

Company analysis report **on Amazon**

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Introduction

Purpose of the Report

This article attempts to provide a concise summary of the business with which Amazon primarily deals, namely e-commerce and technology gold standard. This report focuses on Amazon's strengths – by detailing what will be the company's biggest growth drivers.

Scope

Here, we look at four themes of the report:

- **Financials** – how much you need to make and when.
- **Operations** – retail, marketplace and services.
- **Supply Chain** – warehousing logistics and delivery.
- **Technology** – AI, cloud (AWS) and automation.

In combination, they create a comprehensive account of Amazon's business model.

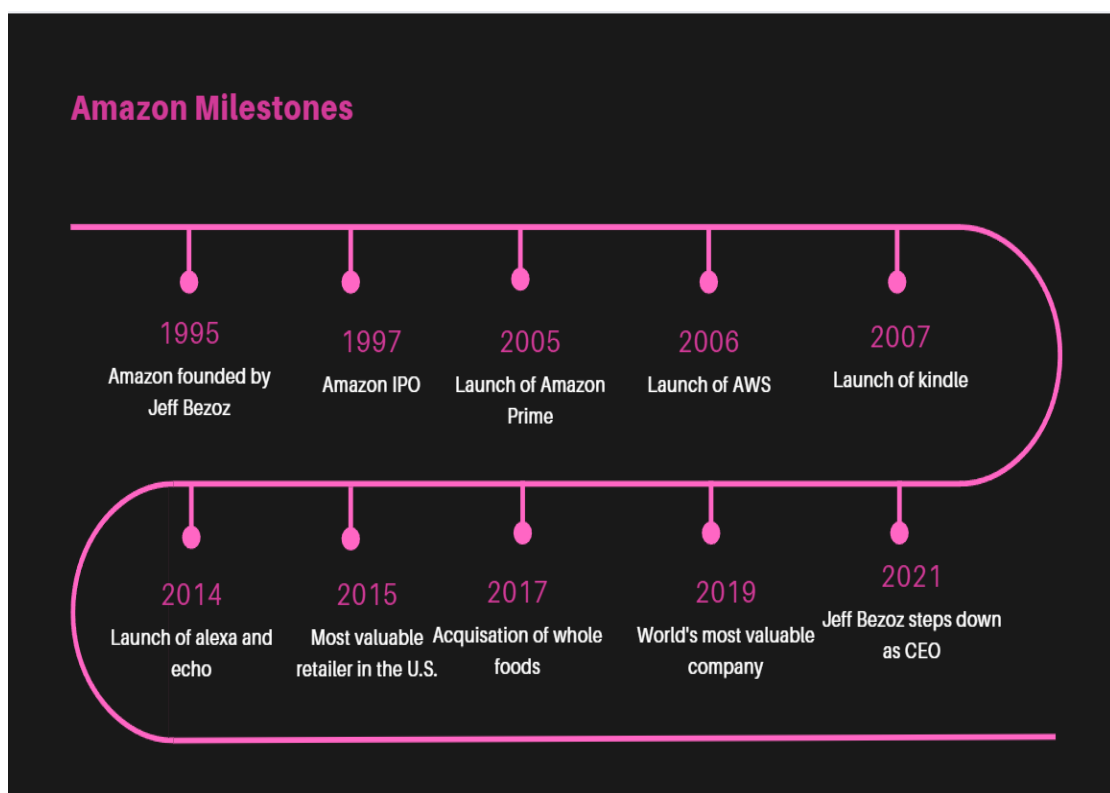
Methodology

The analysis has been concluded based on the secondary sources: Amazon Annual Reports, Investors Presentation, Market Research and trustworthy Articles. They serve to keep facts straight and aims to provide a more objective view.

Company Overview

History & Background

It was founded in 1994 by Jeff Bezos as an online bookstore that later became the world's largest online marketplace. Amazon, with its headquarters in Seattle, USA turned the world of retail inside out, changing the way we shop for books and electronics, apparel and groceries. And over three decades, it has expanded from a garage startup in Seattle to a global tech giant that has reshaped e-commerce, cloud computing and the very foundation of digital culture.



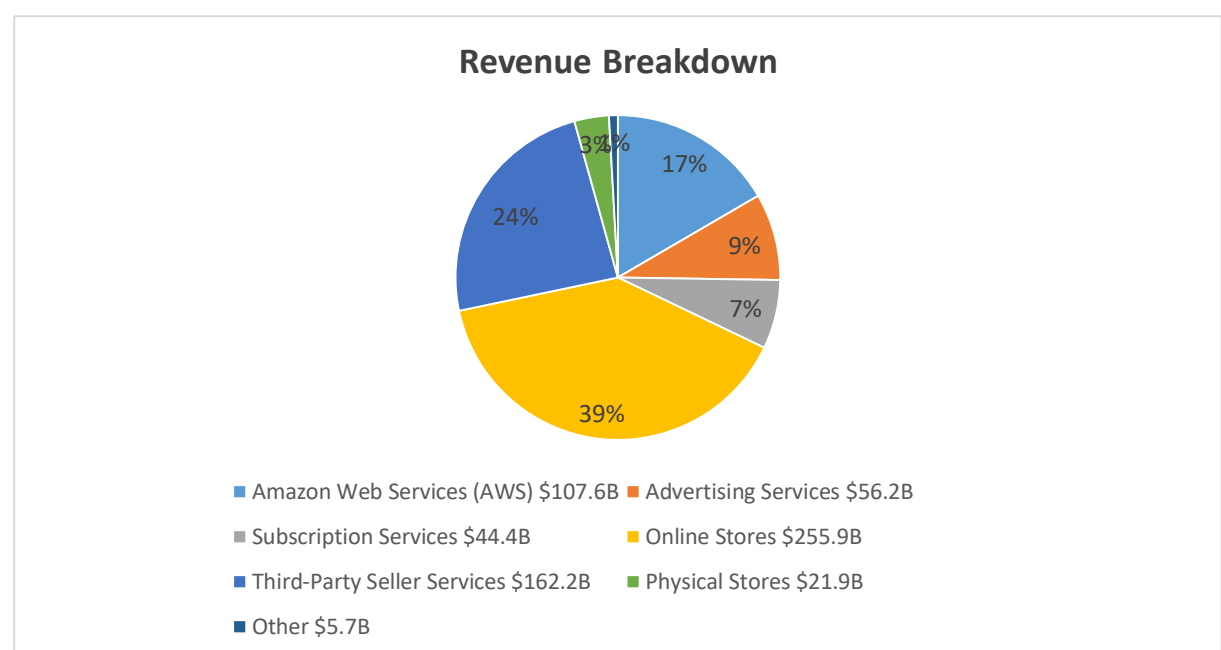
Mission & Vision

Mission: “To be Earth’s most customer-centric company, where customers can find and discover anything they want to buy online.”

Vision: To make and sustain growth rates by using technology, convenience and long-term thinking to offer customers great products in great prices.

Global Presence

Amazon has marketplaces in 20+ countries spanning North America, Europe, Asia and Latin America. The retail giant’s large fulfillment network, along with AWS data centers and logistics partnerships allows for busy deliveries and local attention from all over the globe. Markets such as the U.S., India, Germany and the U.K. are significant engines of growth, with increasing penetration into emerging markets that have added to its global footprint.



Business Model

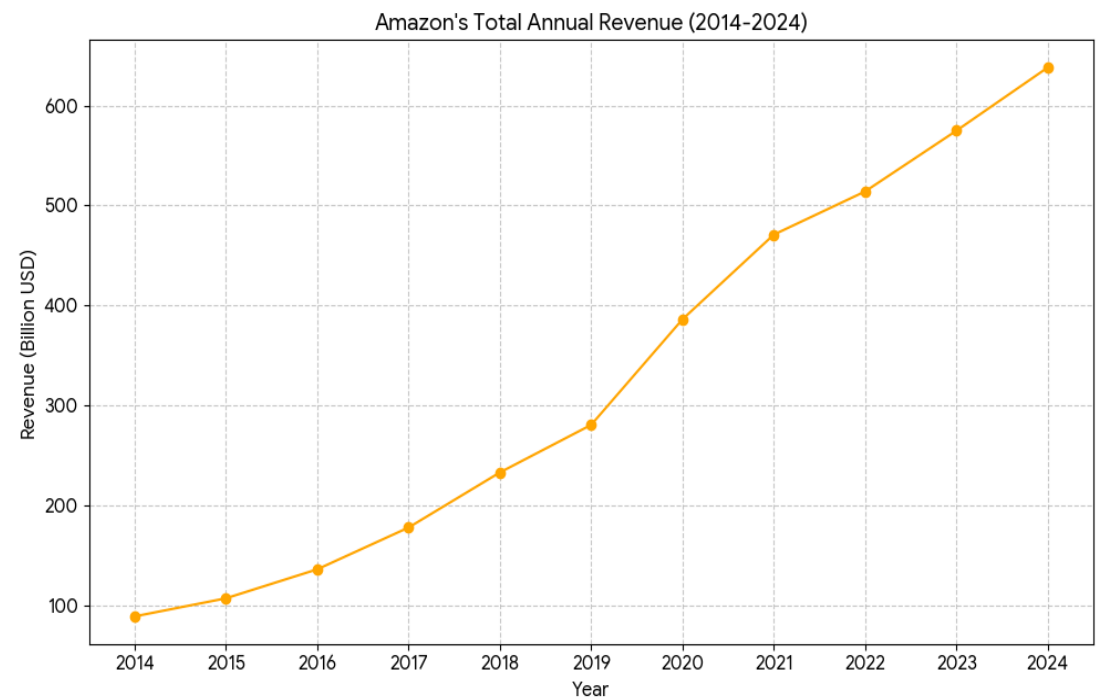
Revenue Stream	Description	Model
Marketplace (Third-Party Seller Services)	Massive platform where independent sellers list and sell their products.	Commissions (referral fees on each sale), Fulfilment by Amazon (FBA) fees for storage, packing, and shipping (logistics), and Seller Subscription fees (e.g., Professional selling plan).
Amazon Web Services (AWS)	The world's leading cloud computing platform, offering services like computing power, storage, and databases to businesses and governments.	Pay-as-you-go subscription model based on usage (hourly, per GB of storage, etc.). This is Amazon's primary profit engine due to high margins.
Online Stores Direct retail sales where Amazon	Direct retail sales where Amazon buys products wholesale and resells them (first-party retail). This also includes digital media content.	Direct Sales —The revenue is the total price the customer pays for the product. Margins are often slim due to Amazon's focus on low prices
Ads (Advertising Services)	Brands pay to feature their products at the top of search results (Sponsored Products) and in promoted slots across Amazon's ecosystem.	Pay-per-click (PPC) or impression-based model for product-focused and brand-building ads. This is a rapidly growing, high-margin business.
Prime Subscriptions	Recurring membership fee for Prime, which offers perks like free, fast shipping (logistics benefit), access to Prime Video, exclusive deals, and more.	Annual or monthly subscription fees , providing a stable, predictable, and high-margin revenue stream that locks in customer loyalty.
Physical Stores	Sales from its brick-and-mortar operations, primarily Whole Foods Market , Amazon Fresh, and Amazon Go stores.	Direct Sales to customers in physical retail locations.

Customer-Centric Innovation

The genius of Amazon's model is how all the pieces fit together: more products attract more buyers, more buyers drive subscriptions and ad revenue, and AWS profits fund the next wave of innovation. It's a self-reinforcing loop that keeps Amazon growing, evolving, and redefining what a business can be.

Financial Performance

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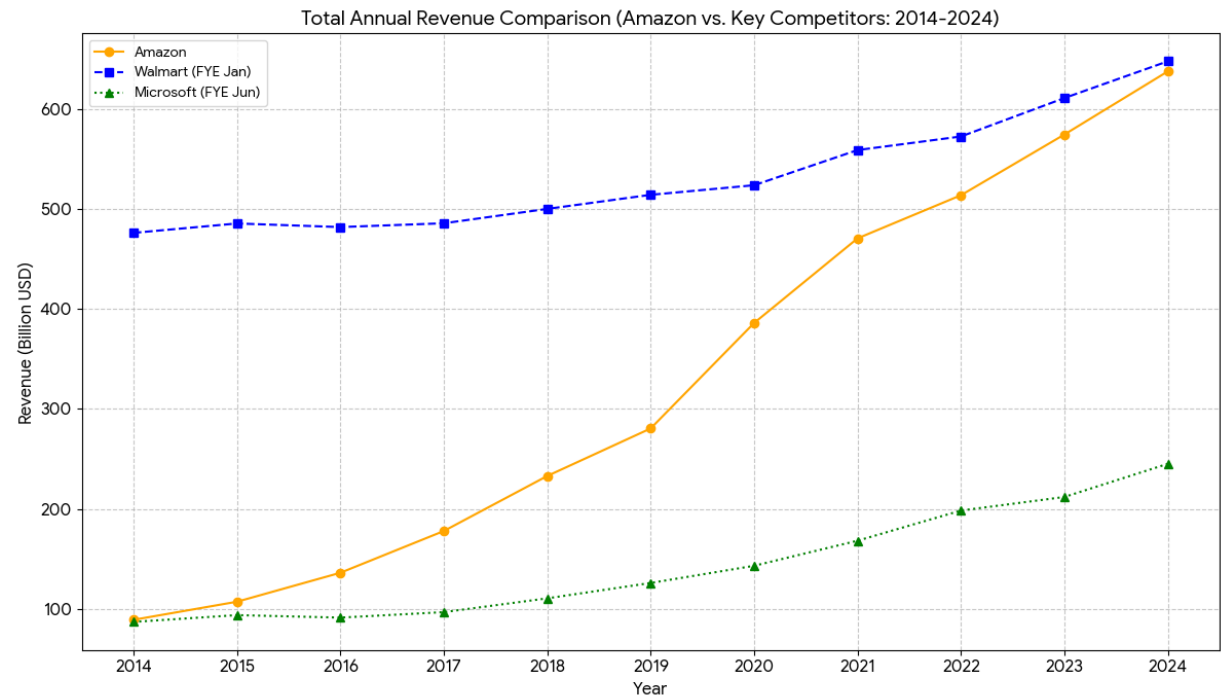


Year	Amazon Revenue (\$B)	Annual Growth Rate (%)
2014	88.9	N/A
2015	107	20.36%
2016	136	27.10%
2017	177.8	30.74%
2018	232.9	30.99%
2019	280.5	20.44%
2020	386.1	37.65%
2021	470.8	21.94%
2022	514	9.18%
2023	574.8	11.83%
2024	638	11.00%

Amazon has experienced significant growth over the past decade, with its revenue increasing from **\$88.9 billion in 2014 to \$638.0 billion in 2024**. The highest annual growth rate was seen in **2020 (37.65%)**, reflecting the surge in e-commerce driven by the COVID-19 pandemic.

Comparison with competitors

Metric	Amazon (Primary Segments: Retail, Cloud)	Walmart (Primary Segment: Retail)	Microsoft (Primary Segments: Software, Cloud)
Business Model	Diverse: E-commerce, Cloud Computing (AWS), Advertising, Subscriptions.	Traditional Mass Retailer (Physical & Online).	Software, Cloud Computing (Azure), Gaming, Hardware.
Revenue growth(annual)	Generally High (often 10-20%+) due to market expansion and growth of AWS.	Moderate (typically mid-single digits, ~5%) due to its mature retail scale.	High (driven by Azure cloud and enterprise software growth).
Operating margin	Moderate/Volatile (Higher recently, due to AWS) - <i>Historically</i> low due to retail focus and reinvestment.	Low/Stable (Typical for high-volume, low-margin retail).	Very High (Typical for high-margin software and cloud).
Profit driver	AWS (high margin), Advertising, and Third-Party Services.	Scale and efficient supply chain management.	Azure and Office/Windows (high margin enterprise products).



Revenue Comparison with Key Competitors

When compared to its major competitors, Amazon's revenue shows a different growth profile.

Walmart (a primary retail competitor) has historically had a much larger revenue base, but its annual growth is slower. Both Amazon and Walmart reached a similar revenue scale around the **\$600 billion mark in 2023-2024**.

Microsoft (a major competitor in cloud services with Azure vs. AWS) has a lower absolute revenue compared to Amazon's total, but demonstrates strong, consistent growth, particularly in recent years, driven largely by its cloud division.

Supply chain and operations

- **Supply Chain & Operations:** The AI-Powered Engine
- Amazon's operational network isn't just logistics, it's a self-optimizing, cyber-physical ecosystem built for speed and unprecedented scale. Its core mission is to eliminate friction between customer desire and fulfillment, transforming a global challenge into a seamless, sub-24-hour reality.
- **The Role of Technology:** Integrating cutting-edge technology into every inch of our network: from inventory placement months in advance to dynamic route adjustments in the final seconds of delivery.
- **Distribution Centers & Warehouses: Automation as Standard:** Fulfillment Centers (FCs) are collaborations between people and machines. Robotics and AI don't just speed things up; they fundamentally redefine how products move.
- **Autonomous Mobile Robots (AMRs):** Fleets like Proteus navigate floors, bringing millions of items to associates at "Totes-to-Person" stations, drastically reducing manual labor and walk time.
- **Physical AI:** Robotics systems like Sparrow use advanced computer vision to identify, select, and handle individual items, automating the complex task of picking non-uniform inventory.
- **Optimization:** AI determines the most efficient product storage locations and the fastest picking

routes for every single order, saving seconds that add up to hours of operational efficiency.

- **Last-Mile Delivery & Logistics: Real-Time Intelligence**

The final stretch is the most complex, where real-time data is critical.

- **Dynamic Routing:** Machine Learning constantly processes live data—traffic, weather, road closures—to dynamically adjust every driver's route, ensuring the most fuel-efficient and timely path.

- **Generative AI Mapping:** New mapping technology (e.g., Wellspring) uses generative AI to provide drivers with unit-level precision, showing the exact building entrance, parking spot, and drop-off point for complex locations like apartment blocks.

- **Autonomous Future:** Investments in Prime Air (Drones) and autonomous sidewalk delivery programs are laying the foundation for ultra fast, autonomous fulfillment that bypasses traditional traffic congestion.

- **Cloud Infrastructure (AWS):** The Operational Brain in supply chain's resilience and intelligence are rooted in the cloud.

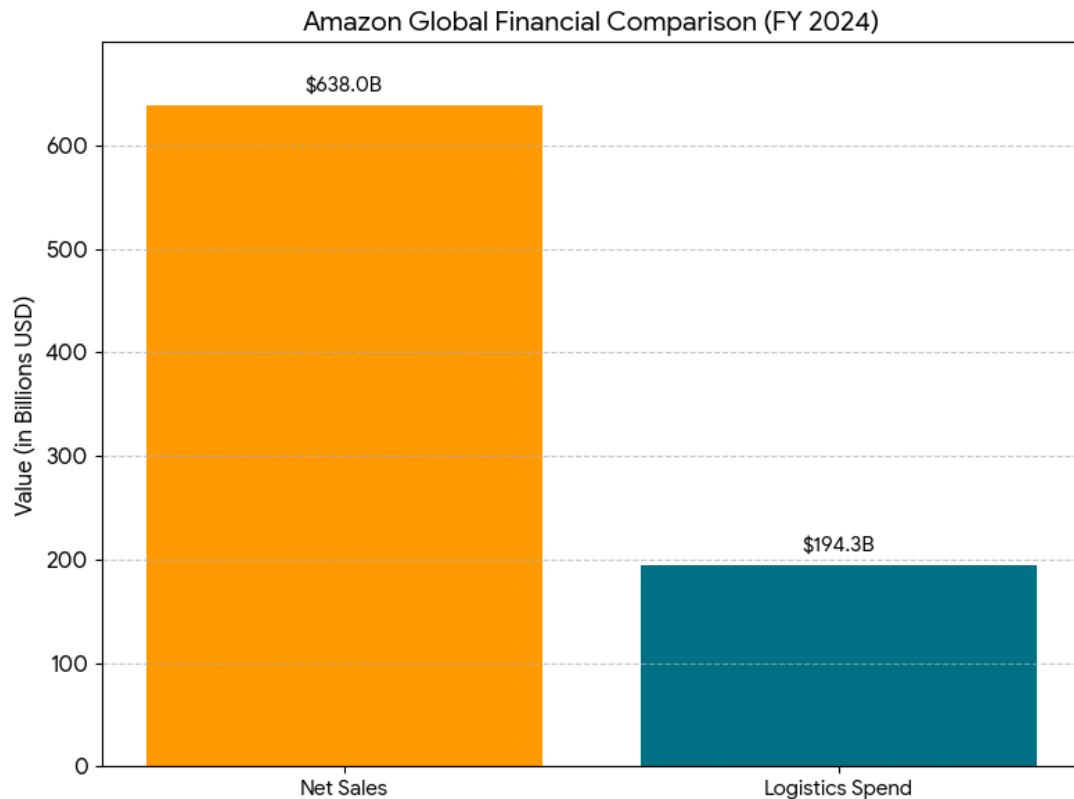
- **Predictive Power:** Advanced ML models are the engine behind demand forecasting, predicting what customers will buy and ensuring inventory is placed optimally across the world to reduce transport time and cost.

- **IoT for Uptime:** Sensors and the AWS IoT platform power predictive maintenance across our massive fleet of machinery, allowing us to preemptively

service equipment and virtually eliminate unplanned downtime. Amazon's operations are a Living Lab. Its the next generation of global logistics to keep the promise of fast delivery a sustainable reality.



This visual highlights the extensive reach of Amazon's logistics, with dense clusters in North America and Europe, and growing presence across other continents. Each glowing point represents a key node in their intricate fulfillment ecosystem, where scale truly meets speed.



Scale of Spend: Amazon's combined Shipping and Fulfillment costs totaled **\$194.3 billion** in 2024.

Operational Percentage: Logistics Spend represents approximately **30.5%** of the company's total Net Sales ($\$194.3\text{B} / \638.0B). This highlights the massive, continuous investment required to maintain the speed and efficiency of its global network.

Market Share and customers

Amazon Market Analysis: US, India, and Global Strategy

Amazon's strategic positioning relies on four key areas: established US market control, intense focus on high-growth areas like India, a globally scalable platform, and a powerful customer loyalty ecosystem.

1. US Market Dominance

Amazon is the undisputed e-commerce leader in the United States, holding a substantial market share, estimated at approximately 37% to 40% of the entire US market. This control establishes Amazon as the default starting point for a significant majority of US consumer product searches. This foundational market strength in North America provides the financial stability to fund ambitious global projects.

2. Indian Market Competition

In high-growth international markets, Amazon faces unique and intense competition. A prime example is India, where the company battles major local rivals, notably Flipkart. Despite these aggressive local challenges, Amazon continues to dedicate significant investment toward expanding its footprint, recognizing the long-term potential of the region for driving future revenue and user base growth.

3. Global Platform Strategy

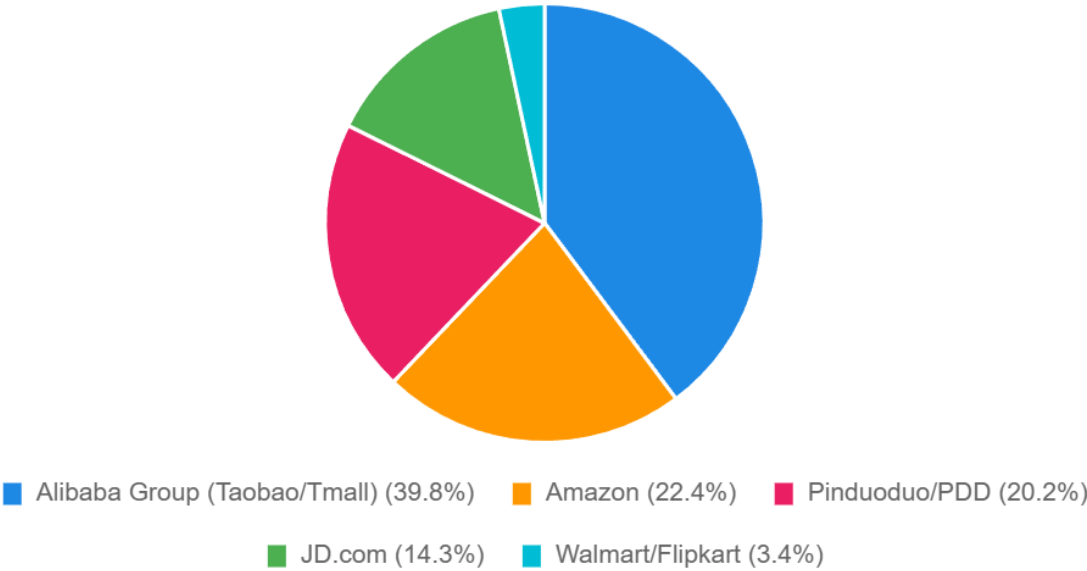
Amazon's international scale is anchored by its mature European operations, which, alongside North America, drive the bulk of Amazon's current international revenue. This financial strength sustains its global platform and provides the infrastructure for continued expansion and market entry into newer regions.

4. Customer Loyalty: The Prime Ecosystem

The global Prime subscription program, which has surpassed 200 million members, acts as the primary customer loyalty engine. Prime members are highly valuable, spending significantly more due to bundled incentives like free, fast shipping, exclusive deals, and digital services (Prime Video). This immense "stickiness" is further amplified by the Alexa voice assistant and Echo devices. These smart devices create a hands-free conduit for commerce and services, integrating Amazon's retail offerings directly into customers' daily physical environments worldwide and ensuring high retention.

Global E-commerce Market Share

Distribution by Gross Merchandise Value (GMV) of Top Marketplaces, 2024 Estimates



SWOT Analysis

This assessment cuts through the data to define the company's critical inflection points. While The Unstoppable Cloud Engine (AWS) provides immense financial power, the core retail sector faces a Profit Paradox. Future success hinges on aggressively pursuing the AI Gold Rush while simultaneously navigating The Regulatory Gauntlet that threatens structural stability.

Internal factors	Strengths(S)	Weankness(W)
Core Capabilities (Internal Leverage)	1. The Unstoppable Cloud Engine (AWS): Leading provider of cloud computing services, generating high-margin revenue that subsidizes other ventures. 2. 2. Unrivaed Global Logistics: A vast, established infrastructure network that provides a formidable competitive barrier to entry worldwide. 3. 3. Fanatical Brand Loyalty: Deep customer dependency through the ecosystem (Prime, etc.) acts as a powerful retention and growth mechanism. 4. Deep Technological Prowess: Continuous, radical innovation in automation, robotics, and proprietary data science algorithms.	1. The Retail Profit Paradox: Aggressive pricing and high operational costs result in critically thin margins in the core e-commerce sector. 2. 2. Labor Crisis & Reputation Drag: Persistent public criticism and high warehouse turnover create reputational damage and increase operational instability. 3. 3. Over-Reliance on AWS Cash Flow: The retail division's low profitability creates an unhealthy dependence on the high-margin success of the AWS business unit.
External factors	Oppurtunities(O)	Threats(T)
Market Forces (External Landscape)	1. AI Gold Rush: Untapped potential to fully integrate Generative AI into customer personalization, fulfillment optimization, and new high-value cloud services.	1. Increased Regulatory Scrutiny: Escalating governmental oversight globally concerning data practices, market competition, and accountability for platform

	<p>2. Health Tech & Vertical Leap: Leveraging existing cloud security and logistics infrastructure to make a dominant entry into healthcare services and digital wellness.</p> <p>3. Untapped Emerging Markets: Vast, nascent potential for scaling e-commerce and cloud adoption in rapidly developing economies across the globe.</p>	<p>content.</p> <p>2. 2. The Regulatory Gauntlet (Antitrust): Multiple, high-profile antitrust lawsuits and investigations pose a material risk of structural separation or mandated business changes.</p> <p>3. 3. Hyper-Competition: Intense and growing rivalry in all core business lines, from big tech cloud competitors to aggressive fast-fashion and e-commerce rivals.</p>
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Call to Action: Strategic Imperatives

Amazon must leverage its tech dominance (S4) and AWS financial strength (S1) to capture the AI Gold Rush (O1) creating new, high-margin growth beyond retail.

At the same time, a WT Strategy is vital: the risk of a regulatory breakup (T2) and dependence on AWS (W3) demand urgent improvements in retail efficiency and profitability.

Finally, tackling the Labor Crisis (W2) and Thin Margins (W1) through automation and cost optimization will fortify Amazon's core business against future disruptions.

Future Outlook

Amazon's Future Outlook: Expansion and Innovation

1. **AI & Robotics:** Heavy investment in Generative AI for AWS to maintain cloud leadership; significant use of robotics and automation in fulfillment to boost efficiency and cut costs.
2. **Healthcare:** Leveraging AI services like HealthScribe and Amazon Pharmacy to streamline patient and provider experiences.
3. **Streaming/Entertainment:** Expanding its high-margin advertising business within Prime Video and Fire TV.

Sustainability Initiatives

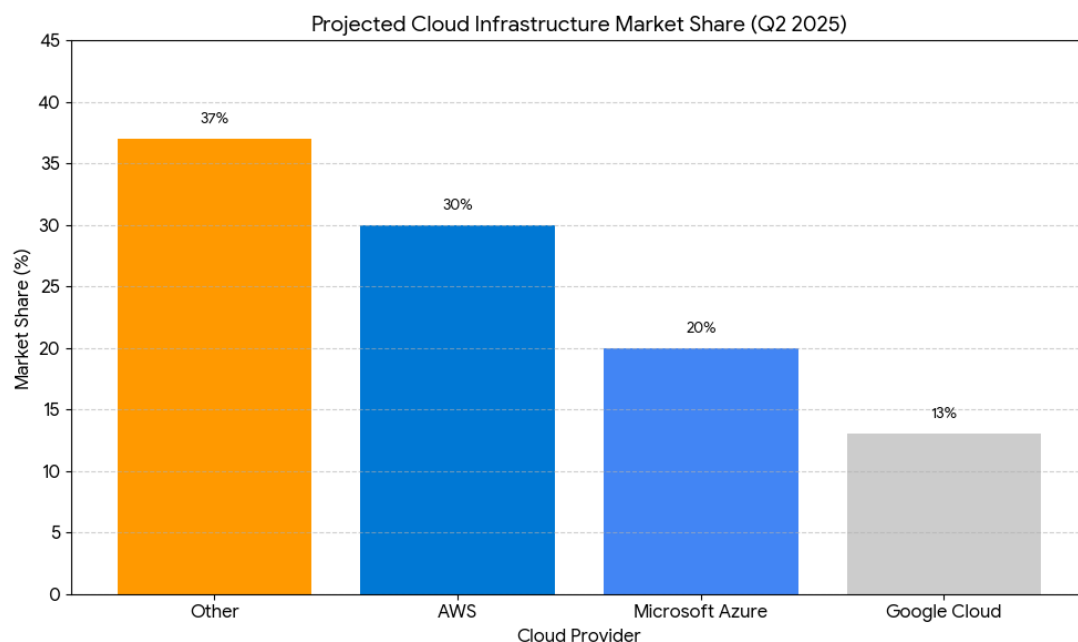
4. **Renewable Energy:** Achieved the goal of matching 100% of global electricity consumption with renewable energy since 2024, seven years ahead of schedule.
5. **Packaging Reduction:** Eliminated all plastic air pillows globally; avoided over 4 million metric tons of packaging since 2015 by increasing the use of recyclable materials and shipping products in their own packaging.
6. **Decarbonization:** Committed to reaching net-zero carbon by 2040 (The Climate Pledge), with a massive rollout of electric delivery vehicles toward a goal of 100,000 by 2030.
7. **Water Positive:** AWS is committed to being water positive by 2030.

Strategic Plans (Next 5 Years)

8. **Core Business Focus:** Continuously improve the customer experience with faster logistics, focusing on accelerating

Same-Day Delivery and advancing Prime Air drone technology.

9. **AWS Growth:** Secure cloud market dominance by capitalizing on the demand for Generative AI services and expanding high-value enterprise partnerships.
10. **Market Expansion:** Grow market share in emerging international markets and strengthen its position in the grocery sector.
11. **Efficiency:** Drive overall profitability through greater operational efficiency across its vast logistics and fulfillment network, powered by AI.

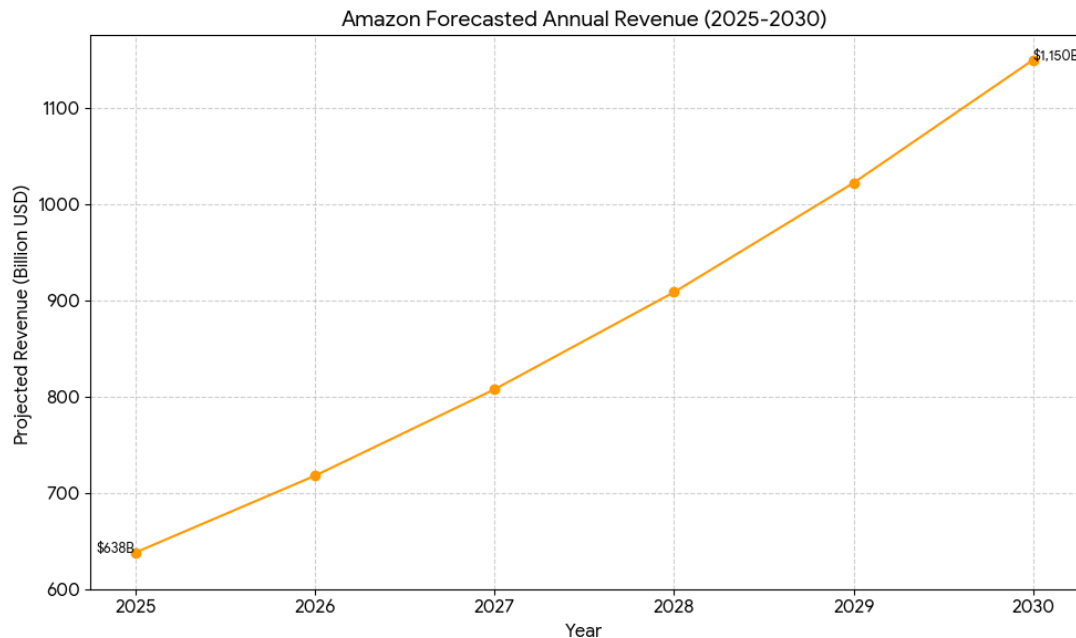


AWS maintains its leadership position with a **30%** market share.

Microsoft Azure is the next largest competitor with **20%**.

Google Cloud holds the third position with **13%**.

The remaining market share is held by all other providers, grouped as **Other (37%)**.



This graph shows the projected growth of Amazon's total annual revenue over five years. The projection is based on analyst estimates that the company's revenue will grow from approximately **\$638 billion in 2025** to **\$1.15 trillion by 2030**, which implies a Compound Annual Growth Rate (CAGR) of about 12.5%.

Conclusion

This report highlights Amazon's success as a global leader driven by innovation, technology, and customer focus. Its strong presence across e-commerce, AWS, advertising, and subscriptions showcases a balanced and resilient business model. Efficient logistics, data-driven strategies, and a commitment to sustainability strengthen its global influence.

Amazon's dominance stems from its adaptability, innovation, and long-term vision, qualities that keep it ahead in a competitive landscape.

Amazon's innovation-driven approach ensures its continued dominance in e-commerce and cloud computing.