**PESTEL ANALYSIS**

**Political:**

* Local businesses: Amazon has more than 185 warehouses which deliver across the globe. But Amazon has been facing challenges since the early years of its international expansion. Entering into the foreign market requires large initial investments to be a first player or to compete with already established businesses. One instance of a local competitor was that Amazon faced 11 years of losses in the books category in China because of a strong competitor Alibaba.
* Local regulations: In China and India, Amazon is facing local regulation challenges. Their law restricts control of local companies by foreign e-commerce companies. In EU, the EU council is constantly making regulations to protect the privacy of its citizens. Some social media platforms have suffered bans previously, and in future these regulations could impact the e-commerce industry in the future, particularly websites like Amazon which collects data for AI assistants.
* Local resources: Lack of resources in the other countries is also creating hurdle in Amazon’s expansion. Like for an e-commerce business, it is not feasible to enter in a country with slow internet.

**Economic:**

* Currency Rates: Stock market fluctuations and currency rates up and downs effects Amazon’s global business. For a company like Amazon which is doing business around the globe, USD weakening will be beneficial.
* Work force: Amazon employees a million labour force whose salary management is a big task to deal with.
* US stock market: As one of the top performing stocks on the USA stock market, Amazon is facing competition with Apple, Alphabet, and Microsoft for the last few years.

**Social:**

* E-commerce awareness: During the Covid period, there is a much increase in online buying because of Covid prevention protocol and lockdowns. Covid period contributed to a big boost in e-commerce awareness globally which will be benefiting the whole e-commerce industry. As the leading player in industry, Amazon will see a great boost in its sales with time.
* Developing countries: Amazon has recently established its office in India. Rising e-commerce awareness in developing countries like India, Pakistan and African countries is opening new opportunities for Amazon.

**Technological:**

Technology is the key factor which has made Amazon e-commerce champ. From AI assistant to Alexa, Amazon has invested heavily in technology and benefited more heavily. Infact, this is the technology which has distinguished it from physical retail stores and made it one of the giant companies by revenue globally.

* AWS: Amazon has the world’s most popular cloud computing platform’s users. AWS is currently the market leader of the cloud industry but its competitors, Azure and GCP, are also catching up.
* Research and Development: Competitors like Walmart are aggressively investing in their IT infrastructure. Amazon has a strong competition in technology with its competitors.
* Amazon Prime Air: Amazon is working on a drone delivery project which will deliver within 30 minutes to the customer.

**Environmental:**

With the growing environmental pollution, corporations have a much greater responsibility of adopting environmental-friendly and sustainable practices. These include CSR programs and implementation of waste reduction techniques.

* The Climate Pledge: Carbon emission is increasing globally at a drastic rate. Amazon has a goal of achieving zero carbon emission till year 2040, which it has named ‘The Climate Pledge Program’.
* Packaging and delivery: Amazon has reduced packaging waste material significantly with the help of automated packaging. Amazon is also making its delivery system friendly with the adoption of electronic delivery. For this, it is working on Amazon Prime for the sustainable electronic delivery system.
* Annual Sustainability report: As a responsible company, Amazon is releasing its annual sustainability report for the past 5 years which provides details to its stakeholders and customers about the CSR and environment protection programs that Amazon is doing.

**Legal:**

Legal factors have some overlap with political factors, but still they are distinguished separately in the PESTEL framework because legal deals with the implementation of law, while political deals with the existence of law.

* Foreign regulations: It was mentioned in political factors that Amazon is facing hard regulations which is restricting it to perform fully in other countries. Amazon might move towards business office closure in some countries if laws will be more tightened.
* Tax laws: International meets import/export tax laws and other regulations while delivery, which has to be kept in consideration from both the company’s and the customer’s end.
* Understanding of Laws: With the global expansion and difference in their laws, Amazon requires people to understand their laws to align firm activities accordingly. Amazon has made separate guidance lists for its customers on laws of each country where it operates.

[Locations of Amazon Fulfillment Centers in USA, Canada and Europe (fba.help)](https://fba.help/list-of-amazon-fulfillment-centers#:~:text=Locations%20of%20Amazon%20Fulfillment%20Centers%20Amazon%20currently%20has,facilities%20for%20storage%20and%20distribution%20of%20the%20goods.)

[Timeline: How Amazon Got to Be So Big (bloomberg.com)](https://www.bloomberg.com/graphics/2019-amazon-reach-across-markets/#:~:text=In%20the%20late%201990s%2C%20Amazon%20expanded%20into%20other,items%2C%20sporting%20goods%2C%20video%20games%2C%20apparel%20and%20jewelry.)

[1 Out of 153 American Workers Is Now an Amazon Employee (businessinsider.com)](https://www.businessinsider.com/amazon-employees-number-1-of-153-us-workers-head-count-2021-7)

[Whatever Happened to Amazon's Drone Delivery Service? (msn.com)](https://www.msn.com/en-us/news/technology/whatever-happened-to-amazons-drone-delivery-service/ar-AAQdOCo)

[pdfBuilderDownload (aboutamazon.com)](https://sustainability.aboutamazon.com/pdfBuilderDownload?name=amazon-sustainability-2020-report)

[Taxes and regulations with Amazon Global Selling - Amazon Seller Central](https://sellercentral.amazon.com/gp/help/external/G201468380)

Size:

Company Revenue

Quality

(products and delivery)

Price

In E-commerce the above players differ in the way they operate. Like AliBaba just acts as a middleman between buyers and sellers, while Amazon maintain its own warehouses. Walmart have only a small portion in e-commerce. Apple only deals with its own products. But the 4 competitors that we chose are the most closely related ones. Amazon places itself as the E-commerce leader based on Price, Brand image, Quality, Revenue generation and market share.

[Who are Amazon's Competitors: Top Rivals of Amazon (penmypaper.com)](https://penmypaper.com/knowledge-base/amazon-competitors)

[10 Biggest & Most Valuable Companies in the World (investopedia.com)](https://www.investopedia.com/articles/active-trading/111115/why-all-worlds-top-10-companies-are-american.asp)