**SI482 Industry/Company Proposal**

**Team 1: Angela Vellante, Greg Valerius, Manuel Sobol, Radhey Patel, Sikta Samal, Yuxuan Chen**

1. **Industry: E-commerce, Company: Amazon**
   1. The US E-commerce industry, which comprises companies selling merchandise online, has a revenue of $592.1bn, and has had an annual growth rate of 13% since 2015. This growth within the industry has been driven by increased consumer spending, increasing number of internet connections, and technological innovations. With the onset of COVID-19, the industry has witnessed rapid changes, experiencing 10 years’ of growth within 3 months. This growth is expected to continue for the next few years, as consumers and companies alike continue to shift from traditional brick and mortar to online platforms.
   2. One of the major players within this industry is Amazon, that has been able to capture market share of not only the e-commerce industry, but also several emerging industries such as cloud computing, artificial intelligence, and robotics. In 2012 Amazon purchased Kiva Systems, a warehouse robotics company, for $775m. Just a year later Amazon announced their new prime air service where packages would be delivered in 30 minutes or less via autonomous drones. In an ultra-competitive market like e-commerce you need to distinguish yourself from the competition. Amazon’s adaptation has done just that. In fact, Amazon’s warehouse robots have dramatically improved warehouse efficiency and delivery times and the release of their autonomous delivery drones will only further improve their operation. Amazon is taking advantage of the latest technology to distinguish itself from its competitors. With the integration of robotics, Amazon’s future within the industry seems very promising.
2. **Industry: Entertainment, Company: Disney / Disney+**
   1. The American entertainment-media industry contributes over $717 billion annually to the economy, controlling a third of the global market with a growth projection of $100 billion every year. Yet, the majority of the U.S. market has been consolidated among a handful of companies, including AT&T (Warner Media), Disney, Netflix, Comcast. Strategic placement to acquire market share is necessitated to avoid obsolescence, let alone thrive in an industry valued at around $2 billion.
   2. For the past 97 years, Disney has been at the forefront of entertainment media and has defined the American entertainment landscape. Disney generated $69.61 billion in revenue in 2019 and currently operates in over 45 countries. Despite the size, this unprecedented pandemic has challenged all industries to reassess their business models. As of 2018-2019, Parks & Resorts generated 34% of the revenue, which has had a deleterious effect on their bottom line in 2020. Walt Disney’s theme parks and resorts were completely closed and/or operating at a significantly reduced capacity, along with the halt of their luxury cruise ships. Revenue within this industry plummeted more than 50%, and Disney would have to allocate billions of dollars ($2.3-2.7 billion) in costs to cover government regulations and safety measures in order to be compliant and continue with their operations. Although 8 of the top 10 grossing films have been from the Disney Family, the contribution of Studio productions has been stagnant at 17% of the gross revenue. The prime revenue source has been Network Media Advertisements at 41%, which presents an unfortunate challenge for the company. The constant decline in traditional television consumption is driven by the burgeoning competition streaming services, leading to a drop in advertisement revenue.
   3. Focusing more on the video streaming services in the U.S., the industry grew, on average, 24.8% from 2015-2020. The market size for video streaming is currently valued at $42 billion composed of 2,602 businesses. The most significant companies in the video streaming industry consist of Netflix, Amazon Prime, and, The Walt Disney Company. Towards the end of 2019, The Walt Disney Company launched Disney+ and saw their video streaming services flourish, while their parks and resorts were negatively impacted by the current pandemic. Disney+ prioritizes exclusive programming, original shows and movies, as well as bundled streaming services. One of Disney’s competitive advantages was their vast library of beloved family movies and shows ranging from Disney, Pixar, Marvel, Lucasfilm, and National Geographic; they were able to enter the streaming industry quickly, effectively, and successfully. Among Disney’s variety of offerings, it extends past Disney+ and includes ESPN, Hulu, and Hotstar. Resulting from the COVID pandemic, Disney+ was an immediate hit as the demand for streaming services grew. As of 2021, The Walt Disney Company reports over 146 million subscribers, making gains on Netflix’s 203 million subscribers. Although The Walt Disney Company has been around for almost 100 years, Disney+ is only ~15 months old, demonstrating the potential for growth that the company can harness with effective strategies and innovations.
3. **Industry: Online investment, Company: Robinhood**
   1. Influenced by the pandemic this year, traditional brokerage offline accounts are restricted, Internet brokerage online traffic advantages have been strengthened.
   2. Robinhood is privately owned and funded by a series of seven funding rounds that broke out in 2017 as a way to open investing up to younger and less affluent investors. As of December 2019, Robinhood had 10 million opened accounts
   3. Robinhood took a page out of its predecessors' book and went asset-light. Instead of setting up an offline business or hiring a trader, it distributed users' online orders to various high-frequency trading firms, through which trades were completed.
   4. The company’s revenue comes from three sources: interest on cash in users' accounts; The second is to provide value-added services, such as spending $10 a month to get the right to use $2000 financing, shorten the speed of capital turnover, etc. The third is the order distribution, the return from the HFT firms.
   5. User opening time is reduced and transaction is convenient
   6. Users can access and learn more financial knowledge and market information, and operate stock trading by themselves.
   7. Zero commission costs is a tradeoff the firm makes to attract more customers although they lose potential revenue as a result.

Sources:

1. <https://www.shopify.com/enterprise/the-future-of-ecommerce>
2. E-Commerce & Online Auctions in the US, IBIS World, December 2020
3. <https://pitchbook.com/news/articles/ma-flashback-amazon-announces-775m-kiva-systems-acquisition>
4. <https://www.amazon.com/Amazon-Prime-Air/b?ie=UTF8&node=8037720011>
5. <https://thewaltdisneycompany.com/app/uploads/2021/02/q1-fy21-earnings.pdf>
6. <https://www.cnbc.com/2020/11/12/disney-dis-q4-2020-earnings.html>
7. <https://www.statista.com/statistics/1095372/disney-plus-number-of-subscribers-us/>