

The A to Z of Amazon

A. Amazon

A is for Amazon. Why Amazon? A nod to one of the world's largest rivers? The Greek female warrior? For the sprawling oxygen-producing, carbon-dioxide consuming Amazon Jungle? Because Amazon starts with A, and A goes first in alphabetical listings?

Amazon was launched before Christmas in 1995. In its first 30 days, Amazon sold books to customers in all 50 states and in 45 countries. Two months after launch, Amazon sold \$20,000 worth of books a week.

By early 1998 Amazon added compact disks to its offerings. It next increased its inventory by handling online sales for other businesses in what would become known as Amazon's Market Place. Amazon is a global mall, a hardware manufacturer, a utility, a fashion designer and retailer, a video distributor, a photo finishing and photo book source, a market for handmade goods, a production studio, a launch pad for crowd-funded Kickstarter products, a publisher, a grocer, a restaurant-delivery service, a personal shopper, a music service, a shipping service...

Amazon is a constellation of businesses—KIVA Systems to Zappos to Amazon Fresh to Audible to Amazon Web Services to Goodreads—started or purchased by Amazon as need or opportunity arises.

B. Who is Jeff Bezos?

Jeff Bezos, born Jeffrey Preston Jorgensen in 1964, is a thin bald man of insignificant height with large eyes, protruding ears, a formidable brain, colossal drive, and boundless energy.

Jacklyn (née Gise) and Ted Jorgenson gave birth to Jeff in Albuquerque, New Mexico when Gise was seventeen. The marriage was brief. When Jeff was four, his mother remarried Miguel Bezos, an ambitious Cuban immigrant, who adopted and raised Jeff as his own.

As a kid, Bezos—an early trekie, an affable kid nerd—built lasers, robots, and hovercrafts. In summers, he worked on his mother’s family ranch in Texas where he and his grandfather repaired fences, laid pipe, fixed windmills, and branded, castrated and vaccinated cattle. Bezos was the valedictorian of his high school class, a National Merit Scholar, a Princeton summa cum laude grad with two Bachelor of Science degrees in computer science and electrical engineering.

In the early nineties, Bezos discovered that the Internet was growing by 2,400 percent a year. With that information, he left a successful career on Wall Street and headed west to begin what would become Amazon.

With no promotion—beyond a Beta test of 300 people—Bezos started Amazon in the garage of his Bellevue rental house and launched the first Amazon website with five employees in the fall of 1995. It’s ironic that Bezos held meetings in a sitting area of a Barnes & Noble store—the chain bookstore that threatened independent bookstores before Amazon came along.

In 1999, *Time* named Jeff Bezos Man of the Year. In 2012, *Fortune* named Bezos Business Person of the Year. In May 2014, the International Trade Union Confederation named Bezos World’s Worst Boss. In 2016, Bezos made the first-ever *Forbes* Global Game Changers list.

Jeff Bezos is a brilliant, shrewd, disciplined, driven, calculating, businessman.

C. Customer Centricity

One of Bezos's mantras is *customer centricity*. He explains, "We're not competitor obsessed, we're customer obsessed. We start with what the customer needs and we work backwards." Amazon promises customers the world's largest selection, low prices, quick delivery, and a decent-enough return policy.

Every time we sign on to Amazon, it grabs data to make targeted recommendations based on how many times we click an item or how long our cursor hovers over it. If we click one item, it will offer related products with the tag "frequently purchased together." It makes product recommendations among customers with similar buying profiles. It's a strategic game of upselling and cross-selling to get us to buy more and more and more.

In 2016, Amazon received the highest ranking for customer service according to Zogby Analytics (Research Survey Group) for the seventh consecutive year. In the world of Amazon, customer service refers to the ease of ordering, paying, making returns, and ease of access to information on its website or by phone, email, or online chat.

Months ago, I received an email from Amazon asking me to rate a recent purchase—*Cooking Light* magazine, which I had not received. I logged onto my account and began a chat. The first screen requested my name and issue—"Purchased *Cooking Light* several months ago. Sub hasn't started. Pls advise."

A few seconds later "Rainier" greeted me and asked how he could help. I typed my question again and added, "Are you a human or a robot?"

"100% human," he responded.

Was I communicating with a human *trained* by a robot? My *Cooking Light* issue was resolved quickly. Admittedly, good service.

But.

I grew up in Seattle, hometown of Nordstrom, the luxury department store founded in 1901. Nordstrom, known for its customer service, is about relationship building—handwritten thank-you notes, advance notice for sales, and home delivery in a pinch. For years, Nordstrom had a no-questions-asked return policy, no receipt necessary. I'm certain that sales associates at Macy's often want to scream—*This is not Nordstrom. Take your worn shit and go.*

After a bike wreck last summer before my younger son's bar mitzvah, a sales associate at Nordstrom, a woman about my age, in her mid-fifties, walked me through the vast cosmetic landscape picking products from different lines to help me conceal my bumps and bruises, tame my eyebrows, add sheen and color to my lips. As a baby boomer, this is how I define good customer service—face to face.

However millennials—a cohort of 78 million born between 1980 and 2000—is Amazon's target. Seventy-Two percent of millennials shop online. According to Phil Lemberg, a Los Angeles-based consumer-analyst, millennials are "brand agnostic." They care about quality, price, and easy access. They are faithful to Amazon for its huge selection, user-friendly website, quick delivery, and its delivery lockers located around the city. The yet-unnamed cohort after the millennials is showing a preference for shopping malls again. Not-to-worry Amazon is reinventing its own version of brick-and-mortar.

D. Distribution

Bezos developed his aggressive-distribution system from day one. To be *the world's largest bookstore*, eventually, the *world's largest everything store* depended on quick movement of

goods from order to delivery. Before other businesses got into e-commerce, Amazon had the infrastructure in place to serve people around the globe.

Amazon has over 125 fulfillment centers worldwide—massive concrete and steel facilities—where orders are processed, packed, shipped, and where returns are handled. The largest centers are more than 1,200,000 square feet; the smallest are around 50,000 square feet. For perspective, a football field is 57,600 square feet.

In 2012, Amazon purchased KIVA Systems, a manufacturer of robotic devices for \$775 million. As of January 2017, Amazon reported that 45,000 16-inch tall robots were being used in 20 U.S. distribution centers, a 50 percent increase from the previous year when Amazon had 30,000 robots working alongside 250,000 humans. With robots, Amazon can ship up to 1.5 million items a day from a single center. Robots don't tire, complain, unionize, steal, or sue, and they can run 5 miles per hour and move objects weighing up to 317 kilograms, more than twice their weight of 145 kilograms.

Amazon brings distribution centers to cities and seeks tax breaks while promising jobs. It operates in over half of all U.S. states and in nine countries. Communities with high unemployment welcome distribution centers and jobs even when those jobs do not provide a livable wage or reasonable employment conditions. It's called desperation.

E. The Elliott Bay Book Company

Walter Carr opened The Elliott Bay Book Company in 1973. I was 12. The shop was a beacon for readers and writers—an independent, literary-minded, and family-run bookstore located on the corner of First Avenue and Main Street in Pioneer Square in Seattle. It was housed in a grand Romanesque Revival storefront, an architectural style common after the

Great Seattle Fire of 1889. The store with tall brick walls, a vaulted ceiling, arches, blind arcades, columns, exposed beams, creaky wood floors, big windows, green awnings, and stubby staircases to cozy book nooks was paradise for book lovers. It had a homey-musty scent with an overlay of cinnamon rolls and dark-roast coffee from its bakery downstairs. This was my first bookstore love.

In 2010, after years of slow sales in a rundown neighborhood plagued with violence, homelessness, gangs, shootings, and drug deals, The Elliott Bay Book Company moved to Capitol Hill, a mile from Amazon headquarters. There in a densely populated late-night neighborhood of educated people, the store made its first substantial profit in 20 years. Staff acknowledged that Amazon employees were regular customers.

For two decades, Elliott Bay Books has hosted daily readings in a cozy brick-lined reading room. We show-up to hear Barry Lopez, Louise Erdrich, Ivan Doig, Ursula Le Guin, Margaret Atwood, Edwidge Danticat, Denise Levertov, Susan Sontag, William Stafford, David Sedaris, Arundhati Roy, Michael Ondaatje, Jim Harrison, Buckminster Fuller, Jamaica Kincaid.

The bookstore and its café hold us, offering books, a meeting place, outlets for our computers, good food, and strong coffee. The booksellers become our friends, reference librarians, and guides in the literary universe. We have known each other for decades.

In a recent talk in Seattle, Ann Patchett—well-regarded author and owner of Parnassus bookstore in Nashville—told her audience of readers that if they came to her bookstore, read the dust cover of books, talked to her staff, and, then, ordered from Amazon, they were not welcome.

F. Fall from No. 1

In the *Harvard Business Review's* 2015 annual list of best-performing CEOs, Bezos dropped 86 places, from number one to number eighty-seven. That year the *Harvard Business Review* updated its ranking system of Best Performing CEOs to include the CEO's environmental record, commitment to social responsibility, and approach to governance and treatment of employees—the ESG factors. Now, 20 percent of the ranking is based on ESG factors, and 80 percent remains financial. Amazon received 48.68 out of 100 on the ESG scale and ranked 828 of 907 companies. In 2016, Bezos moved up ten places to seventy-six. But, what would happen if 50 percent of the rating were based on ESG factors?

Is it fair to say that Amazon has no environmental consciousness? The Seattle Amazon campus (9.4 million square-feet when completed) is a sustainable world-class urban live-work project achieving Leadership in Energy and Environmental Design (LEED) certification. Innovations like waste-heat and cooling exchanges between Amazon and a nearby data center in the Westin Building lower energy waste and carbon emissions.

Amazon's Frustration-Free packaging initiative makes opening packages easier as well as using 100 percent recyclable packaging. Books and products now show up in boxes with no packing, sometimes dented.

Amazon, as part of its green commitment, makes grants of 50 million hours of supercomputing to businesses and individuals to support the United State's climate research plan to mitigate climate change.

Amazon recently received an F from the CDP (Carbon Disclosure Project) for refusing to release data on its carbon emissions. The CDP, a non-profit, gives information to institutional investors to inform their investing. Companies from Microsoft to Apple to

Costco to Walmart have handed over their data. (Facebook and Berkshire Hathaway also received F's for not reporting.)

G. Growth

From the start Amazon has focused on topline growth—building infrastructure, capacity, and its customer base.

When Amazon went public on May 15, 1997 a single share of Amazon's stock was priced at \$18. In 2001, the online bookstore was not hugely successful, but Bezos didn't care. He was inventing services and products in a buck-shoot approach that would drive growth for the future.

In 2015, Amazon's growth eclipsed its shipping capacity. Amazon was spending \$11.5 billion a year to move goods to customers. Amazon was dependent on the U.S. Post Office, Fed Ex, and UPS to make deliveries worldwide. During Christmas 2013, Amazon overwhelmed its third-party shippers. Packages scheduled to arrive by Christmas, didn't. Customers who trusted Amazon were pissed off. Amazon's worst nightmare—a Christmas without presents. Amazon pledged it would not happen again and gave out \$20 gift certificates for delayed gifts.

Amazon already had its own fleets of delivery trucks, eleven-leased cargo planes, and was moving into sea-freight delivery. During Seattle's Seafair 2016 festival, the first of 40 leased Boeing 767-300's, streaked through the sky emblazoned with *Amazon One*.

Amazon is working overtime to figure out its shipping woes. When that happens, Amazon will (likely) sell its delivery services to other companies, underwriting its own shipping costs.

In July 2015, Amazon was named the most valuable retailer in the country, passing Walmart with a market value of \$250 billion. In September 2016, the Seattle Times reported that Amazon was worth just over \$400 billion. In early April 2017, Amazon was valued at \$430 billion with a single share of its stock worth over \$900. (That's twice the market value of Walmart.) JPMorgan predicts that a share of Amazon stock will reach \$1000 by December 2017. Amazon is currently the fourth largest business in the U.S behind Apple, Alphabet (Google), and Microsoft.

H. Hyper-consumption

Hyper-consumption is fueled by *hedonic adaptation*. Psychologists explain—we want something, we get it, we get used to it, and then we want something else. Hyper-consumption and conspicuous consumption—buying things to impress others—have left us empty. We buy more to fill the holes in our psyches that get bigger every time we click *buy*.

We have given our credit-card information to Amazon to store, so we can buy what we want when we want it without the discomfort of reaching for our debt-ridden wallets. Why are we doing this to ourselves?

The simplicity movement, a counterpart to the green movement, advocates using less, wasting less, repurposing, up-cycling, and recycling. Amazon mocks the simplicity movement and gives the middle finger to the environmental crisis by enticing us to buy more, recycle, upgrade, toss, and buy some more. We have become mindless turbo-shoppers under its tutelage.

I. Invention Machine

Bezos likes to think of Amazon as an invention machine. “In the shower,” he says, “We’re thinking about how we are going to invent something on behalf of a customer.” Huh?

In 2006, Amazon launched Amazon Web Services (AWS)—computing infrastructure with cloud storage for businesses—Netflix, Reddit, Pinterest, Expedia, Airbnb, Comcast, Capital One, the CIA—are now dependent on Amazon to run their businesses. In April 2015, Bezos reported that AWS was worth \$5 billion. Deutsch Bank estimates that AWS will bring in \$16 billion dollars in revenue in 2017.

In 2014, Amazon launched The Echo—a tube-shaped speaker—a home-personal assistant capable of 500 *skills* to date. Call out, “Alexa” (The Echo’s preprogrammed name), and add items to a grocery list, play music, shop from Amazon’s website, or ask it to squeal like a pig. For the tech savvy, it can be a hub for the smart home—adjust the heat, set a timer, or lock the door.

In April 2015, Amazon introduced The Dash Button, an electronic widget sold exclusively to Prime customers (See P. Prime). The Dash, known as the Internet of Things, or, IoT, sells items ranging from Trojan condoms to Hefty Bags. Press the Tide Dash Button in your home, \$4.99 each (refunded after first purchase), and Tide detergent is on its way. Product manufacturers pay \$15 for each button sold and Amazon takes 15 percent of every sale. Do we really want Tide, or are we ordering it, because that’s what Amazon is selling. Isn’t this limiting options as opposed to increasing our options?

In April 2016, Amazon reported \$29.1 billion dollars in revenue, a 28 percent increase over the same time last year. The Internet of Things is credited.

J. Justified

I justified opening an Amazon account in 1998 after the birth of my older son Daniel. My parental responsibilities had swallowed up my time and energy. I lived in a haze of postpartum depression, spending hours with Daniel on my breast.

The mission of the three year-old company—complete retail domination—was not yet obvious. I got my books faster than at a bookstore if my title was not in stock. Before Amazon, books moved slowly from publishers to distributors to bookstores. There was no incentive to hurry.

With a baby, I didn't have time to read or hang out in a bookstore. Yet, I spent hours browsing on Amazon. *Identity* by Milan Kundera sits on my bookshelf unread. The number of books I purchased increased. My bedside is littered with stacks of unread books, as if books will produce their own time for reading.

As Amazon's inventory grew, my shopping increased—toys, toothbrushes, birthday presents, garden and cleaning supplies. I'm not alone. We've all done it. I just did it. I'm out of state working in rural California, and I need a microphone for my iPhone to be at my house when I get home.

We have sold out big-and-small, local-and-national, brick-and-mortar businesses that can't compete.

K. Kindle

In 2007 Amazon introduced the Kindle e-reader, "The vision for the Kindle," Bezos says, "is every book ever in print in any language—all available in 60 seconds."

In February 2016, the Kindle store boasted 4.3 million e-books for sale in the United States. All 16 versions of e-readers—the Kindle reader, the deluxe Kindle Voyage, the Kindle

Paperwhite—are updated regularly. In April 2016, Amazon introduced the 8th generation Kindle, the Kindle Oasis— a sleeker, shorter, and thinner version of the Kindle Voyage— for \$290. Two months later, Amazon released a lighter, thinner, glare-free basic Kindle with double the memory and extended battery life for \$79.99. Amazon always has something new and improved.

The e-book market has been declining since 2011. Books are cool again and the allure of the Kindle is passing. Renowned Powell’s City of Books in Portland, Oregon no longer sells e-books. Other independent bookstores are following. Amazon, with tens of millions of Kindle owners, won’t ditch its direct advertising line to consumers.

I own a Kobo e-reader, a Kindle alternative, from Kobo Inc. This independent e-reader allows me to shop at my neighborhood bookstore and skip Amazon.

L. Labor

Labor conditions in Amazon distribution centers can be compared to a “slave camp,” says Adam Littler, a 23 year-old undercover reporter for a BBC investigation into Amazon labor issues. Workers who slow down are nudged by text. Bathroom breaks are timed and counted. Fifty-year-old workers fall behind. Injuries are common—stress fractures, repetitive stress injuries, plantar fasciitis, back issues, chronic pain. Exhaustion, depression, and anxiety, also common.

In the summer of 2011, in Allentown, Pennsylvania, indoor temperatures in a warehouse reached 102 degrees. The company hired Centronia Ambulance Corp to station ambulances outside its un-air-conditioned distribution center for five days after an employee called Occupational Safety and Health Administration to report that fifteen

workers had collapsed from heat stroke. Eight days later, an ER doctor called OSHA to report that a greater number of Amazon workers were arriving with heatstroke. Employees sent home received disciplinary points. Desperate to keep their \$12.25 per/hour job, they risked their health. Eight months later Amazon spent \$52 million to install air conditioning.

In a recent story in *Bloomberg Businessweek*, an article begins, “While waiting to clock in each morning, workers at some Amazon.com warehouses get a steady stream of...stories of co-workers fired for theft.” Shame stories run on flat-screen TVs—silhouettes of former employees caught stealing with the word “Terminated,” stamped over the image. Amazon recently opened six distribution centers in Tennessee, Virginia, Indiana, Delaware, Arizona, and California for the public to visit. What’s featured on the TVs on visiting day?

In August 2015, the *New York Times* published a now well known exposé on white-collar workers at Amazon, written by Jody Kantor and David Streitfeld. They conducted over 100 interviews with current and former Amazon employees.

According to Kantor and Streitfeld, “At Amazon, workers are encouraged to tear apart one another’s ideas in meetings, toil long and late (emails arrive past midnight, followed by text messages asking why they were not answered), and held to standards that the company boasts are unreasonable high.”

I’ve talked to a lot of Amazon employees off the record. Surprisingly, many were unfazed by the pressure. Some said they thrived because of it. One woman admitted that it ticked her off when team members were out (even) for good reasons.

“Maternity/Paternity leave?” I asked.

“It puts a strain on your co-workers. This is not a place to work if you have a lot of

things going on in your life. Someone has to do your work.”

An early Amazon employee, a developer who was with the company for eight years joked that he had always wanted to work for a bookstore. I asked if he had any misgivings about Amazon in hindsight. “Not really. It’s the rare person,” he said, “Who looks at what a company is doing. Lots of start-ups don’t make it. You’re working hard to survive.” Then, he said, “I regret that a lot of independent bookstores were forced out of business.” (In 1994 there were 4,000 indie bookstores nationwide, in 2014 there were fewer than 2,000.) I asked if he was okay with the business model? His tone changed. He had grown tired of my questioning,

The tone change occurred in several conversations with former and current employees. “Are you proud to work for Amazon?” I asked a man. “I’m tired of being blamed for everything that Amazon does.”

There were many people I spoke with who had negative experiences. Trevor, a man I met at dog training class had adopted a puppy, Santi, to help manage what he referred to as his Amazon PTSD. “It’s inhumane.” A thirty-year-old man in marketing received harsh critique on his annual review. His work was excellent, but he was told that he was, “too nice.” Three weeks later he left for a new job. Another young woman said that she was angry and harried all the time—the hours, the competition, the jousting. “It’s a Faustian bargain for the money and experience. I won’t be here for long.”

MacMillan

In 2010, Macmillan, one of the largest publishers in the country, argued that the set price for e-books—\$9.99 on Amazon—devalued its books. It wanted to raise the price to between

\$12.99 and \$14.99. First, Amazon delayed the shipment of Macmillan's books from the next day to up to five weeks, severely damaging Macmillan's author's sales. Then, it took Macmillan's author's books off its site altogether. How is this customer-first? Four years later, Amazon entered a standoff over e-book pricing with Hachette Publishing.

The Department of Justice brought a case against Apple that accused publishers of colluding over e-book prices. The judge in the case laid out a schedule for the publishers to renegotiate e-book prices with retailers including Apple and Amazon. Hachette, first to renegotiate, became the face of publisher and author resistance to Amazon.

Amazon removed the **Buy Now** button from Hachette titles and delayed shipment. Sixty percent of Hachett e-book sales happen on Amazon. A fine example of corporate bullying.

More recently, a fight between Amazon erupted when Kodansha and other Japanese publishers protested the deletion of their books and magazines from Amazon Japan's all-you-can-read subscription service over pricing that began in early September 2016. Amazon got in trouble for trying to force Japanese publishers to set their prices lower on Amazon to provide customers with incentive to buy from Amazon. Again, corporate bullying.

N. Net Worth

On July 22, 2016, Bezos became the third richest person in the world with a net worth of \$65.1 billion, leaving Warren Buffett of Berkshire Hathaway in forth place with his net worth of \$65 billion. In April 2017, Bezos net worth was over \$76 billion.

O. Our Price

Since at least 2009, Amazon has engaged customers in pricing discussions on its website, soliciting feedback on *our price* versus the manufacturers list price. Amazon argues that it wants to give customers the best price. The truth, list prices are typically higher than market prices. Retailers, like Amazon, give the list price, next to their price to show how deeply they discount. Yet, no one pays list price for anything anymore.

From the beginning, Amazon lost money on sales. The goal was to sell volume and win customers. Over the years, prices have crept up. Some of us haven't paid attention, others don't care. List prices are disappearing from Amazon's website. Sometimes they're replaced by a percent off. The illusion is that we are saving. Deep discounts are over. Now we shop Amazon for convenience.

P. Prime

I subscribed to Amazon Prime in 2004. The *All-you-can-eat express shipping* service that for \$99 a year, customers receive free 2-day shipping on purchases with the blue Amazon Prime logo. I had already given my credit card to Amazon years earlier when I became a **Buy Now with 1-Click®** shopper—one click to begin and complete a purchase. Prime was the next step.

In a *New York Times* article, Farhad Manjoo argues, "Growth in Prime subscription matters because Prime alters the psychology of shopping. Once you've paid for shipping, you tend to start more of your shopping excursions at Amazon." According to *Geekwire*, Prime customers spend an average of \$1,200 per year compared with \$700 per year for non-Prime users. (Morgan Stanley estimates higher numbers—\$2,500 for Prime users and

over \$700 for non-prime users.)

A few years ago, Amazon reported, “tens of millions of (Prime) members,” interpreted to be 20 million users. Amazon won’t tell, but best guess is that approximately 60 million people pay \$99 a year for Prime membership. Nearly half of all homes in the United States have a Prime membership. According to the investment- banking firm Piper Jaffray, 70 percent of American households earning more than \$112,000 are Prime members.

In July 2015, Amazon introduced Prime Day (Black Friday in July)—a new holiday, a 24-hour shopping frenzy with special deals every 10-15 minutes for Prime members only. Last year, Prime Customers purchased 34.4 million items on Prime Day. More people became Prime members that day than any other day in the company’s history. The July 2016 Prime Day was even bigger with a 50 percent increase in sales in the States and 60 percent worldwide.

Prime evolves as data reveals new ways of getting customers to spend money—movies, original programming, an e-book lending library, a digital-music service, and free unlimited photo storage. Prime regularly informs me that I am using two of five features and makes special offers—20 percent off my first **Prime Now** order. Prime Now, a feature of Prime, provides day of delivery in some cities.

In Orange County, outside of L.A., Prime customers can test-drive a Hyundai Elantra at home, delivered by Amazon to their door. A Prime newsletter offers Prime Release-Date delivery for new books, like Bruce Springsteen’s *Born to Run*. With each new development, we become more dependent on Amazon.

Q. Questions for Jeff Bezos

Do you think about workers in distribution centers? Are they disposable parts with a never-ending supply of replacements? Why did you consider naming Amazon *Relentless*? What is the ratio of robots to humans that can run a distribution center? Do you think that people who cannot survive on their own—refugees, immigrants, the disadvantaged, the disabled, the sick, victims of disasters—should be left to survive or die on their own? Do you think about what you’re creating and what you are destroying? Do you think about humanity, the animal kingdom, planetary wellbeing, and spiritual welfare?

Are the biomimetic nature-imitating pentagonal hexecontahedron vine-encrusted sci-fi domes stuffed with rare plants on 6th Avenue in South Lake Union meant to show that nature can be replaced? Or are they fancy studys hall for tech workers? A way to show-off? How does this fit with your leadership principle of frugality?

What did you mean when you said—

We humans have become so technologically sophisticated that in certain ways we’re dangerous to ourselves. It’s going to be increasingly important over time for humanity to take a longer-term view of its future.

R. Research Group

In 2003, David Selinger was hired out of Stanford to run the Customer Behavior Research group at Amazon. Selinger’s job—mine the accumulated customer data to grow revenue and increase profits.

Selinger discovered that slow webpage load-time impacted sales. Bezos ordered a review of the entire website using metrics to quantify how each feature was performing.

Selinger recommended online advertising. Bezos resisted—Amazon was a retail

business not an ad agency. The data supported advertising, Bezos agreed. By 2014, online advertising was a billion-dollar a year business for Amazon. Selinger left Amazon after a year to start Redfin, the online disrupter real-estate company. Its mission is to *redefine real estate in the customer's favor*. Redfin cuts agents' commissions, similar to how Amazon undercuts retailers.

S. Seattle's New Bookstore

Seattle once boasted 30 independent bookstores. Today, 23 remain along with one chain, Barnes & Noble. Before Christmas of 2015, Seattle got a new bookstore. Amazon opened its first physical bookstore in the upscale University Village shopping mall. The shop, with its worn-brick façade with thick slabs of mortar is a soulless mini-mart for books.

Jennifer Cast, Vice President of Amazon Books, says the store is stocked by adding, "...heart to the data. All of the books on the shelf face out. We realized that we felt sorry for the books that were spine out."

Books are grouped under folksy signs showcasing customer four-star picks from Goodreads Book Club Books, Goodreads Choice Award Winners, Highly Rated Fiction on Goodreads, and Goodreads most-read Classics. Goodreads is the reader-generated book review site founded in 2007 that has readers write reviews of books to share with other readers. In 2013, Amazon purchased Goodreads and dispensed with its own professional reviewers. Now, we reviewers, who want to share our book wisdom, have become a data-farm for Amazon's bottom line.

Amazon currently has bookstores in Portland (Oregon), San Diego, Chicago, and Dedham (Massachusetts) Rumors are circulating that Amazon intends to open 300-400

more bookstores. The stores serve two main purposes. First, they are showrooms for Amazon devices—Kindles, Echo Speakers, and Fire Tablets—which further our connection to Amazon. Second, they are sites for gathering small data, data that we give when we shop in-person that helps the company know us better.

T. Taxes

We pay taxes, not out of a desire to part with our money, but because it costs money to run a city, town, state, country. We need money to run hospitals, to fund public schools, to fund the arts, to provide for the homeless, to care for the mentally ill, to maintain our parks, to repair roads and bridges.

Amazon applies for sales and property tax waivers when bringing distribution centers to town. Amazon has brawled with Hawaii, Illinois, Texas, Tennessee, California, South Carolina, North Carolina, Nevada, and New York over taxes. The law is changing. Customers who purchase online to avoid sales tax, will have to come up with another way to save money.

U. Unrelenting Generosity

Neither Bezos nor Amazon will be accused of unrelenting generosity. In October 2013, Amazon introduced, AmazonSmile, allowing customers to contribute .05 percent of their purchase to a charity from the AmazonSmile list. Who is making the donation? If I don't buy anything, Amazon doesn't give anything. To facilitate a \$50 donation to an AmazonSmile charity, a customer must spend \$10,000. Non-profits fear that customers who opt for the program are getting the good feeling of giving and foregoing their own

personal gifts.

Microsoft began its employee gift-matching program in 1983 when Microsoft was eight years old, and Bill Gates Jr. was 28. Jeff Bezos is currently 52 years old, and Amazon is over twenty years old.

In 2013 Bezos funded a mission to recover Apollo booster-rocket engines from the Atlantic Ocean. Bezos encouraged NASA to donate the remains of the F-1 Booster engine from the historic Apollo 12, (the 1969, second mission, to land men on the moon), to Seattle's Museum of Flight. Who got the thank-you note?

In July 2015, Amazon exaggerated its claims of financial support for affordable housing in Seattle. For an \$18 million fee that Amazon paid to the city, it gained permission to build 970,778 gross square feet for two new building projects. Fees are not donations. A year later, Amazon lent Mary's Place—a shelter and service provider for homeless women and children—use of the old Travel Lodge Hotel in downtown Seattle. The hotel will serve 200 women and kids until Amazon is ready to redevelop the site.

Amazon employees have been stalwart supporters of Mary's Place and many other charities in and around Seattle. Can they pressure Amazon to secure a permanent home for Mary's Place?

On its website Amazon shows-off its philanthropic efforts. Amazon makes grants to 50 literary organizations each year, ranging from PEN American Center (national) to the Bureau of Fearless Ideas (Seattle). In Seattle Amazon gives to Childrens Hospital, Odessa Brown, Rainier Scholars, Childhaven, Pike Market Childcare and Preschool, Atlantic Street Center, and Tech Access Foundation. The Bezos Family Foundation has given millions in grants to K-12 education. Bezos and his wife, MacKenzie, have given millions to Princeton,

Fred Hutchinson Cancer Research Center, and Seattle's Museum of History & Industry. The donations are significant, but are they significant for a man worth over \$76 billion? (See T. Taxes.)

V. Visionary

Bezos is a visionary, identified as the tech heir to Steve Jobs of Apple, the entrepreneur and innovator who brought us sleek computers, iPhones, iPods, iPads, Apple Watches, Siri.

What will Bezos's legacy be? The visionary who boarded up downtowns across the country? The visionary who drove bookstores to the brink? The visionary who evaded taxes? The visionary who said that outer space could Plan B if we messed up the earth? What exactly is Bezos's vision?

W. Wolfe Wolfe

I think back to the eighties, to Tom Wolfe's *Bonfire of the Vanities*, to Sherman McCoy, self-regarded Master of the Universe, and I think of Jeff Bezos. Bezos has entreated all kinds of businesses to conduct their online sales through Amazon. He's offered businesses something many couldn't afford—Amazon handles the web promotion, the order processing, the fulfillment and the shipping. The ruse—Amazon owns the customer data, and the seller does not have access to it. If something is selling well, Amazon may offer the same or a similar item for less and raise the price when the competition is gone. Businesses, reaching for online sales, take the chance. In 2016, 40 percent of items sold on Amazon are sold in the Market Place.

In 2015 Amazon began courting Chinese manufacturers. Waves of counterfeit wares,

including fake Michael Kors and Birkenstock, arrived on Amazon Market Place, selling for less than the real thing. Legitimate manufacturers complained to Amazon about loose oversight and damage to their brands. Apple is on the rampage after 90 percent of Apple chargers sold on Amazon were found to be counterfeit. Amazon says it has “zero tolerance for the sale of counterfeits.”

In a change of policy, Amazon now charges steep fees for Market Place vendors to sell some of the top brands—To sell Nike a merchant pays \$1500. The policy is designed to discourage counterfeits, but it hurts smaller sellers. Amazon has moved from focusing on its Market Place sellers to focusing on brands.

X = That which is unknown

X stands for that which is unknown until Bezos wants us to know. Bezos doesn’t talk about the company’s future or roadmap. A lot of work at Amazon is done in silos secured by nasty non-disclosure agreements. Employees don’t talk to the public and sometimes not to each other.

In October 2016, Amazon launched *Amazon Music Unlimited*, available to the public for \$9.99 a month—the same as *Apple Music* and *Spotify*—Prime members can subscribe for \$7.99 a month. Amazon Prime Video—a movie-streaming service— is in fierce competition with its AWS (see I Invention Machine) client Netflix and is available in more countries than Netflix. Monthly subscriptions offer a new revenue stream for Amazon. Offer people a discount. Give them something they want even if they didn’t know they wanted it. Get them hooked. Raise the price. Drive the competition out of business.

Y. Yesterday

Yesterday, we shopped in stores for housewares, clothing, food, office supplies, cleaning products, cat food, bedding. In downtown Seattle—a favorite local kitchen shop is gone. Another kitchen shop is oddly quiet midday. A clerk volunteers to a friend of mine, “Everything is cheaper on Amazon.” At my favorite book and design shop, the storekeeper tells me that Amazon is killing business. The store is located near the Amazon campus. “They look but don’t buy,” he says. *They* are Amazon employees.

Amazon promises 20 more brick-and-mortar grocery stores in the next ten years, but it may happen in the next 10 minutes, or it may have already happened. Ten of these stores will be click and pick-up stores. Shop by device and drive-by to have your groceries loaded into your car. In the other ten stores customers will scan their phones as they enter and then select their own groceries. There’s one of the stores in Seattle’s Amazonland in South Lake Union. Cell phones, sensors, and cameras monitor what shoppers put in their bags. Receipts arrive by smart phone. No pesky check-out lines or courtesy conversations with other shoppers or clerks. The United Food and Commercial Workers International Union, the largest union for grocery workers is getting ready to brawl.

Empty storefronts scare me. Shopping in downtowns across the country may be over. In 2015, according to the American Booksellers Association, Amazon sold \$55.6 billion worth of goods nationwide and avoided paying \$704 million in sales tax. Add to this the loss of rent from businesses now gone, the loss of \$528 million in property taxes, the loss of an estimated \$1.2 billion in revenue for state and local governments, and an estimated loss of 222,000 retail jobs nationwide.

Now, the familiar Amazon trucks circle neighborhoods leaving cardboard boxes and

reusable plastic grocery totes at our doorstep. We are without a doubt witnessing the destruction of community.

Z. ZZZZZZZZZS

While I get my zzzzzs, Google Alert gathers Amazon articles and drops them in my inbox, often a dozen or more a day.

Amazon never rests. For those of us who try to follow Amazon, we don't know where to focus. It's like playing whack-a-mole with earplugs and a blindfold. We've given our children's future to Amazon. We've proven that we will buy whatever Amazon is selling. Is it too late to change course?