

History of Amazon

Amazon A–Z: Growth

Jeff Bezos used to repeat over and over that he runs the company as if it was still day one. What does that actually mean? On the one hand, it is about the dedication and effort of the employees, on the other hand, what every young entrepreneur cares about: dynamic, fast growth.

As Karen Weise in “The New York Times” states in 2019, “The company has been investing heavily to keep its giant core businesses growing at the expense of profits.” This includes the development of the Prime programme, with newly reduced delivery time, from two to one day. “[It is] an expensive proposition, which the company claims has already increased sales,” Weise adds. This is typical of start-ups that direct all their resources to increasing the scale of their operations and postpone profits.

This strategy has been at the heart of Amazon’s business from the very beginning. It was signalled by Bezos’ words about “being long-term oriented” in his first letter to shareholders in 1997. However, Amazon is no longer a start-up, financed by venture capital investors’ money, but one of the largest private employers in the world. The logic behind Jeff Bezos’ actions tries to reconcile two usually contradictory things: the huge scale of activity already achieved, with an endless appetite for growth. This is perfectly illustrated by the scheme which was supposed to be sketched by Bezos himself. To put it in words: growth is a flywheel. All you have to do is drive it by reinvesting your income, and the rest will spin by itself. But can growth really be infinite?

This was considered by Rosa Luxemburg almost a hundred years ago in her classic text *The Accumulation of Capital*. Capitalism as a system must constantly expand its reach, take control of non-capitalist economies (e.g. through colonisation or, as it did after 1989) and look for new sources of capital accumulation in activities or situations that previously escaped the logic of money. Otherwise, the system becomes inefficient in the long term and collapses. However, there must come a time when there will be no societies or sectors of the economy existing outside the capitalist system that can fuel the capitalist machine anew.

For now, however, everything is going according to Jeff Bezos' plan. Amazon is entering more and more industries. Some, like cloud computing, bring it a giant returns that it can reinvest in its main sales business. Others, on the other hand, are aimed directly at increasing sales. Following the purchase of Whole Foods organic supermarket chain in 2017, Amazon's last major acquisition was PillPack, an online pharmacy that provides specially packaged daily doses of medicines. It is said that this is only the first step to enter the health care market with full speed.

Today, the limit of growth seems to be not even tingling on Amazon's horizon. All investments made by the corporation have another purpose, strengthening its position – data collection. Although, according to Shoshana Zuboff, the company has quite late switched to the model called by the researcher “surveillance capitalism”, she is quite sure that it follows the surveillance practices of Google or Facebook. Amazon uses this new model of capital accumulation in all the traditional industries in which it is present. And what about the really long term? Jeff Bezos also has a plan – exporting capitalism to space.

sources:

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