

GROWTH, INNOVATION AND THE CUSTOMER: LESSONS LEARNED AT AMAZON.COM

Eric Broussard, Vice President, Amazon Services Europe

At Summit 2006 Eric Broussard, VP Amazon Services Europe, charted the history of Amazon and highlighted how it puts the customer first

As online shopping is the only place you can genuinely be the naked shopper (although this is not advised for the office), it was fitting to end the summit with a presentation from Amazon. One of the first online shops, Amazon started out in 1995.

Progress in all areas of the business has been substantial since the early days when the company literally operated out of a garage. From a simple online store, it has become a combination of retailer, technology company and marketplace. And whilst it could be argued that it has taken Amazon a long time to launch into new countries (three years until the UK was up and running, five for France and seven for Canada), there is good reason for this. In order to ensure that the website is truly localised (and therefore successful), language, currency and local taste must be catered for.

One of the reasons for its continued and increasing success is the goal to become the earth's most customer-centric company. Necessarily, this has meant a huge emphasis being placed on innovation and risk taking. A recent decision to offer DVDs to rent may be considered a dangerous one as it could easily cannibalise DVD sales, it's a risk worth taking as inevitably other retailers will do the same anyway.

From very early on, Amazon used customer reviews to provide shoppers with information on their products. Whilst this could also be seen as a risky strategy, particularly if they are unfavourable, such openness is a key factor in building customer trust.

Another example of trust-building is the functionality which reminds customers that they have already bought a product. Whilst this has proven to reduce sales and the customer may in fact want to buy the same product again for someone else, it is another way in which Amazon displays its commitment to its customers.

In recent years, Amazon has introduced the concept of the marketplace, whereby other vendors can sell their products alongside those of the host site. This may seem self-defeating but if it means that Amazon runs out of iPods for example, customers can still buy them 'from' Amazon, which strengthens the relationship between shopper and retailer.

By focusing on what the customer wants, even if it may sometimes seem counter-productive, Amazon has continued to innovate and grow what is already a true retailing behemoth.