

Bezos, hunting for big wins, is comfortable with big fails (Update)

April 11 2019, by Michelle Chapman And Anne D'innocenzio



In this Sept. 13, 2018, file photo Jeff Bezos, Amazon founder and CEO, speaks at The Economic Club of Washington's Milestone Celebration in Washington. Bezos said in a letter to shareholders Thursday, April 11, 2019, that as Amazon grows, so does the size of its "failed experiments." He said Amazon is willing to continue to take risks and learn from its failures, while simultaneously supporting successful areas of its business like its third-party sellers and retail locations. (AP Photo/Cliff Owen, File)

Amazon's Jeff Bezos challenged other retailers to raise wages and

improve benefits for their employees, saying the competition will help everyone.

Bezos covered a wide range of topics in his annual letter to shareholders Thursday that was released on Twitter and filed with the Securities and Exchange Commission .

"Today I challenge our top retail competitors (you know who you are!) to match our employee benefits and our \$15 minimum wage," Bezos wrote. "Do it! Better yet, go to \$16 and throw the gauntlet back at us."

Late last year, Amazon jumped ahead of many rivals by raising its minimum wage for U.S. workers to \$15 an hour. That pay hike was not universally praised by all workers, who said the company cut two employee benefits as well: monthly bonuses and the chance to own some of Amazon's sky-rocketing stock.

Amazon did make some adjustments afterward to ensure workers were getting a raise.

Target and Walmart have increased starting wages for workers over the past few years as the job market grew hotter and people could find better pay and benefits elsewhere. Target Corp. said last week it would raise the minimum hourly wage by a dollar in June to \$13 per hour, the third pay hike in less than two years. The Minneapolis retailer has said it plans to raise starting hourly wages to \$15 by the end of 2020.

Walmart Inc., based in Bentonville, Arkansas, raised its starting pay to \$11 an hour in early 2018. In a statement emailed to The Associated Press Thursday, Walmart defended its record, noting it has increased starting wages by more than 50% in the last three years and currently has an average hourly total compensation of more than \$17.50. It touted benefits like advanced job training and paid time off.

A top spokesman at the world's largest retailer was also quick to mock on Twitter Amazon's challenge with its own jab on the issue of taxes.

"Hey retail competitors out there (You know who you are) How about paying your taxes?" Walmart's Dan Bartlett tweeted. Bartlett shared an article that cited a report from the Institute on Taxation and Economic Policy which noted that Amazon will pay no federal income taxes for the second straight year.

Bezos's letter also comes as pilots from three carriers who fly for Amazon Prime Air and DHL cargo jets are planning to protest poor working conditions including low pay and severe attrition issues Thursday near the Cincinnati/Northern Kentucky International Airport, according to a press release from union group Airline Professionals Association. They also plan to call to an end to stalled contract negotiations. The pilots staging protests are from Atlas Air, Southern Air and ABX Air. The airport is the largest hub for each of the airlines.

And it appears that Amazon, well-known for giving low priority to the short-term growth interests of Wall Street, will continue taking big risks if it sees a potential pay-off in the long run.

In his letter Thursday, Bezos said Amazon's Fire phone was a failure, but that its Echo and Alexa smart speakers have been tremendously successful.

"As a company grows, everything needs to scale, including the size of your failed experiments," Bezos wrote. "If the size of your failures isn't growing, you're not going to be inventing at a size that can actually move the needle. Amazon will be experimenting at the right scale for a company of our size if we occasionally have multibillion-dollar failures."

Bezos said one "big winning bet" can cover the cost of the clunkers, and

that calculus has been playing out at Amazon.

Amazon.com Inc. churned out profits last year that exceeded \$10 billion, more than tripling net income from the previous year.

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Citation: Bezos, hunting for big wins, is comfortable with big fails (Update) (2019, April 11) retrieved 27 April 2024 from <https://phys.org/news/2019-04-bezos-amazon-failures.html>

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