

Amazon's recent ventures can help it maintain Q1 growth

Article

In Q1, Amazon's global online store net sales climbed 41% year-over-year (YoY) on an F/X - neutral basis to reach \$52.901 billion, per its earnings release, an acceleration from the same period last year—when sales rose 25%—thanks to the pandemic-driven surge in ecommerce. Meanwhile, revenues for the etailer's international segment jumped 50% YoY as a result of

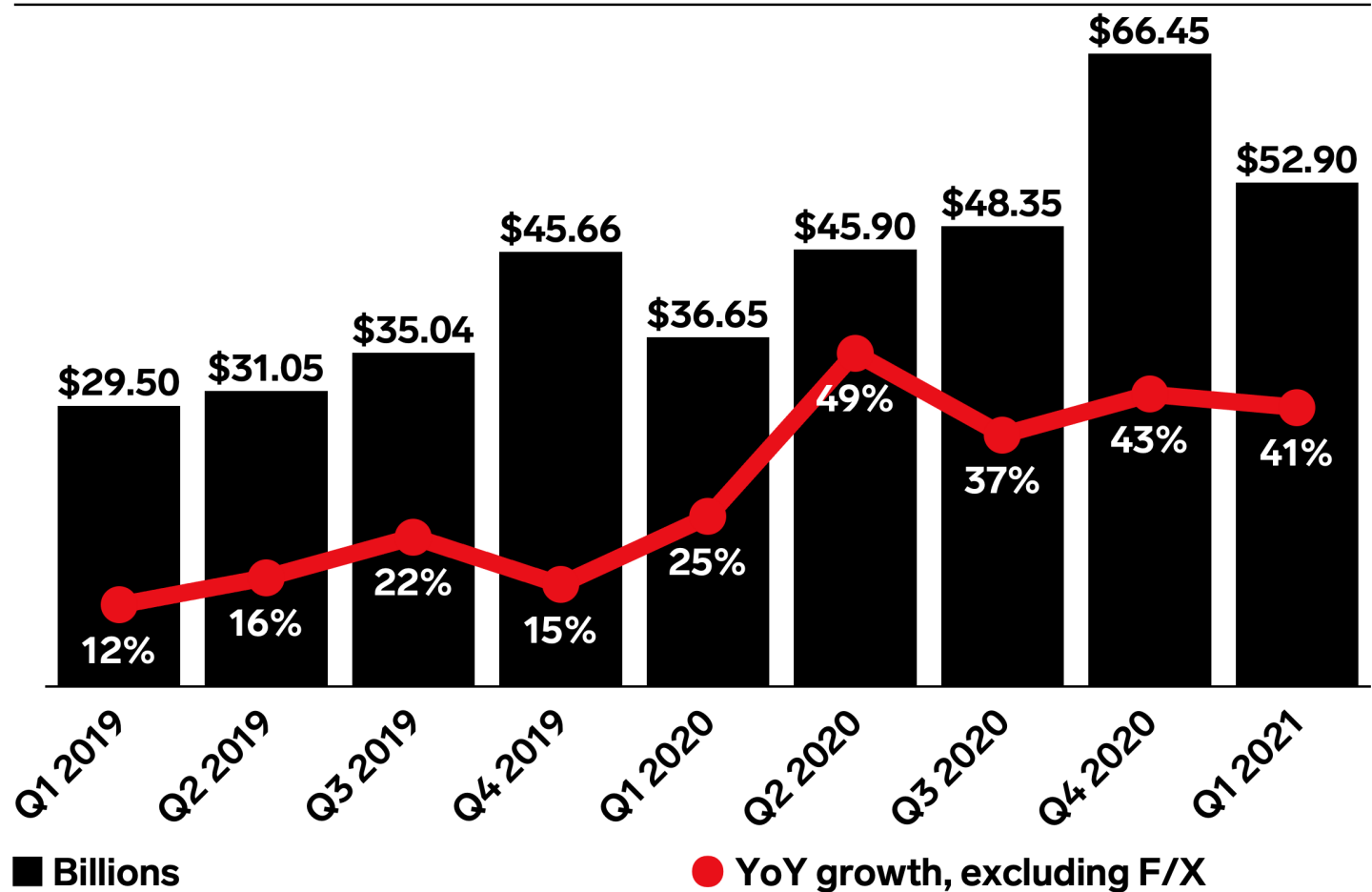
stringent pandemic restrictions and lockdowns, particularly in the UK, [per](#) Amazon CFO Brian Olsavsky on the company's earnings call.

The pandemic was a tailwind for Amazon's online retail business as consumers flocked to ecommerce. The etailer closed out 2020 with a whopping \$318.41 billion in US ecommerce sales, [according to](#) eMarketer forecasts from Insider Intelligence. And even with the COVID-19 vaccine [rollout](#) helping make in-store retail safe again, consumers likely maintained their pandemic-drive shopping habits in the early part of 2021, helping boost Amazon's ecommerce business in Q1.

Amazon's recent initiatives should help it ride the growth wave:

- **Olsavsky said the company is investing heavily in last-mile delivery efforts, which is in line with recent moves from the etailer.** Amazon recently started [buying](#) up well-located US shopping malls to convert them into fulfillment centers, and it's also ramped up other initiatives, like Amazon Key, its in-home delivery service—Amazon just [announced](#) the full rollout of in-garage grocery delivery service for US Prime members. These efforts can improve Amazon's delivery capabilities to fend off competitors like Walmart and Target.
- **It's also tapping into the growing grocery sector with the expansion of its Fresh and Go stores.** The etailer noted that it now has 15 Amazon Fresh stores globally, and it has [many more](#) in the works in the US. By comparison, the expansion of [Amazon Go grocery](#) stores—which are generally smaller than Fresh stores and offer cashierless checkout technology—looks to be in its early stages, but the etailer has at least two more [slated](#) to open in the US. Amazon's grocery ambitions can help it capture a lucrative stake in the [\\$1.328 trillion](#) US sector.
- **And it's building out its technology licensing business.** Beyond its consumer-facing businesses, Amazon has been focusing on developing its business technology solutions in the hopes of opening up another revenue stream. It just expanded Just Walk Out, its autonomous checkout solution, as well as Amazon One, its hand-scanning payments tech, [into more](#) of its stores—likely to help market them to retailers. And it recently [opened](#) a hair salon featuring AR-powered tech and other next-generation technology that it could license out as well.

Amazon Global Online Store Net Sales



Source: Amazon, 2021
Methodology: This data is from Amazon's Q4 earnings report published on April 29, 2021.