

Amazon.com CEO says investments will continue

April 11 2014

Some Amazon.com Inc. shareholders may have been excited about the company's decision to increase the membership fee in its Prime two-day shipping service last month, a move that could boost margins.

But, as Amazon Chief Executive Jeff Bezos made plain in his annual shareholders letter Thursday, the company has no plans to slow its investments in new business. Bezos listed 21 corporate initiatives - everything from grocery delivery to business application services - where Amazon is spending money to expand operations.

Bezos underscored the long-term nature of the company's efforts, telling shareholders that the big bets the company is taking will sometimes fail.

"Failure comes part and parcel with invention. It's not optional," Bezos wrote. "We understand that and believe in failing early and iterating until we get it right."

Amazon also released its annual proxy statement to shareholders Thursday, announcing its annual meeting on May 21. In it, the company disclosed that none of the top five officers of the company received stock awards last year. Their salaries ranged from \$81,840 for Bezos to \$175,000 for senior vice president Diego Piacentini, who runs Amazon's international operations. Bezos also received \$1.6 million in "security arrangements" and Piacentini was paid \$55,905 in cost of living and housing allowances, as well as tax reimbursement for those benefits.

All five top executives are also sitting on large chunks of Amazon stock, and four of the five, excluding Bezos, took home giant stock awards last year. Bezos owns 18.3 percent of Amazon's outstanding shares, worth \$26.9 billion at current prices. According to the proxy, the value of other top officers' holdings ranged from \$37.8 million to \$54.4 million at the end of last year.

Bezos' shareholder letter didn't offer much in the way of new details about Amazon's initiatives. But he listed highlights from the past fiscal year to illustrate the breadth of Amazon's ambition.

-Amazon Fresh, the grocery service the company started in Seattle five years ago, pushed into Los Angeles and San Francisco last year, where the company is experimenting to figure out if the service can be economically viable elsewhere.

"We'll continue our methodical approach - measuring and refining Amazon Fresh - with the goal of bringing this incredible service to more cities over time," Bezos wrote.

-Amazon also has been rapidly adding new warehouses, to be closer to consumers and cut shipping times. Bezos wrote that Amazon now has 96 warehouses. He also noted that Amazon updated the software that runs the warehouses 280 times last year.

-And Bezos talked up the drone delivery program that he revealed on CBS's "60 Minutes" last December. Competitors mocked it. And many questioned the viability of shipping packages via unmanned drone aircraft. But Bezos said the company continues to work on the technology.

"The Prime Air team is already flight-testing our fifth and sixth generation aerial vehicles, and we are in the design phase on generations

7 and 8," Bezos wrote.

-Bezos also highlighted Amazon's Seattle expansion, where the company added 420,000 square feet to its headquarters, and broke ground on four city blocks worth of new construction. He wrote that urban development, which includes investments in bike lanes, may be most costly; but it's also more environmentally friendly.

"Though I can't prove it, I also believe an urban headquarters will help keep Amazon vibrant, attract the right talent, and be great for the health and well-being of our employees and the city of Seattle," Bezos wrote.

-Bezos included a few details about the new Mayday service, the customer-support feature available on its new Kindle Fire HDX tablets. Customers needing help tap the Mayday button to get on-demand, on-device tech support in a postage stamp-sized video window, where they can talk with a tech-support representative.

Bezos noted the response time goal is 15 second or less. He also pointed out that Mayday advisers have received 35 marriage proposals, 109 requests for help ordering pizza, and three pleas to read bedtime stories.

©2014 The Seattle Times

Distributed by MCT Information Services

Citation: Amazon.com CEO says investments will continue (2014, April 11) retrieved 19 April 2024 from <https://phys.org/news/2014-04-amazoncom-ceo-investments.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.