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Amazon in Emerging Markets

In the spring of 2014, Amazon.com, Inc. (“Amazon”), saw its chief competitor in China, Alibaba Group, file documents with the SEC for an initial public offering (IPO) that could be one of the largest in history. Meanwhile, its main competitor in Brazil, MercadoLibre, sustained an approximate 40% loss in stock price despite several years of profitability. On top of this, its two chief competitors in India, Flipkart and Snapdeal, formed separate mergers with other related firms. The intense battle for control of a country’s e-wallet was nothing new to Diego Piacentini, senior vice president of International Consumer Business, and Jeff Bezos, founder and CEO. In 2013, their decision to launch Amazon.in marked Amazon’s eleventh country-specific portal after nineteen years of operation. China was Amazon’s first emerging market website, and India only its third. Compared to its experience in China and Brazil, Amazon followed a different business model and strategy in India. What led to the differing approaches and which, if any, of Amazon’s emerging markets’ strategies and investments would succeed? The case starts by examining Amazon’s entry into India and then turns to Amazon’s experience in China and Brazil.

Amazon’s International Expansion

Incorporated in 1994, Amazon had evolved from a small online vendor of books and other information-based products in 1997, into a global “customer-centric” company serving consumers, sellers, and developers with operations in twenty-two countries. Amazon’s international expansion started in 1998 when it acquired Bookseller, Ltd. (bookseller.co.uk) in the United Kingdom and Telebuch, Inc. (telebuch.de) in Germany. These two sites gave rise to what became Amazon.co.uk and Amazon.de, respectively. It was early in 2000, during this initial European expansion, that Amazon hired Piacentini, who had been Apple’s general manager for Europe. Since his hiring, Amazon launched nine other country-specific websites in Italy, France, Spain, Japan, China, Mexico, Brazil, Canada, and Australia. (See **Appendix A** for Amazon’s country-specific web pages.) In several other countries, from Costa Rica to South Africa to Australia, Amazon located customer service, software development, fulfillment, data centers, or back office operations.

In 2013, Amazon’s Germany, UK, and Japan sites accounted for 85% of total international revenues of \$30.0 billion. Overall, Amazon’s international markets (excluding its Canadian site) made up 40% of

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