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### Digital giant's growth strategies

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**Abstract:** this article covers growth strategies of world digital shopping platform. In this case, example of successful company as Amazon is taken into consideration to demonstrate digitalization of business processes.

**Key words:** Amazon, fintech, joint venture, growth strategy, digitalization.

In modern conditions of globalization of the world economy and digitalization of business processes, internationalization of business is an effective growth strategy for companies. The main motive for internationalization, as well as business as a whole, is to obtain material benefits (Schwens, C., et al., 2018). In the first case (industry leaders), the motivation is to expand the company, increase production, reduce costs, tax benefits, etc. (Nippa, M. & Reuer, J. 2019). When a company successfully operates in a digital environment, it mainly is aimed at increasing sales markets (Burns, P. 2016; Jolink, A. & Niesten, E. 2016).

Amazon's growth strategy is built on interconnected and interdependent elements such as new product development, diversification and internationalization (Reuer, J. 2004; Chen, J., et al., 2015). Amazon's business began as an online bookstore, while Amazon's web service now includes over 35 product categories (e-books, video, games, food, toys, electronics, and others). Diversification of business is based on creation of e-commerce platform, IT and related products (cloud service, software, etc.) (Ding, L. & Mahbubani, J. 2013). Amazon works in a variety of areas, constantly improving its products and offering new ones. For example, the Amazon smart column appeared after the failure of the Fire Phone smartphone, the latest version of the Amazon Music Unlimited music service replaced the Amazon MP3 music store, which opened in 2008. According to Morgan Stanley banking holding company, Amazon ranks second in the list of the largest US clothing stores. This business line of the company arose after Amazon's experiments with the sale of garden furniture (in 2004), home goods (in 2008), electronic appliances (in 2009) and diapers (in 2014). The company currently sells perishable products, such as organic coffee, which comply with Fair Trade standards. Amazon's business is expanding through the creation of branches in different parts of the world. Amazon always offers the market innovative products of the highest quality. In 2016, Prime Video began operating in more than 200 countries. Amazon's acquired Twitch's online video game service in 2014 introduced three original games developed by its own studio. Amazon is investing millions of dollars in startups that create voice command apps for Alexa's virtual assistant and teach her new skills. The company has opened more than two dozen new call centers, won the title of the largest online store in India and delivered the package for the first time with an unmanned drone in the UK.

Strategic joint ventures based on Amazon company

According to the concept of international expansion, internationalization and global integration are elements of a company's growth strategy (Chen, J., et al., 2015). For Amazon, the internationalization strategy is aimed at optimizing the company's assets outside the national market (Schwens, C., et al., 2018). This gives the company access to new markets, including non-competitive emerging markets, economies of scale, and market leadership. Strategic alliances are created on the basis of horizontal intercompany

cooperation, as well as between companies engaged in related fields of activity and having complementary technologies and experience (Burns, P. 2016). In addition, alliances are the least legally restricted means of market entry that is especially important for development of new markets (Symeonidou, N., et al., 2017). Global integration is the regulation of the company's activities outside the national market through the creation of a network of differentiated but integral units, alliances and associations. The effectiveness of the internationalization process as a strategy for the business development depends on the choice of an effective form of internationalization. This may be export of products, licensing, franchising, joint ventures, transfer of production, etc. (Jandik, T. & Kali, R. 2008). In fact, the joint venture is one of the many manifestations of the strategic alliance (Jolink, A. & Niesten, E. 2016; Lane, M.J., 2001).

Amazon has used strategic alliances to transform its business and strengthen its competitiveness. The conclusion of strategic alliances allows Amazon to improve the promotion of products on world markets, the exchange of technologies and updating the range of products and services. In June 2018, Amazon CEO Jeff Bezos, JP Morgan CEO Jamie Dimon, and Berkshire Hathaway CEO Warren Buffett formed a joint non-profit healthcare company Haven. The main motive of the company was to reduce rising health care costs, while providing quality and affordable services to thousands of its employees (the total number of employees of the three companies is about 1.2 million) (Meyersohn, N. & Luhby, T. 2018). An example of Amazon's strategic alliance is a technology partnership between Amazon Web Services (secure cloud services platform) and Veritas Technologies (data management platform). Alliances have an impact on competition between two companies: being combined, the companies rather direct their efforts more against common competitors than against each other. The Veritas company accompanies data migration to Amazon Web Services Hybrid Cloud, improves application performance and tuning to the cloud, and organizes disaster recovery for Amazon Web Services ("Veritas Announces New Technology" n.d.). Both examples of Amazon's alliance and joint venture show the partnership between companies that are not competitors are concluded between participants in various industries. Alliances of this type are a mean of developing new types of production or activities. Such form of cooperation allows Amazon to develop new directions of business activity.

At the beginning of 2020, due to the coronavirus pandemic and quarantine restrictions, the entire global business was subjected to strict checks. However, for Amazon, the period of the global epidemic was a high point: while people were sitting at home, they ordered more and more products with delivery through the marketplace. To cope with the flood of orders, Amazon had to hire tens of thousands of new employees. In March 2020, the company announced the opening of 100 thousand vacancies and 75 thousand in April. 33 thousand vacancies were announced in September, and in the same month the company announced its readiness to hire another 100 thousand new employees to ensure the smooth operation of the service. This was the fourth additional employee recruitment at Amazon in 2020.

Effective work during the crisis allowed the company to come out of the first half of 2020 stronger than ever. In the first quarter of 2020, Amazon's sales grew by 26 percent compared to the same period in 2019. In the second quarter, growth reached 40 percent. The company's net income more than doubled, from \$ 2.5 billion in the first quarter of 2020 to \$ 5.2 billion in the second quarter.



Source: <https://www.tradingview.com/symbols/NASDAQ-AMZN/>

Amazon's market capitalization reached its all-time high of \$ 1.6 trillion in September 2020. After the correction, the indicator fell to 1.56 trillion. Shares soared to \$ 3,1 thousand per share by mid-September. At the beginning of the month, at the peak, they were worth 3.5 thousand dollars per share. For comparison, on December 31, 2019, Amazon securities were trading at \$ 1.9 thousand per share. Against the background of the growth in the value of his main asset, Jeff Bezos set a historical record. The billionaire, who has long established himself in the top line of the world's richest people, became the first person on the planet with a fortune of more than \$ 200 billion. Bezos is expected to become the first-ever trillionaire by 2026.

The coronavirus pandemic has finally confirmed the victory of online Commerce over traditional ways of selling goods in trade. At the global business level, the 2020 crisis demonstrated the sustainability and efficiency of ecosystems. McKinsey, a consulting firm, predicts that by 2025, such digital ecosystems will account for 30 percent of global economic activity.

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