

SALES

Amazon: Convenience at a Cost

by Priscila Aoki



Most businesses now rely on social media to connect with customers. But the migration online has been accompanied by many new social pitfalls. How should brands contend with fake news, political outrage, and distraction?

✔ **INSIGHT** | NOTE 10 Apr 2019

Amazon has been winning for a long time, due to their competitive, efficiency-driven actions. Sadly, behind Amazon's social actions lies a deep-rooted system of practices that solely focus on profits. This is ingrained with how Amazon deals with the market, its employees, and with society as a whole. In a capitalist system, there are winners and losers, and Amazon keeps winning because people continue to support it, despite their blatant prioritization of financial gain over human welfare.

Market Dealings

Amazon began as an online book retailer with the idea to allow easy accessibility to everyone. With this in mind, Amazon has grown to sell thousands of products, made its own cloud computing service AWS, and has acquired companies like Whole Foods. They employ over 600,000 people around the world. Though they only control 5% of retail sales in the United States, they hold over 44% of e-commerce sales.

With this immense share of the market and over 55% of people bypassing Google to search for products straight on Amazon, small retailers are left with no choice, but to become third party sellers. Because of Amazon's structure, the company is able to ship products at a lower cost and help these retailers. However, research done at the Harvard Business School found that while using Amazon increases sales, those third-party sellers are discouraged from growing. This is due to Amazon's algorithm that favors itself as the default seller for a product even with the existence of other, cheaper offers, alluding to a predatory relationship between Amazon and smaller retailers. It's clear that consumers want the small retailers products, so why, then, do we support the toxic partnership between Amazon and the mom-and-pop stores of the world?

Employee Relationship

Amazon made headlines when it decided to raise its minimum wage to \$15 an hour, more than double the federal minimum wage. Behind the scenes, the minimum wage increase was joined by the removal of monthly bonuses and stock grants that long time employees depended on. The increase also happened during the holiday season when Amazon seasonally hires 100,000 additional employees. While the wage increase was very attractive to fulfill these seasonal jobs, it negatively affected many long term workers.

Amazon has patents on technology that tracks their warehouse workers with scanners, nudging them if they are too slow. In the UK, pressure to hit their quotas leads to many workers urinating in bottles to avoid 'being punished for a break'. Reports have discovered that over the course of 3 years, ambulances were called to an Amazon warehouse 115

times, compared to a similar Tesco warehouse that had 8 occasions illustrating the gruelling conditions specific to Amazon. Workers historically combat these conditions through unions. However, Amazon has suppressed efforts of unionization by hiring law firms, pressuring workers through management, and shutting down entire call centers.

To deal with the wide number of shipments, Amazon hires out independent contractors for last-mile shipping. These workers go to an Amazon warehouse and pick up packages in a clustered location and drive the packages in their own car, like Uber. They are not paid the minimum wage or covered by employment and labor laws, but they are tracked through a timed system to test their efficiency. More about last mile problems can be found in the California Management Review article [“Configuring the Last-Mile in Business-to-Consumer E-Retailing.”](#)

Consumers and Society

Amazon announced their plans to build a second and third headquarter in New York and Washington. With the promise of jobs, states lured Amazon with tax concessions and economic development subsidies. Amazon paid \$0 in federal taxes on \$11.2 billion they made, and received a refund of \$129 million. They recently pulled out of NY because politicians “made it clear that they oppose our presence and will not work with us to build the type of relationships that are required”.

It has become obvious that though Amazon clearly breaks many of our corporate social responsibility requirements from a company, we still support it. More and more evidence of Amazon’s terrible working conditions comes out every day, even with thousands of workers across Europe protesting on Black Friday, Amazon still had its biggest sales day of all time.

“Greenwashing” Social Responsibility

CEO Jeff Bezos, the richest man in the world worth \$138 billion, committed to donate \$2 billion to decrease homelessness in Seattle. While charitable, a look into his actions as CEO of Amazon shows the company worked to defeat a Seattle tax on businesses where funds would go towards homeless aid. This head tax, a uniform tax imposed on each employee, would greatly cut into Amazon's profits. Similarly, Amazon Smile (an exact copy of Amazon.com except every purchase in the site comes with a 0.5% donation) shows one side of the philanthropic coin, while the fact that 1 in 3 Amazon employees in Arizona rely on food stamps to survive, shows another. While he will still donate millions, Bezo's actions as a leader of the company show a hidden side, one that he should recognize the inconsistencies of.

Conclusion

Amazon's squeezing of small retailers and employees and their blatant tax diving renders their socially responsible actions as more a cover for their financially greedy practices. Though many of these facts have been brought to light already, consumers continue to sustain the company. So of course, when Amazon has a positive headline we believe it fully, because it makes it easier for us to deal with our choices of convenience over what we know is right. Still, we can change this by choosing buy local and support workers strikes. In the end, we vote with our wallets, so let's vote against corporate greed and support people over the giants of capitalism.



Priscila Aoki [Follow](#)

Priscila Aoki is a graduate of the University of California, Berkeley, with a degree in Environmental Economics and Policy.