

Andy Jassy looks to put his stamp on Amazon

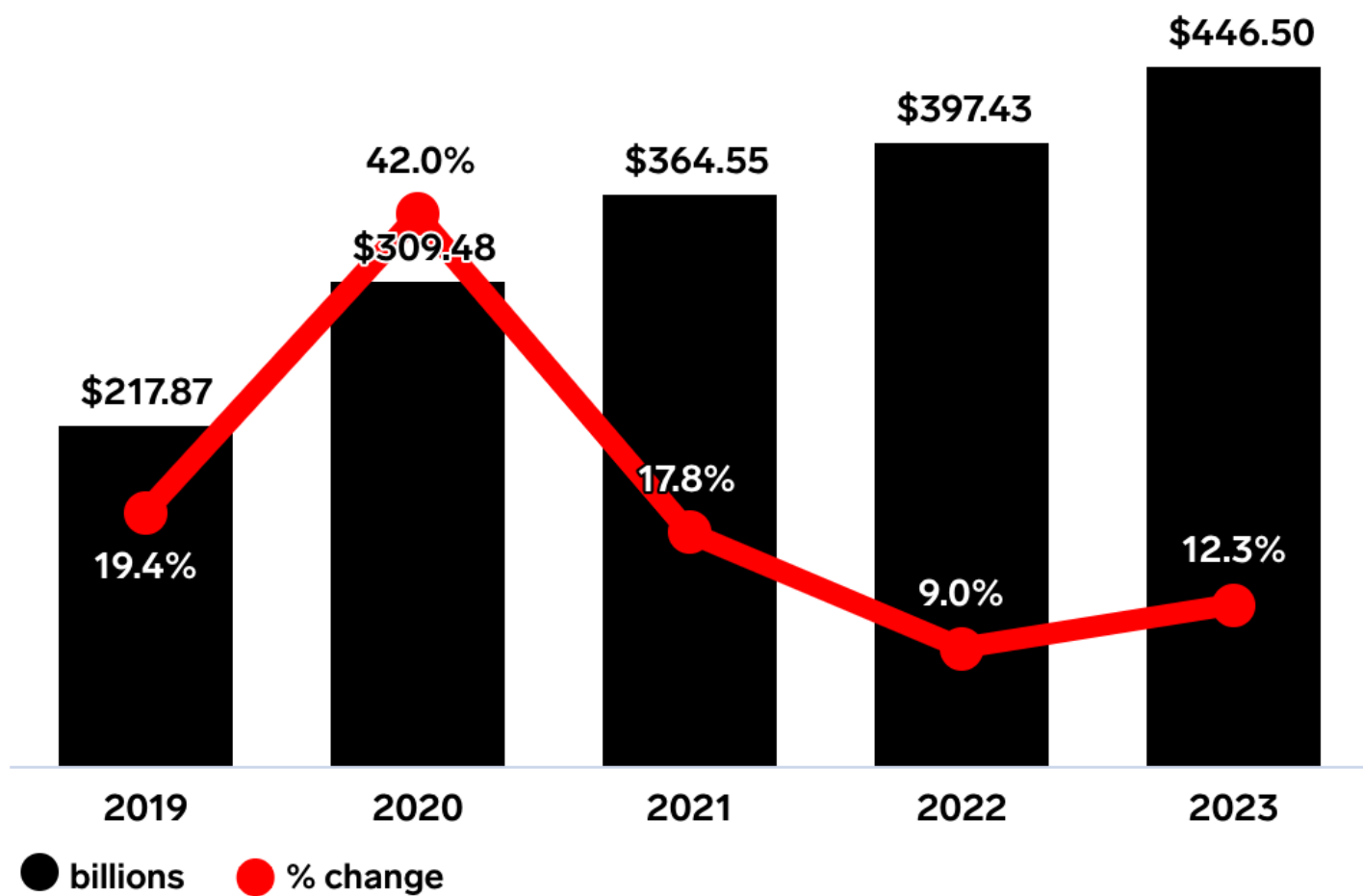
Article

The news: Amazon's retail ecommerce sales growth will slow to 9.0% this year—a steep decline from 17.8% last year, according to our new forecast.

- **The retailer is at an inflection point** as its 20-for-1 stock split took effect on Monday, days after announcing the resignation of **Dave Clark**, a 23-year Amazon executive who has overseen the company's sprawling retail and operations organizations since 2020.

Amazon Retail Ecommerce Sales

US, 2019-2023



Source: eMarketer, June 2022

eMarketer | InsiderIntelligence.com

A new perspective: Change is coming to Amazon, as CEO Andy Jassy, who took over the company last July, looks to put his imprint on the retailer.

- Jassy has spent his first year in charge of the entire company, diving into all elements of Amazon's business, per Bloomberg.
- Amazon has "more work in front of us to get to where we ultimately want to be in our consumer business," he wrote in a letter to employees announcing Clark's departure.

- Among the challenges facing the retailer's consumer division are its **overaggressive expansion plans** that drove it to overspend on warehouses and staff, ongoing worker safety issues, rising costs, and an unprecedented loss to a union.

Making adjustments: The retailer is changing its approach in a number of ways, including:

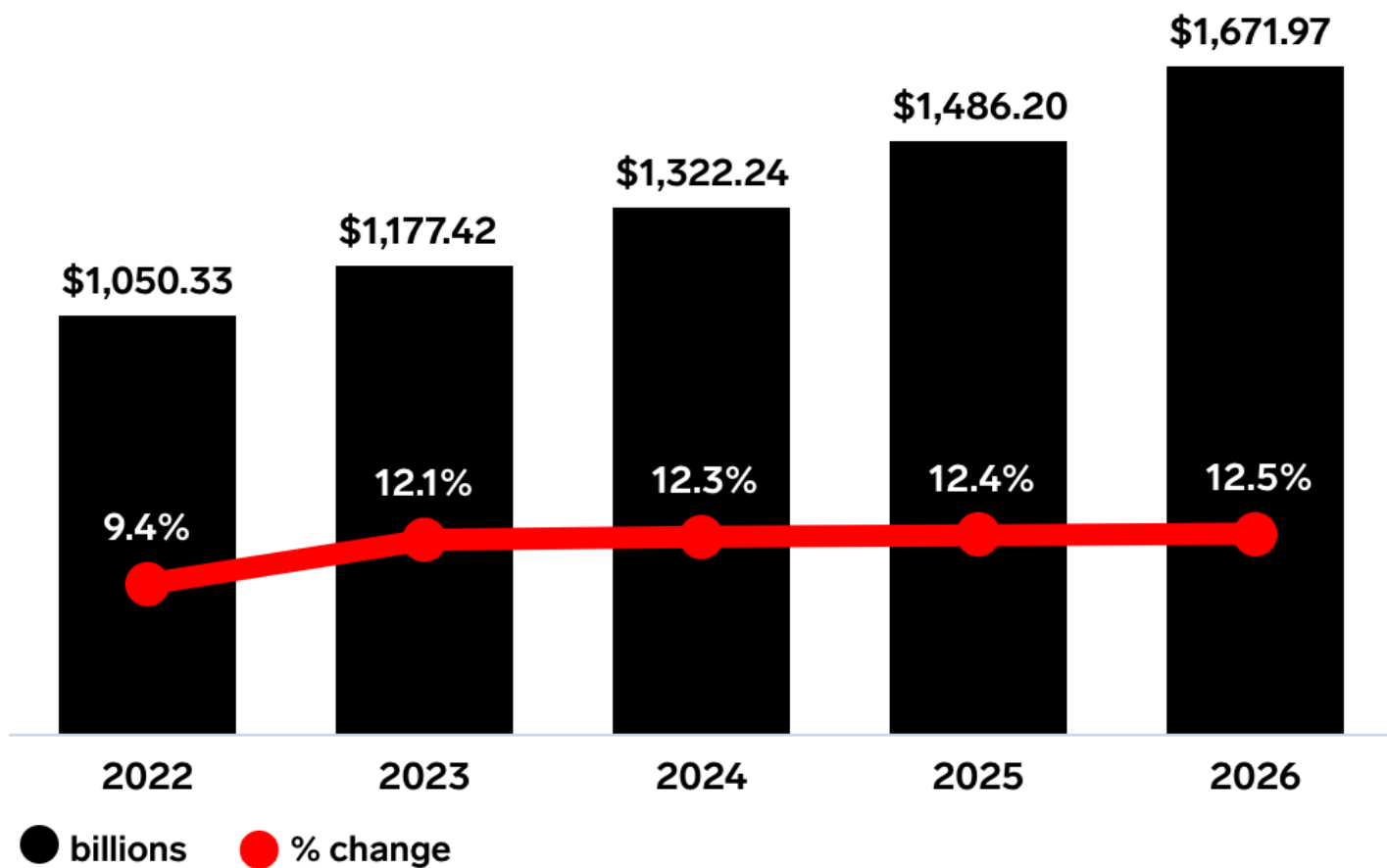
- Splitting its stock to make it more attractive to retail investors and employees who receive stock options
- Dealing with its excess warehouse capacity by subletting at least 10 million square feet of space and potentially vacating leases, per Bloomberg
- Shutting its Chinese ebook store next year after it failed to make significant inroads against local rivals
- Aggressively pushing back against proposed antitrust legislation

Facing headwinds: Amazon is hardly alone among retailers with slowing growth due to an array of economic headwinds that include rising fulfillment costs, ongoing supply chain bottlenecks, and inflation that's limiting consumers' buying power.

- That's why we expect **retail ecommerce growth to slow to 9.4% this year**, down from 17.8% last year.
- Fortunately for Amazon, the company has diversified its revenue streams to enable it to compensate for slowing growth thanks to its booming advertising business, Amazon Prime membership fees, and Amazon Web Services.

Retail Ecommerce Sales

US, 2022-2026



Source: eMarketer, June 2022

eMarketer | InsiderIntelligence.com

The big takeaway: Amazon's place as the dominant player in retail ecommerce is secure.

- But after a quarter in which it posted its slowest growth in roughly two decades and first quarterly loss since 2015, it needs to find ways to tighten its belt and adjust its approach for the challenging retail environment.