse effects of consumerism on the environment has been another byproduct of Amazon. Despite the positive consequences of e-commerce, this innovation unfortunately forced many small retailers, such as bookstores, out of business. To illustrate the global effects of Amazon, we will explore three fictitious personas based on real world scenarios.

When exploring the international impact of Amazon, we must first understand how this site transformed the way we shop. With its launch in 1995, Amazon ushered in a new era of commerce - an era which allows consumers to buy virtually anything available on the market in the comfort of their own homes. However, what truly sets e-commerce apart from other forms of retail, such as television shopping networks, is the customer experience. E-commerce sites appeal to consumers by creating personalized shopping experiences, allowing them to save their preferences and recommending items the user might be interested in. Unlike at a retail store or a biased TV commercial, these recommendations draw from millions of user reviews, thus increasing its reliability. E-commerce provides a radically new shopping experience that has been embraced by the public.

---

<sup>1</sup> OCF Berkeley. "Amazon's History." *Ocf.berkeley.edu*. Web. 19 Mar. 2011.  
<<http://www.ocf.berkeley.edu/~elram/amazon-history.html>>.

Due to its numerous perks, online shopping became popular around the world. Initially rooted in the US, Amazon has since established successful websites in Canada, the UK, Germany, France, Italy, Japan, and China.<sup>2</sup> A 2008 Nielsen consumer report verifies the advantages of online shopping appeal to consumers in both developed and newly emerging economies. This report concluded over 85% of the world's online population purchased an item online, compared with just 10% of the world's online population in 2006, thus proving the growing popularity of e-commerce allowed Amazon to establish itself around the planet.<sup>3</sup>

As Amazon became more successful, the company created employment opportunities around the globe. To illustrate this, let us examine our first fictitious persona of Dikeledi Marwala, a woman living in Cape Town, South Africa. Two years ago, Dikeledi was merely a statistic, one of the nation's 24% who were desperate to find work in the country's struggling economy.<sup>4</sup> Struggling to support her family, Dikeledi turned to government aid, blood donations, and finally, even begging. However, this all changed in October of 2010 when Amazon opened a new customer service center in Cape Town, which created 1,000 new jobs and provided a boost to the region's economy.<sup>5</sup> After passing the application phase, Dikeledi now has a promising future in Amazon's customer service department. In total, Amazon created over 33,700 jobs worldwide at its various corporate offices, fulfillment centers (Amazon's processing, packaging,

---

<sup>2</sup> Amazon. "Amazon.com: About Amazon." *Amazon.com: Online Shopping for Electronics, Apparel, Computers, Books, DVDs & More*. Web. 20 Mar. 2011. <<http://www.amazon.com/Careers-Homepage/b?ie=UTF8&node=239364011>>.

<sup>3</sup> "Trends in Online Shopping." *Nielson.com*. Nielsen, Feb. 2008. Web. <<http://id.nielson.com/news/documents/GlobalOnlineShoppingReportFeb08.pdf>>.

<sup>4</sup> CIA. "CIA – The World Factbook." *Welcome to the CIA Web Site — Central Intelligence Agency*. 8 Mar. 2011. Web. 20 Mar. 2011. <<https://www.cia.gov/library/publications/the-world-factbook/geos/sf.html>>.

<sup>5</sup> Mas, Chandan. "Amazon's Proposed Call Centre to Enhance Cape Town's Economy." *SourcingLine | The Line on IT and BPO Services*. 21 July 2010. Web. 20 Mar. 2011. <<http://www.sourcingline.com/resources/amazon's-proposed-call-centre-to-enhance-cape-town's-economy>>.

and shipping plants), customer service centers, and software developing centers. Amazon leaves a lasting impression wherever the company expands.

Our exploration of Amazon's global impact continues with Fang Lee, a Chinese environmentalist living in Beijing, China. In hopes of providing a solution to the air pollution crisis in China, accounting for nearly a third of the world's air pollutants, Fang spent the last few years advocating for e-commerce as an environmentally friendly alternative to conventional retail.<sup>6</sup> Inspired by Amazon's presence in China, Fang partners with other companies within the nation to adopt similar business models. A 2009 study by Carnegie Mellon concluded an e-commerce business model effectively reduces energy consumption and carbon dioxide emissions by 35% in comparison with conventional retailers.<sup>7</sup> Part of the energy reduction is achieved through the efficient transportation system which delivers consumers' purchases, thus removing the need for consumer travel to a retail store. E-commerce businesses also save energy by not having to maintain large retail stores and warehouses. With the world's growing concern over global warming, e-commerce poses a viable solution to the problem and, as such, reduces the environmental impact without sacrificing profit.

In the next scenario, we meet Enzo Rousseau, an independent bookstore owner in Paris, France. Unlike the other two personas, Enzo does not support Amazon because he recognizes the company as a major competitor. Unburdened with typical maintenance and overhead costs associated with larger retail stores and warehouses, e-commerce businesses such as Amazon are able to sell products at prices lower than conventional retailers. In addition to undercutting its

---

<sup>6</sup> Platt, Kevin H. "Chinese Air Pollution Deadliest in World, Report Says." *Daily Nature and Science News and Headlines | National Geographic News*. National Geographic, 9 July 2007. Web. 21 Mar. 2011. <<http://news.nationalgeographic.com/news/2007/07/070709-china-pollution.html>>.

<sup>7</sup> "Carnegie Mellon Study Finds Shopping Online Results in Less Environmental Impact." *Welcome to the College of Engineering*. Ed. Carnegie Mellon University. 3 Mar. 2009. Web. 26 Feb. 2011. <[http://www.cit.cmu.edu/media/press/2009/03\\_03\\_online\\_shopping.html](http://www.cit.cmu.edu/media/press/2009/03_03_online_shopping.html)>.

competitors' prices, Amazon offers free shipping to some regions. Thus, old fashioned retail stores, especially independent bookstores, are at an inherent disadvantage. To address the protests of countless booksellers like Enzo and to ensure compliance with the regulation of retail prices, the French government forced Amazon to end its free delivery within France in 2008.<sup>8</sup> However, the sanction barely reduced Amazon's market advantage. In fact, French bookstores nevertheless suffered a 1.5% drop in sales in 2010.<sup>9</sup> Booksellers in the US face similar challenges. In an email interview with Oren Teicher, the CEO of the American Booksellers Association, Teicher explained that a 1992 Supreme Court ruling allows e-commerce websites to avoid sales tax in states where they have no physical presence.<sup>10</sup> Consequently, publishers in the US experienced a 3% drop in sales between 2008 and 2009.<sup>11</sup> As Amazon becomes more successful, independent booksellers struggle to find a place in the transforming market.

With the emergence of Amazon in 1995, the revolutionary global e-commerce industry was formed. The business model of Amazon radically altered the way world consumers shop, allowing us to substitute the shopping cart with the mouse. E-commerce enjoys numerous advantages, not limited to cost effectiveness and receptiveness to environmental concerns. Although consumers welcome this new industry, Amazon created major roadblocks for most traditional retailers, especially independent bookstores. Whether you love them or hate them, this hallmark Seattle company irrefutably left its mark around the globe.

---

<sup>8</sup> Sayer, Peter. "Amazon Ordered to End Free Delivery on Books in France - New York Times." *The New York Times - Breaking News, World News & Multimedia*. 12 Dec. 2007. Web. 20 Mar. 2011. <[http://www.nytimes.com/idg/IDG\\_002570DE00740E18002573AF005B04A4.html](http://www.nytimes.com/idg/IDG_002570DE00740E18002573AF005B04A4.html)>.

<sup>9</sup> Casassus, Barbara. "French Book Sales down 1.5% in 2010." *The Bookseller*. 7 Feb. 2011. Web. 20 Mar. 2011. <<http://www.thebookseller.com/news/french-book-sales-down-15-2010.html>>.

<sup>10</sup> Teicher, Oren. "Research on Amazon.com's Effect on Independent Bookstores." Message to the author. 16 Mar. 2011. E-mail.

<sup>11</sup> Jamee, Neila. "Online Behemoths Threaten Independent Bookstores." 26 May 2009. Web. <<http://www.neontommy.com/2009/05/online-sales-threaten-independ>>.