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## AMERICAN UBIQUITY: AMAZON'S PLATFORM IMPERIALISM

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I don't like the idea of this monolith devouring everything. . . . Our culture is, and all cultures are, being swamped by outside influences. . . . We're fighting to defend our voice.

—Mark Rubbo, co-owner of Melbourne bookstore Readings<sup>1</sup>

We owe it to 400 million Arabs that they go to the digital economy. I think it's our duty; otherwise the Middle East will either be left behind, or will be occupied by foreign powers. These foreign powers are digital banks, digital companies, digital media—there's no need for military.

—Mohamed Alabbar, founder of ecommerce firm Noon and United Arab Emirates real estate mogul<sup>2</sup>

The Canadian Book industry requires active support and promotion so that our regional, local and aboriginal voices are nurtured and celebrated. That is something that Canadian booksellers . . . do so well. Letting foreign retail giants into local Canadian markets under the false guise of Canadian partnership would be devastating to an important Canadian industry employing real book lovers in every community across Canada.

—Stephen Cribar, president of Canadian Booksellers Association<sup>3</sup>

Will Amazon survive [in the] Indian market? Sure. Only if they are willing to learn. American fast food chain KFC had to launch its first vegetarian chain ever, that too in India (Gujarat). McDonalds embraced Indian way of doing things by selling McTikkis.

—Nextbigwhat.com<sup>4</sup>

The sentiments opening this chapter express varied ambivalence in global responses to Amazon. When Amazon first extended beyond American borders in 1998, three years after the company's US launch, its goals for ubiquity faced new complications, including that of perception. When Amazon exports its products and services, both scholarly and popular responses often are informed by what communication scholar Dal Yong Jin calls "platform imperialism," a form of economic and cultural imperialism specific to platform giants such as Facebook, Google, Netflix, and Amazon. Jin observes, "The U.S., which had previously controlled non-Western countries with its military power, capital, and later cultural products, now seems to dominate the world with platforms, benefitting from these platforms, mainly in terms of capital accumulation."<sup>5</sup> These global platforms, or "Californian East India Companies," as one scholar describes them,<sup>6</sup> aim for "ubiquitous commerce," which is "the ambition to annihilate spatial and temporal barriers through a networked market system."<sup>7</sup> Lee McGuigan and Vincent Manzerolle, in their critique of this imperative, see ubiquitous global commerce involving a "neglect of tradition, geography, and cultural contingency."<sup>8</sup> And yet, a close look at Amazon's efforts to achieve ubiquitous commerce reveals how the company negotiates with and manages tradition, geography, and cultural contingency. These factors can be barriers to global capital, but they can also become resources, or points of leverage, for a company like Amazon seeking to build its presence in new markets.

The GAFAM (Google/Alphabet, Apple, Facebook, Amazon, and Microsoft) companies are six of the top seven most market-capitalized corporations in the world as of this writing. The further concentration of wealth in the United States thanks to its globally dominant tech companies, most of which are substantially platform businesses, is not the only concern. Given the treasure trove of data they collect about people all over the world, there are concerns about data security and protection of national sovereignty.<sup>9</sup> Digital platforms shape the distribution of media and information, so the concentration of foreign ownership of distribution platforms raises longstanding concerns about soft power. Given network effects and "first mover" advantage, many countries are also concerned about homegrown businesses that employ people, build technological knowledge capacity,

and pay taxes in these countries being unable to compete with these American platforms.

Just as the cultural imperialism thesis of the 1970s was eventually questioned and complicated by scholars who empirically examined the production of culture in diverse national contexts, so has the hegemony of platform imperialism been questioned on a variety of empirical grounds. Global media scholars note the resurgence of state control in response to the foreign investment, market concentration, and cultural influence of the tech sector; the rise of dominant tech centers outside the United States and Europe (notably in the Asia-Pacific region), particularly in hardware and the “pipes” of digital connectivity; and the importance of existing media cultures and localized audience preferences to the success of foreign digital content platforms.<sup>10</sup> My analysis of Amazon’s international expansions is informed by the complexities of platform imperialism explored in this scholarship. Amazon’s global ambitions are extensive and its resources to accomplish them significant, but its global dominance in ecommerce and other business areas is neither assured nor complete.

Amazon’s global expansions are both longstanding and partial. While Amazon can today boast that it serves ecommerce customers in close to two hundred countries, it only has Amazon marketplaces, or dedicated local retail websites, in sixteen countries outside the United States. In order of their launch, these are the United Kingdom, Germany, France, Japan, Canada, Italy, Spain, Brazil, India, Mexico, the Netherlands, Singapore, Australia, Turkey, the United Arab Emirates, and Saudi Arabia.<sup>11</sup> While Amazon is estimated to control close to half of US online retail sales, it controlled only 5.7 percent of global internet retail beyond the United States in 2019.<sup>12</sup> Amazon’s international revenues are substantial—32 percent of the company’s ecommerce total as of 2020—and have started to yield profits after many years of losing money, due to the established pattern of investing heavily in new markets in order to eventually dominate them and reap the rewards later.<sup>13</sup> As Amazon’s growth in the United States starts to slow with some market saturation, its focus on international growth is all the more important because of the still relatively untapped markets around the world.<sup>14</sup>

In this chapter I look at how Amazon has been received internationally given the global market dominance it aspires to, and its Americanness.

In the United States, Amazon has created a flexible brand identity that seeks to fade into the background in its ubiquity, becoming almost invisible through its focus on customers and personalized service. How have these efforts to become ubiquitous traveled? Has the flexibility of Amazon's brand identity facilitated its "glocalization"? To use Koichi Iwabuchi's term, is the Amazon brand "culturally odorless," or does it have the unmistakable smell of America?<sup>15</sup> How have governments around the world, with the power to regulate foreign ownership, responded to Amazon's global platform ambitions?

This chapter focuses on a few of Amazon's international marketplaces in terms of how Amazon's arrival was received, the obstacles it encountered, and the strategies the company has used to try and win over consumers, sellers, and the government officials who can shape its fate. Ranging from Canada, where Amazon.ca was launched in 2002, to Amazon.ae, launched in 2019 in the United Arab Emirates, Amazon's goals are largely the same, but its approach to achieving them often differs depending on conditions on the ground. Perhaps the strongest comparison to see how much those conditions matter is between China and India, both populous countries with a growing middle class and rapid adoption of digital communication technologies. Amazon entered China in 2004 by acquiring existing Chinese online bookseller Joyo, and mostly pulled out of the country due to lack of meaningful progress in 2019.<sup>16</sup> In India, by contrast, although Amazon's ability to do business has proceeded by fits and starts due to restrictions on foreign direct investment there, Amazon.in is now Amazon's fastest-growing international market with the greatest profit potential for the future.

In examining Amazon's platform imperialist efforts, we see that ubiquity looks a little different outside the United States, where Amazon's Americanness makes it less able to proceed in a stealthy, "under the radar" manner. When Amazon opened marketplaces in each of the countries considered here—Canada, India, Australia, and the UAE—it was a known quantity for many consumers because they had already been visiting the site and doing cross-border shopping on it. Before the launch of Amazon's Australia marketplace Amazon.com.au, the American Amazon site was the second most popular online shopping site in Australia after Woolworth's.<sup>17</sup>

In some parts of the Middle East, Amazon controlled about 15 percent of online retail even before acquiring Souq.com.<sup>18</sup>

Amazon's "arrival" to nations around the world has been accompanied by the localization efforts one would expect from a twenty-first-century American company that needs to build trust with local consumers. These efforts—ranging from ad campaigns to partnerships with local companies, sponsorships of national events, nationally inflected sections of the store and editorial content on the site, adjustments to its ecommerce model for the local market, self-censorship of media content and products for sale in line with local sensibilities, and lots of communication touting Amazon's investments in the host economy—place Amazon in a more "in your face" position with regard to its PR and marketing than in the United States. Called on to justify its global expansions, Amazon must tell a story, or multiple stories, about why it deserves to be welcomed around the world. At the same time, Amazon pairs these localization efforts with the structural elements of brand ubiquity it pursues in the United States, including the bundled nature of Prime and the relentless pursuit of the largest selection and the greatest delivery speed.

### **ENTRY STRATEGIES—LOCALIZATION IN PLATFORM IMPERIALISM**

It can be hard to point to the exact moment that Amazon enters a new national market, since consumers often access Amazon's services in a cross-border way, or at least have knowledge about Amazon's brand and how it works due to its digital presence and global reputation. Customers in most countries of the world that don't have their own marketplaces can still order goods from one of Amazon's websites but will need to pay international shipping, with the associated wait times and additional costs, if indeed sellers are willing to ship internationally. The company launched an international shipping feature in 2018, so the shopping app can be set to show only those products that can be shipped internationally to the customer's region.<sup>19</sup>

Even more globally accessible are Amazon's purely digital services, such as Prime Video (in more than two hundred countries), Echo smart speakers, and Music Unlimited streaming service (in a few dozen countries).

In true platform style, Amazon cross-subsidizes its growth plans in international ecommerce with its more profitable digital businesses, particularly Amazon Web Services,<sup>20</sup> and frequently uses its digital products, for which geographic distance and sticky border features pose less of an obstacle, as a way to turn people into Amazon customers in preparation for converting them into online shoppers in the future.

Amazon has rolled out digital distribution programs in hundreds of countries that vastly exceed its global retail marketplaces. Starting with the Kindle and associated online store of ebooks, then moving into Prime Video, these aspects of the Amazon brand pave the way for a relationship that the company hopes will result in brand recognition and loyalty for ecommerce. For the most desirable markets, it's also an opportunity to source locally relevant content in order to overcome the "stink" of a foreign interloper, or to compete more effectively against a local incumbent. Whether it's Amazon creating a large online Hindi bookstore,<sup>21</sup> or Amazon.ca promoting Canadian authors and sponsoring literary awards, Amazon can establish a reputation as a source for local media content, at least in the national markets that it prioritizes.

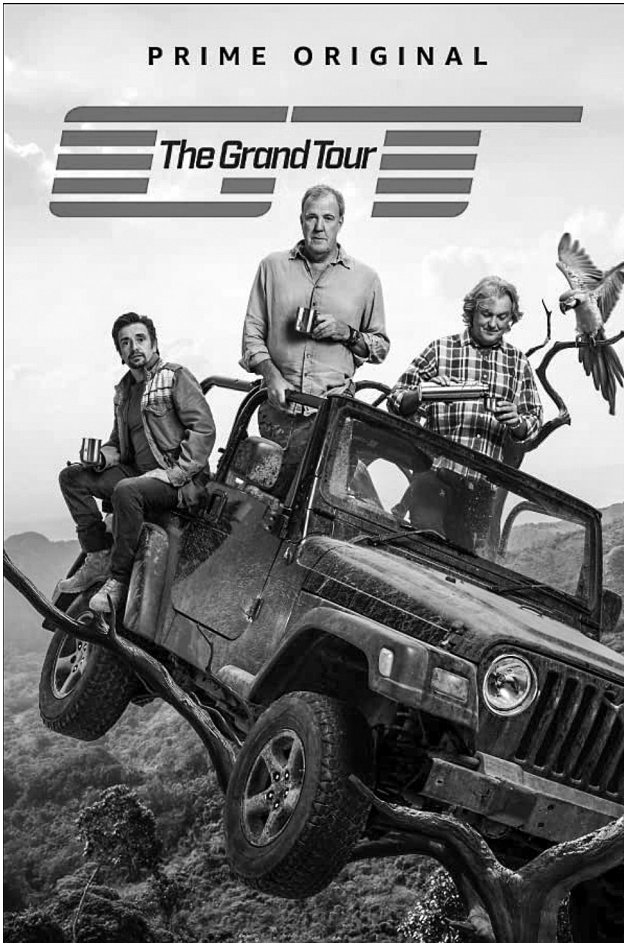
Prime Video is understood by industry observers to be a "customer acquisition channel," helping explain its rollout to 200 countries in 2016 and an estimated \$7 billion in Amazon's spending on content in 2020. Amazon Studios' focus on original productions for valuable foreign markets like Japan and India—with twenty-nine foreign-language programs produced between 2016 and 2019—is key to attracting and retaining Prime members not just for the streaming service but as retail customers.<sup>22</sup> Upon Prime Video's launch in India, Amazon's target was viewed by at least one industry observer to be ecommerce rivals Snapdeal and Flipkart rather than Netflix.<sup>23</sup> When promoting Prime Video's launch in India, Amazon made it known that Indians would be able to access Bollywood films, licensed Indian and regional content, as well as original Indian content on the new streaming platform.<sup>24</sup> In 2018 it launched a Hindi interface to Prime Video to make it more accessible and inviting to India's more than half a billion Hindi speakers, and in 2019 launched a Hindi language version of the retail site.<sup>25</sup>

Global strategy informs content development and acquisitions in international markets, as well as programs that are anticipated to travel

well across borders. Amazon's premiere of *The Grand Tour*, an adaptation of BBC's *Top Gear*, which was canceled after allegations of verbal abuse and assault from star Jeremy Clarkson against a colleague, premiered on Amazon Prime Video just a month before its global launch and had pride of place in its promotion. Already a massive global hit as *Top Gear*, with an estimated 350 million viewers worldwide per episode thanks to cable and satellite distribution of the show on BBC Worldwide, Amazon's reboot enhanced the show's global appeal as the stars traveled the world and filmed the in-studio portions of the show in a traveling tent.<sup>26</sup> Acknowledging in 2016 that the new name of the show reflected its "global ambition," the Amazon vice president of Amazon Video didn't reflect further on the title's association with the custom of upper-class young men in the seventeenth and eighteenth centuries leaving Britain to tour the continent and take in its art, culture, and sites of antiquity.<sup>27</sup> Perhaps tongue-in-cheek, this Grand Tour would feature irreverent, aging British "lads" with eyes for nothing but all things automotive, drinking their "cuppa" tea in all manner of "exotic" locations (see figure 7.1). In order to ride its wave as the "world's most popular factual television programme," Amazon invested an eye-popping \$275 million for a three-series deal.<sup>28</sup>

The localization efforts extend beyond internationally popular and nationally relevant media content, to the ad campaigns that Amazon uses to announce its arrival, aiming to boost awareness or overcome negative press. Internationally, Amazon doesn't necessarily hew to its early promotional logic from the United States, where it became an ecommerce juggernaut largely through relationship marketing and word of mouth rather than through conventional advertising. Amazon is a very visible advertiser in many foreign markets, using traditional TV spots as well as web-based and mobile ads. A localized advertising campaign that signals Amazon's interest in, and fit, with the local culture softens the impression of an American behemoth swooping in to decimate national retail, both online and brick-and-mortar.

The launch of Amazon.com.au in Australia, for example, was met with a fair amount of handwringing for what it would mean for national retailers.<sup>29</sup> Amazon's ad campaign launching the site brought a humorous lightness and attention to the everyday lives and vernacular of Australians, in an effort to dispel these fears and be read as understanding Australia. The



7.1 Promotional image for *The Grand Tour*, n.d., <https://www.imdb.com/title/tt5712554/mediaviewer/rm245787392/>, accessed May 28, 2021.

“Everything you need from a to z: easy az” campaign, from the TBWA Sydney agency, linguistically almost merges the slang short form of Australia, “Oz,” with the “az” of the tagline (pronounced “as”). Most of the ads feature something that can be read as specifically Australian. For example, an ad that features a baby in a pool alarmed by the sight of her dog swimming in a shark-fin floaty makes sure to signal awareness that the relevant item for this scenario is “swim nappies,” not “swim diapers” (see figure 7.2).





**7.2** “Floaty”—Amazon 30-second spot from TBWA Sydney. *Source:* Lindsay Bennett, “TBWA Reveals First Work for Amazon,” *Ad News*, June 5, 2018, <https://www.adnews.com.au/news/tbwa-reveals-first-work-for-amazon>. Author screenshot.

Other spots speak to Australian situations, such as spotting a giant spider in your living room or dealing with a neighbor who is feeding the local cockatoos. Amazon was surely aware that previous American brands, including another Seattle juggernaut, Starbucks, have attempted to enter Australia, perhaps assuming that what worked in the States would work there, only to be rebuffed by Australian consumers.<sup>30</sup>

Amazon’s first ad campaign in India, “Aur Dikhao” from 2015, connected Amazon’s product selection—by then larger than that of its major ecommerce rivals Flipkart and Snapdeal—with a trait presented as being characteristic of Indians: always wanting to see more options when shopping. “Aur Dikhao” translates to “Show Me More” and it’s repeated throughout the danceable song featured in the ads. The creative director for the campaign explained, “We highlighted the ‘Indianess’ which is there in all of us. Only we can go to five shops, see five different things and still crave for more and ask the shopkeeper ‘Aur Dikhao.’ We have limited budget, so before making the final decision, we keep on asking ‘Aur Dikhao’ in the hope that the best is yet to come.”<sup>31</sup> This vision (and, perhaps, stereotype) of the Indian consumer always wanting to see more and more options contrasts with Amazon emphasizing, at least to American

consumers, the convenience of personalized recommendations that make it easier to navigate the overwhelming choice in online shopping.

In India, Amazon has sought to connect with consumers not just through spot ads, but also sponsorships and connections to sports, particularly with cricket, India's most popular sport. Within a year of Amazon.in's launch, Amazon won the rights to merchandising for the India Premier League, so that Amazon.in would be the destination for fans who wanted to buy their gear online.<sup>32</sup> The company also released ads designed to be run during the IPL, such as one featuring a married couple placing bets on the outcome of the match, with the winner getting their choice of product from Amazon, and a series of ads featuring a fictional cricket team, the Chonkpur Cheetahs. Further, Amazon Prime Video's first Indian Original series was *Inside Edge*, a drama set in the world of cricket. Beyond cricket, in 2015 Amazon became the official partner of the annual Jaipur Literature Festival and outbid Indian companies to be the official sponsor of India Fashion Week.<sup>33</sup> Amazon has also linked itself with Hindu holidays by launching an annual sale called the "Great Indian Festival" in coordination with Diwali every year (see figure 7.3), accompanied by a series of upbeat, musical ads that make online shopping seem festive and fun.<sup>34</sup>



**7.3** Author screenshot from the ad for Amazon's Great Indian Festival, October 10–15, 2018. *Source:* Amazon.in ad published on YouTube, September 28, 2018, <https://www.youtube.com/watch?v=fkd5z6wCZKM>.

Amazon India's localization efforts have gone beyond marketing to adjusting the service itself. The country's size and uneven delivery infrastructure ruled out a blanket delivery window for goods; in India, the possible delivery timeframes are adjusted to your PIN (Postal Index Number) code.<sup>35</sup> In India, Amazon entered a market where the incumbent Flipkart offered a cash-on-delivery (COD) payment option for consumers who did not have access to credit cards, or weren't comfortable using them online.<sup>36</sup> COD constituted about 60 percent of Flipkart's orders in 2011.<sup>37</sup> Amazon also offers a COD payment option in India, even though this is not available in most of its other markets. Amazon also incorporated delivery by bicycle and pushed options for in-store or locker pickups earlier in India than in other markets, for consumers who preferred to pick up their items locally rather than have them delivered.<sup>38</sup>

Amazon's most recent global expansion has been via the 2017 purchase of Souq.com, the leading ecommerce platform in the Middle East. It was rebranded Amazon.ae in 2019. The press release about the rebrand quotes Ronaldo Mouchawar, the cofounder of Souq, now vice president of Amazon MENA (Middle East and North Africa), saying that Amazon.ae "brings together Souq's local know-how and Amazon's global expertise." The press release emphasizes the use of Arabic on Amazon.ae's website and app, and the availability of locally relevant payment options such as local credit cards and COD.<sup>39</sup> Souq.com, now Amazon.ae, is popular in many countries of the region, although Amazon rebranded Souq in Saudi Arabia as Amazon.sa in 2020, and in Egypt, Souq still operates as Souq as of this writing, despite the new ownership. Mouchawar argued that this was so that the rebrand and transition of services could be smoothly implemented in the UAE before being rolled out in these two large markets; others suggest that it's because brand loyalty to Souq is so strong in these countries.<sup>40</sup> Some speculated that anti-American sentiment, or animosity particularly toward Jeff Bezos, may have been the reason for a slower rebrand in Saudi Arabia in particular. This is thought to be because Bezos owns the *Washington Post* where Jamal Kashoggi was a columnist; Prince Mohammad Bin Salman's involvement in ordering his brutal killing was vigorously probed on the paper's editorial pages.<sup>41</sup> The prince was then suspected of being behind the leak of texts and intimate photos

between Bezos and his mistress, published in the *National Inquirer*. Nevertheless, Amazon.sa did launch in 2020, just a year behind Amazon.ae.

As with all multinationals, Amazon's localization efforts can be found wanting. In Japan, for example, Amazon's recent overtaking of ecommerce market share from national incumbent Rakuten is judged by analysts to be *despite* its failures to fully understand the local market, and thanks mostly to its strong logistics game that drives fast and reliable deliveries. Rakuten's focus on the needs of Japanese consumers—including exquisite gift wrapping, an online interface reminiscent of department store displays, and a membership that bundles a wide variety of online and offline services with strong “points” incentives—make it likely to remain a strong player even in the face of Amazon's size and mastery of distribution.<sup>42</sup>

If platform imperialism inherits the concern of cultural imperialism—that culture will become homogeneous and deeply Americanized—then the actual manifestations of a platform business like Amazon around the world complicate that hypothesis. But, of course, evidence of cultural variation does not undo certain structural realities: Amazon benefits from all the data in the countries where it does business, it has deep pockets against local competitors, and the kinds of operational and content differences discussed here are minor compared to the scale of Amazon's overall operations in these regions. Amazon's willingness and ability to adapt its business to different international markets may play well not just with consumers, but with another important audience—regulators.

## NAVIGATING PROTECTIONIST POLICIES

In entering foreign markets, Amazon faces not just cultural suspicion of American platform imperialism, but also regulatory obstacles designed to protect national culture industries and promote domestic economic development. One of the regulatory environments Amazon has navigated is right on its doorstep—Canada. Despite this proximity and a (largely) shared language, Amazon.ca wasn't launched until 2002, a few years after Germany, the UK, France, and Japan, and even with that launch, Amazon was not permitted to have a physical distribution footprint in Canada. This was due to the Investment Canada Act, which requires that foreign entities investing in or launching new businesses in Canada above

a certain monetary threshold be reviewed with an eye to whether they bring a net benefit to the country, with a special focus on businesses in the cultural industries, a stipulation that certainly applies to booksellers. As a result, for the first eight years of Amazon.ca, Amazon ran the software side of the business from the United States, directly employing no one in Canada whatsoever; the company contracted with a third-party warehousing and logistics company to carry out distribution within the country. Even with this restriction, Canadian booksellers viewed the launch of Amazon.ca as an existential threat to their success as well as to the vibrancy of Canadian publishing.<sup>43</sup> Similar concerns were raised in Australia on the eve of Amazon's marketplace launch there. Observers noted the high proportion of Australian authors and the visibility of their books in local bookstores, and questioned whether Amazon would undermine the richness of Australia's book culture.<sup>44</sup> In these debates, not much was heard from Canadian and Australian publishers themselves, who could ill afford to alienate a potent new distribution channel.

Jeff Bezos certainly framed the launch of Amazon.ca as good for Canadian culture, saying "Amazon.ca provides great savings and convenience to Canadian customers and allows us to source products from Canadian publishers and distributors and work with them to increase online sales of their merchandise. . . . Amazon.ca will not only serve Canadians, but will also export Canadian products all over the world, increasing the visibility and reach of Canadian writers and artists."<sup>45</sup> Consistent with this messaging, within months of its launch, Amazon.ca announced its sponsorship of a fair devoted to Canadian literature, and opened specialty "boutiques" within its online store for the Toronto and Vancouver International Film Festivals.<sup>46</sup> Similar initiatives continued in the following years, including dedicated Amazon.ca editors who produced lists of "essential" Canadian titles sold on the site. A year before Amazon.ca was even launched, Amazon.com partnered with Books in Canada, a Canadian literary magazine, sponsoring its annual Books in Canada First Novel Award, which had previously received support from Canadian booksellers.<sup>47</sup>

These efforts appeared to pay off in 2010, when the restriction against Amazon having a direct footprint in Canada was overturned; the Minister of Canadian Heritage announced that Amazon had been given permission to open its first Canadian fulfillment center, as well as Amazon.ca

corporate offices.<sup>48</sup> The decision was justified on the basis of Amazon.ca being considered a “net benefit” to Canada, given its track record in supporting Canadian culture. Heritage Minister James Moore said: “Amazon has shown its willingness to promote Canadian cultural products, and we are pleased it is continuing to demonstrate this through this new investment.”<sup>49</sup> Nevertheless, Amazon’s entry into Canada was subject to a number of conditions, including further investment in Canadian cultural events and awards and CAD 20 million worth of promotion for Canadian books abroad.<sup>50</sup> The Canadian Heritage Ministry’s justifications also included the desire to bring employment and (taxable) profits into the country rather than have such a large operation being run largely from outside Canadian borders. Amazon.ca’s efforts in previous years to present itself as a champion for Canadian authors had yielded the desired effect.

We can see similar efforts, on an even bigger scale, as Amazon woos Indian politicians and regulators, although with less consistent results. India is expected to eventually be the second-largest ecommerce market in the world (after China) as internet and smartphone penetration increase and disposable incomes continue to rise. Jeff Bezos’s widely publicized visit in October 2014, in which he met with government leaders, including Prime Minister Narendra Modi, signaled how seriously Amazon took this particular foreign market.

Amazon has energetically found ways to circumnavigate India’s economic protectionist policies that have continued even after the economic “opening up” of the 1990s. India has a powerful incumbent in the form of Flipkart, a company started by two software developers who worked at an Amazon IT center in Bangalore before launching their online bookselling company, which subsequently grew into new product categories, just like Amazon itself.<sup>51</sup> Despite the limits on foreign direct investment in various sectors, and facing a homegrown incumbent with a significant head start, Amazon had just about equaled Flipkart’s market share of about 31 percent by 2018, and exceeded its revenues by 2019.<sup>52</sup> Snapdeal is another homegrown ecommerce company with significant market share and, since 2015, financial backing from Chinese tech giant Alibaba.<sup>53</sup>

It was on the heels of news that the Indian government would relax its rules on foreign direct investment (FDI), such that a “multi-brand retailer”

could own a majority stake in an Indian venture, that Amazon started laying the groundwork for an Indian ecommerce marketplace.<sup>54</sup> Amazon reportedly initially tried, and failed, to acquire Flipkart. Its next move was to launch under a domain name it had acquired in 1998, Junglee .com (which means “wild” in Hindi), as an aggregator for *other* online retailers, framing it not as a “multi-brand retailer” which FDI rules would not allow, but a price-comparison, or advertising service.<sup>55</sup> In 2012 Amazon discovered that the new rule about multibrand retailers would *not* apply to ecommerce, only to brick-and-mortar retail. But by the middle of 2013 Amazon.in was launched anyway, a marketplace initially focusing on books, movies, and TV shows.<sup>56</sup> Amazon was able to circumvent the restriction against foreign owners of multibrand retail companies by having a “marketplace only” platform in India. In other words, Amazon.in doesn’t stock any of its “own” products—it is an online platform for third-party sellers only.<sup>57</sup> The extent to which this is really true, however, is up for debate, and has continually been a cause of back and forth between Amazon and Indian government regulators. A single seller on an ecommerce marketplace is not supposed to account for more than 25 percent of sales, and the marketplace is not supposed to offer discounts or influence pricing.<sup>58</sup> Amazon set up a joint venture with an Indian company that would then sell products on its platform; it also substantially controls pricing on its platform by financing deals and discounts that its sellers offer.<sup>59</sup> Advocates for Indian businesses argued that Amazon had been essentially stocking and selling its own goods, which the FDI restrictions disallow, “either . . . through partner entities or through independent vendors that sourced directly from wholesale units related to the FDI-funded marketplaces,” a loophole that new legislation plugged in 2018.<sup>60</sup> Especially since Walmart bought Flipkart in 2018, small- and medium-sized businesses in India have demanded more government scrutiny of whether both companies are skirting the rules, arguing that foreign-owned ecommerce giants are hurting Indian sellers through predatory pricing and other unfair business practices.<sup>61</sup> More broadly, critics of Indian government policy have pointed to how China’s more protectionist approach allowed their tech incumbents to not only succeed at home, but also become global goliaths.<sup>62</sup>

## CHINA—AMAZON MEETS ITS MATCH

The most valuable ecommerce market in the world is China, a country where Amazon struggled mightily, capturing less than 1 percent of online retail sales, before deciding to close its ecommerce operation in 2019.<sup>63</sup> It's well known that the Chinese government engages in muscular protectionism to foster its home-grown companies, as well as to control the circulation of political expression, particularly salient for a company like Amazon that sells books and streams entertainment. It's a nation that has perceived specific threats from American platform imperialism and used the economic and legal means at its disposal to either shut out American platforms, or extract major concessions to local restrictions from them. This has been a primary reason for Amazon's failure to meaningfully penetrate this market. But its inability to adjust to the specific expectations of Chinese online consumers is also likely a factor.

The United States is not the only economy whose power is considered "imperial" in the world today. China is an emergent superpower and the United States' greatest economic rival, whose recent investments around the world are widely thought to be due to both its economic and geopolitical ambitions.<sup>64</sup> It has a long history of imperialism within Asia that continues into the present day with ongoing territorial conflicts with multiple countries in the South China Sea (the conflicts extend to the name of the sea, which is contested), as well as its claim over Taiwan as part of its territory, and current global ambitions suggested by economic and infrastructure development activities associated with the Chinese government's Belt and Road Initiative. The conversation about platform imperialism must certainly include China's tech platforms, which have been protected within their massive domestic market, ideally positioning them for foreign expansion.

While as of this writing Amazon is the fourth most market-capitalized company in the world, China's Alibaba—Amazon's closest ecommerce competitor on the global stage—is the ninth.<sup>65</sup> Digital capitalism, so often conceptualized as having low barriers to entry and offering the possibility for localized entrepreneurship, is looking awfully oligopolistic. Until recently, Amazon and the world's second-largest ecommerce giant mostly



stayed out of each other's way, "carving up the world" oligopoly-style, but as time goes on they are starting to directly compete in the world's most promising markets outside of their home countries.

While Amazon's origins are in business-to-consumer online retail sales, Alibaba's original business, Alibaba.com, provides a business-to-business online marketplace that connects Chinese manufacturers to foreign buyers. It operates in this capacity in more than two hundred countries, including the United States. It built out from this cross-border commerce business to establish Taobao.com, a consumer-to-consumer marketplace that includes thousands of smaller merchants; the business-to-consumer online shopping mall TMall, featuring bigger brands and retailers; the digital marketplace AliExpress for Chinese manufacturers to sell directly to foreign consumers; Ant Financial, a digital financial services business that includes a digital payment service for consumers similar to Paypal; and Ali Health, which sells medicines online.<sup>66</sup>

On the one hand, while Amazon and Alibaba are frequently conceptualized as global competitors, they are far from identical companies, and have somewhat contrasting business strategies. According to an analysis by Morgan Stanley, Amazon starts with the consumer and builds outward, whereas Alibaba emphasizes its relationship with merchants.<sup>67</sup> On the other hand, their business models are starting to show signs of convergence, with Amazon growing its online advertising business, which is Alibaba's largest revenue stream, while Alibaba is moving into retailing proper after being "pure platform" for most of its history, especially as it acquires brick-and-mortar stores in China that allow for hybrid online-offline retail. In the meantime, both Amazon and Alibaba are expanding their direct control of logistics, and both are focused on global expansion, increasingly in the same markets.<sup>68</sup> Alibaba has long been dominant in fintech, or mobile payment services, and focuses on that in its overseas activities, either by offering its own AliPay or investing in local epayment systems, like Paytm in India. Amazon has also caught onto the importance of mobile payment services especially in international markets where access to credit cards may not be widespread, or where regulations make online payment by credit card less seamless, as is the case in India where every online transaction requires two-step verification.<sup>69</sup> In 2017 Amazon

won a license from the Indian government to start its own digital wallet program, launching into fintech in a way that makes mobile payments much easier for its customers.<sup>70</sup>

In comparing Amazon and Alibaba's global expansions, we can see different approaches to achieving global ubiquity. Alibaba's global expansions are not as visible as Amazon's because Alibaba is more of a global conglomerate, either owning or having stakes in companies around the world alongside its own branded global businesses such as Alibaba.com and AliExpress. According to one industry analyst, Alibaba's strategy is to "piece together subsidiaries to connect the world's ecommerce markets."<sup>71</sup> As it seeks to expand abroad it prefers to piggyback on existing ecommerce companies around the world, in order to benefit from their local knowledge and understanding of their consumers. Furthermore, international expansion is not as high a priority for Alibaba since there is still so much scope for growth within the Chinese market.

Amazon, in contrast, has set up its own branded marketplaces around the world. When it does acquire a local incumbent, as with Souq.com, it rebrands. With the typical confidence of an American abroad, Amazon seeks to benefit from its global brand recognition and reputation for selection and fast delivery. According to one industry analyst, Amazon also understands "the negative dilutive potential of investing in multiple brands globally, especially online brands where shoppers are less loyal: competing against yourself in your portfolio, fragmenting your shopper base, confusing your brand's identity, and limiting your value proposition in a market (i.e. 'Amazon' now stands for far more than ecommerce)."<sup>72</sup> As much as Amazon has sought to localize its identity and services in foreign markets, it has also stuck to the idea of being a global platform brand. There are certainly drawbacks in some contexts to its association with American cultural and economic dominance as well as platform monopoly, but Amazon has sought to manage those negative connotations while capitalizing on the recognition and synergy that a globally recognized brand can bring. Amazon's Americanness may be a net negative in particular places and contexts, but globally it's most likely a net positive. Amazon's association with tech glamour,<sup>73</sup> enhanced by Jeff Bezos who is well known as the world's richest person, is a nontrivial benefit in its global expansions, especially in emerging economies that

sometimes receive investment by American tech capital as a flattering vote of confidence in their economic future.

### **CONCLUSION—THE POWER, AND LIMITS, OF PLATFORM IMPERIALISM**

Across a number of countries where Amazon has set up an online marketplace, there's a detectable ambivalence about whether to welcome the American tech giant or to set limitations on the company, in the name of protecting domestic business and culture. In India the government's FDI restrictions on multibrand retailing cramp Amazon's style and on paper, at least, prevent it from actually selling anything directly in the country. But the company is embraced there in many other ways, due to the actual and perceived benefits that come with foreign investment, particularly in the tech sector which aligns with the prevailing political vision for a "Digital India." Coziness between Amazon and state entities was more than evident, for example, when India Post, with whom Amazon partners as its primary delivery carrier, released a stamp in 2016 commemorating the three-year anniversary of the launch of Amazon.in—"3 years of delivering smiles."<sup>74</sup> In this same category of ambivalence we might place Canada's decisions first to allow Amazon.ca to operate and then to allow Amazon to establish a footprint in the country, despite a law that strongly discourages foreign entities dealing substantially with bookselling and culture.

Amazon emphasizes conventional marketing in addition to its signature personalized relationship marketing when it officially enters foreign markets. Amazon brings strong existing associations with America and global celebrity and icon of tech entrepreneurship Jeff Bezos. Many of these connotations are beneficial to Amazon, so the company rides the wave of its international reputation for selection, convenience, and service, as well as its associations with American tech glamour and market dominance. At the same time, Amazon must make special efforts to be relatable and welcomed in other countries, especially in the face of explicit discourses from government and the business community about the threat of foreign operations to local business development and culture.

Compared to some of the other platform imperialists, like Facebook and Google, Amazon's global hegemony is far from complete. Shut out

of China (for the most part), no ecommerce footprint in most countries of the world, unsuccessful in some countries due to local tastes or regulations, and battling major competitors in many countries, such as Flipkart and Snapdeal in India, Amazon up until recently has been bleeding money in its efforts to establish itself and overwhelm competitors in foreign markets with the greatest potential for growth. After the much-heralded launch of Amazon.com.au, the company's progress was seen as "weirdly underwhelming," including "early stumbles" and a sense that it "doesn't meet the hype at all."<sup>75</sup> Part of the problem is that what Amazon can offer in a new global marketplace doesn't always match what people know is offered in the United States. There may be fewer product categories, smaller selection, higher prices, and slower shipping. In Australia, for example, when Amazon Prime launched it only promised two-day shipping to major cities, rather than to the whole country.<sup>76</sup>

But what does it take to compete with Amazon, with its seemingly endless pockets, and the advantage of building brand recognition and relationships by operating in multiple services—ecommerce, ebooks, and video and music streaming? As Australian scholar David Bond puts it, "Most Australian retailers are only retailers," whereas Amazon not only runs a low-margin business, but subsidizes it through all its businesses, including the tremendously profitable Amazon Web Services, as well as the services it provides to third-party sellers.<sup>77</sup> A commentator observed when Amazon .in was launched, "Amazon makes its entry with a known brand and deep pockets."<sup>78</sup> In India, Amazon's main rival Flipkart, in search of another set of deep pockets, was acquired by Walmart in 2018. This, after almost-comical tit for tats: a day after Flipkart announced a \$1 billion infusion of capital from investors, Amazon CEO Jeff Bezos committed \$2 billion to growing Amazon India.<sup>79</sup> A year later, Amazon was announcing a \$5 billion level of investment in India, in an effort to make it the company's largest market outside the United States.<sup>80</sup>

Why do countries with laws to protect domestic culture and industries bend, as we've seen in Canada, Australia, and India, to make it easier for Amazon to enter? Certainly, persistent lobbying is part of the answer. In the case of India's restrictions on foreign direct investment, Amazon lobbied lawmakers not just in India, but in the United States as well, in an effort to use the weight of the US government to further its interests, to

the tune of millions of dollars.<sup>81</sup> Bezos's 2014 visit to India, repeated in 2020, was part of the charm offensive to persuade Prime Minister Modi's government to make favorable terms for Amazon. Unlike in 2014, however, in 2020 Bezos was unsuccessful in winning an audience with Modi or other high-ranking government officials. In the midst of an antitrust investigation against both Amazon and Flipkart, protests against Amazon from local retailers focused on its foreign ownership, and widespread upset about the Bezos-owned *Washington Post's* coverage of the ruling BJP party, Amazon's trumpeting of a \$1 billion investment in Amazon.in and plan to enable \$10 billion in exports from Indian small- and medium-sized enterprises was met with a governmental cold shoulder.<sup>82</sup> As India becomes a focus for foreign tech investment from all over the world (particularly China) while simultaneously building tremendous domestic capacity thanks to government support, an American tech giant like Amazon may have less leverage than it did when the country was in the earlier stages of developing its digital economy.

A consideration for national governments contemplating the arrival of Amazon is the potential for local sellers to reach global markets via Amazon's global selling platform. We saw this with Amazon's promises that closer coordination with Canadian publishers would help promote Canadian writers around the world. Amazon is sure to get stories out, like that of small-business owner Sanjay Kumar in India, who sells his jewelry, home decorations, and games to customers not just at home but in North America and Western Europe, where they pay higher prices.<sup>83</sup> In 2016 Amazon launched a highly visible "Make in India" store on its Amazon.in and Amazon.com sites, in coordination with an Indian government initiative designed to promote Indian manufacturing at home and exports of its goods abroad.<sup>84</sup> The global nature of Amazon's video streaming platform similarly offers the possibility of global audiences for local content.

Another reason Amazon is able to enter foreign markets with fewer obstacles than we might expect is because of regulatory lag. In 2016, when Amazon launched Prime Video globally, its arrival in Canada bolstered the complaints of Canadian cable companies and broadcasters to Canada's media regulator, the Canadian Radio-television and Telecommunications Commission (CRTC), that they faced unfair competition from OTT (over-the-top) streaming services, particularly Netflix.<sup>85</sup> Although in

Canada broadcast and cable television are subject to government content regulation, including quotas they must fill for Canadian content, OTT is not because it is delivered via the internet. Yet, OTT has clearly become a direct competitor to broadcast and cable in that it is delivering “television.” If cultural protectionist regulations like Canadian content quotas are designed to promote Canadian cultural industries and maintain a certain level of Canadian video content consumption among Canadian viewers, then failing to develop policy for OTT becomes a significant oversight.

Tax laws are another good example of regulatory lag. For years, Australian retailers complained that foreign companies like Amazon and eBay could undercut them on pricing, even with shipping charges, because they didn’t charge sales tax.<sup>86</sup> In 2018 that loophole was finally closed, just before Amazon.com.au’s launch. Indeed, it came to be known as the “Amazon tax.”<sup>87</sup> At the time of the launch, Amazon blocked Australians from the American site, where consumers had long been shopping, despite the international shipping costs. This caused consternation, since Amazon’s Australian marketplace had a much smaller selection of products. Six months later, seemingly in response to consumer backlash, Amazon lifted the geo-blocking and once again allowed Australians a choice between Amazon.com and Amazon.com.au, although now with 10 percent sales tax applied to purchases for Australian buyers, in compliance with the new law.<sup>88</sup> But hadn’t Amazon already reaped years of advantage, and made it even harder for a domestic incumbent to develop its online retail business in the lead up to 2018? In 2019, reports indicated that revenues from the sales tax on low-cost items bought from abroad online were *300 percent* higher than expected, suggesting that the government had vastly underestimated the value of goods that Australians were purchasing this way.

Governments develop their policies, but at a slow pace relative to how quickly a company like Amazon can roll out new services. In Canada, for example, the CRTC released its report on how digital distribution was affecting the “production, distribution, and promotion of Canadian programming” only in 2018, well after Netflix and then Prime Video’s entry into the market, and actual policymaking on these issues (apart from an ad hoc agreement with Netflix to fund Canadian productions) is still just a glimmer in lawmakers’ eyes.<sup>89</sup> In India, the regulation of FDI in ecommerce has similarly been somewhat slow and evolving, to the

annoyance of Amazon and its investors who have proceeded despite the inherent uncertainty. Across the board, whether in the United States or internationally, regulation doesn't only lag relative to the speed of platform capitalism; lawmakers also fail to get their arms around the scope of what they are trying to regulate. These countries set out to regulate retail, bookselling, streaming video, or mobile payments, but Amazon operates across these business categories and beyond them, and its ability to subsidize growth and outcompete within these areas is precisely because of its scale and integrated nature as a platform business.

We can examine Amazon's global expansions through the lens of platform imperialism, while recognizing that, just as with cultural imperialism, Amazon's economic and cultural power as an American tech giant does not go uncontested. On the one hand, Amazon's localization efforts can be understood as a relatively minor set of concessions and expenses. The fact that Amazon creates and distributes culture makes it a greater target for nationally protectionist policies than if it operated merely in hardware and software. On the other hand, Amazon's powerful global selling platform appeals to countries' national interests in promoting homegrown products abroad as well as at home, and can actually help Amazon open doors to new markets for what, in reality, is a much broader set of business activities than the distribution of culture.





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## Buy Now

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### Citation:

*Buy Now: How Amazon Branded Convenience and Normalized Monopoly*

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DOI: [10.7551/mitpress/12464.001.0001](https://doi.org/10.7551/mitpress/12464.001.0001)

ISBN (electronic): 9780262368391

Publisher: The MIT Press

Published: 2022

The open access edition of this book was made possible by generous funding and support from MIT Press Direct to Open



The MIT Press

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The MIT Press would like to thank the anonymous peer reviewers who provided comments on drafts of this book. The generous work of academic experts is essential for establishing the authority and quality of our publications. We acknowledge with gratitude the contributions of these otherwise uncredited readers.

This book was set in Stone Serif and Avenir by Westchester Publishing Services.

Library of Congress Cataloging-in-Publication Data

Names: West, Emily, author.

Title: Buy now : how Amazon branded convenience and normalized monopoly / Emily West.

Description: Cambridge : The MIT Press, [2022] | Series: Distribution matters | Includes bibliographical references and index.

Identifiers: LCCN 2021014621 | ISBN 9780262543309 (paperback)

Subjects: LCSH: Amazon.com (Firm) | Electronic commerce. | Retail trade.

Classification: LCC HF5548.32 .W466 2022 | DDC 381/.14206573—dc23

LC record available at <https://lcn.loc.gov/2021014621>