

Amazon plans 10,000 job cuts in retail, devices, and HR

Article

The news: Big Tech's bloodletting continues with reports that **Amazon** has plans to lay off 10,000 people in retail, devices, and human resources, per [Insider](#).

Adjusting from pandemic hypergrowth: Amazon, like various other Big Tech companies, went on a hiring spree during the past two years. It added **427,300 employees in 10 months**, which brought its total workforce to more than 1.2 million, per [The New York Times](#).

- **The 10,000 jobs it's cutting represent 1% of Amazon's global workforce and 3% of its corporate employees.**
- Amazon is bracing for lower Q4 profit expectations due to rising inflation and interest rates and weakened consumer spending.
- "Amazon is making the tough calls necessary to stay competitive in today's retail environment," said **John Nash**, co-founder at **Lucy Nash Jewelry**.
- Affected teams will include human resources, which is in line with earlier warnings of **hiring freezes** across the board.
- The devices team that oversees Alexa smart assistants and smart home products will also be affected by the layoffs as the company mulls contraction of core businesses.
- Other big tech companies undergoing similar layoffs include **Meta** (11,000), **Twitter** (3,700), **Salesforce** (1,000), **Stripe** (1,000), **Lyft** (700), **Redfin** (850), **Opendoor** (550), and **Zendesk** (350), per **Axios**.

Course correction: Amazon added up to 1,400 new workers a day in 2020, mostly as a response to the overwhelming reliance on ecommerce and delivery services as COVID-19 cases intensified.

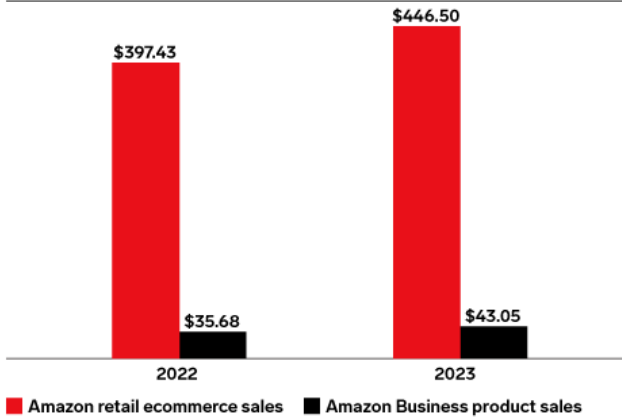
- Most of Amazon's hires at the start of the pandemic were warehouse workers, but there was also a spike in software and cloud engineers, as well as hardware specialists.
- The layoffs are massive, but for a company the size of Amazon, they are a minor course correction to better weather upcoming headwinds.
- "There will likely be more rounds of layoffs in early 2023 as the recession deepens. Companies are already starting to feel the pinch, and many are projecting that things will only get worse in the new year," said Nash.
- "Amazon will be able to focus on profitable projects such as the Amazon Ads business unit, which generated over \$31 billion in 2021," said **Babar Khan Javed**, director of public affairs at **Z2C Limited**, a Singaporean accelerator for marketing technology startups.

The bigger picture: "Amazon is expected to see better profitability with the reduction in headcount," said Nash. "Overall, this is a move that should help Amazon focus on its core business and improve its bottom line."

Expect Big Tech companies to continue resorting to layoffs until the economy reveals a clearer picture of recovery.

US Amazon B2B Ecommerce Sales vs. Retail Ecommerce Sales, 2022 & 2023

billions



Note: Amazon retail sales represent the gross value of products or services sold on Amazon.com (browser or app), regardless of the method of payment or fulfillment; B2B sales represent the gross value of products sold on Amazon Business (browser or app), regardless of the method of payment or fulfillment; excludes travel and event tickets, Amazon Web Services (AWS) sales, advertising services, and credit card agreements; includes direct and marketplace sales
Source: eMarketer, Aug 2022

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