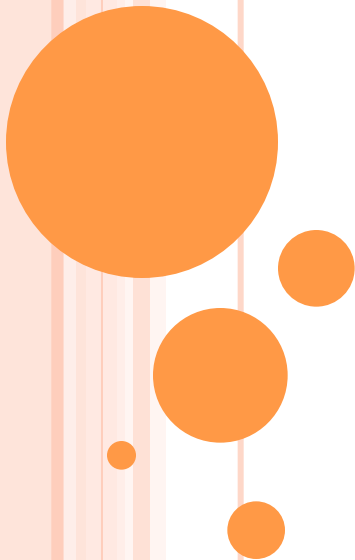


WEEK 10:

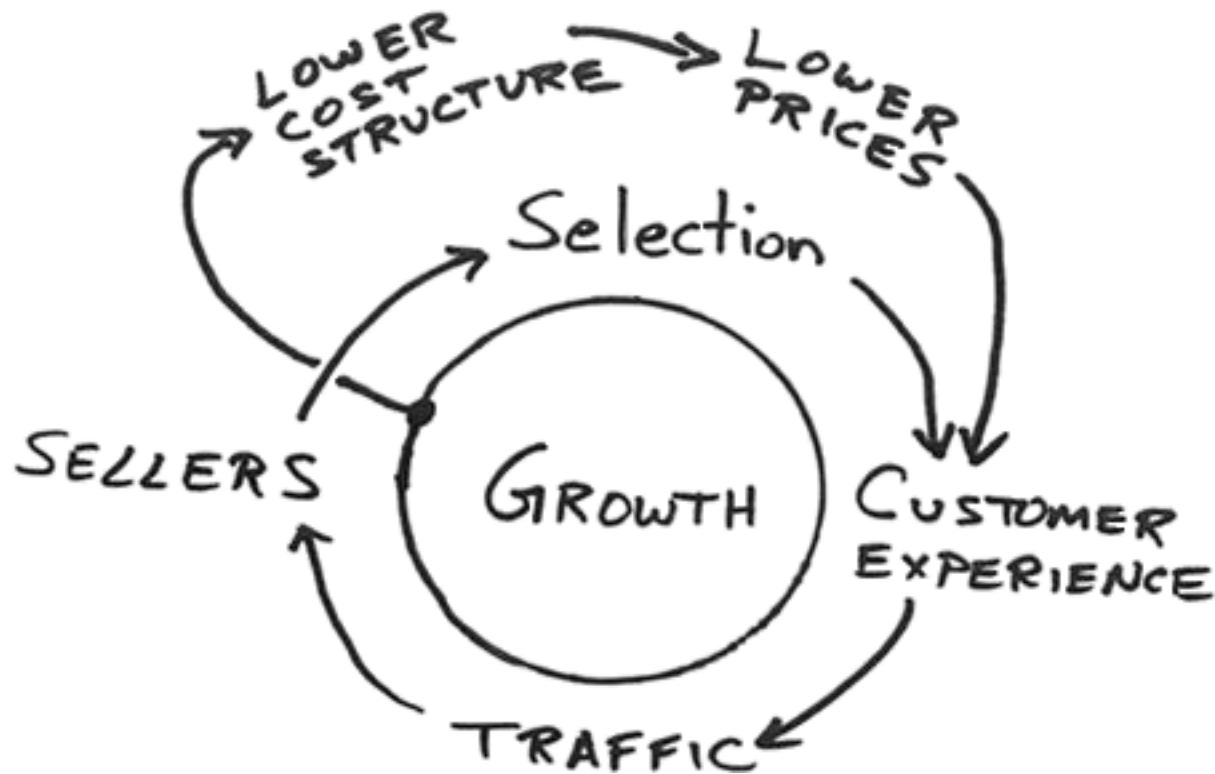
amazon.eu™ CASE STUDY

MIS 3537: Internet and Supply Chains



amazon.eu™ 2005 - PRESENT

- Jeff Bezos 'Napkin sketch' outlining Amazon's Strategy



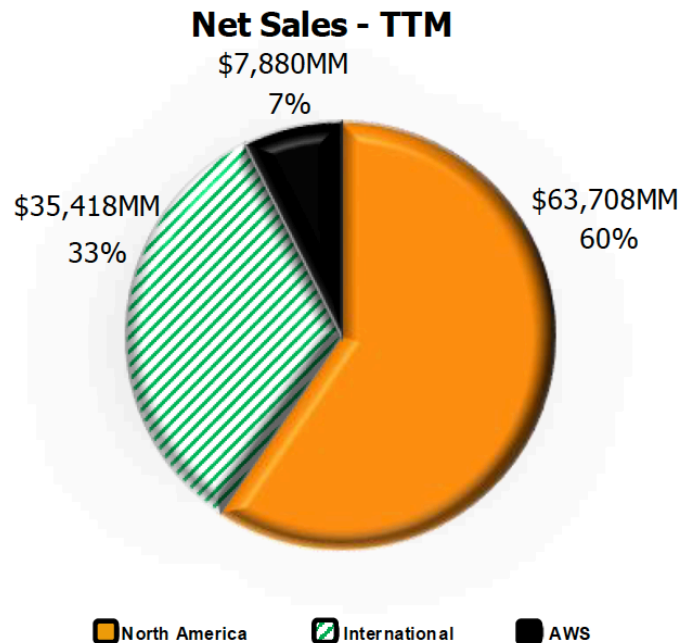
amazon.eu™ 2003 - PRESENT

- “Catch the US in Five Years”

- 2002

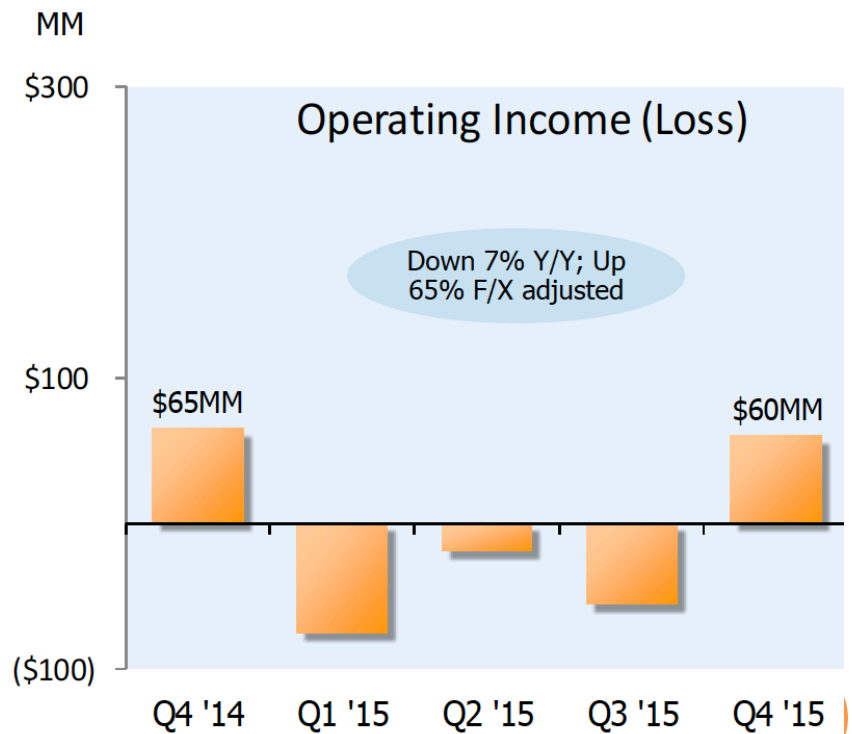
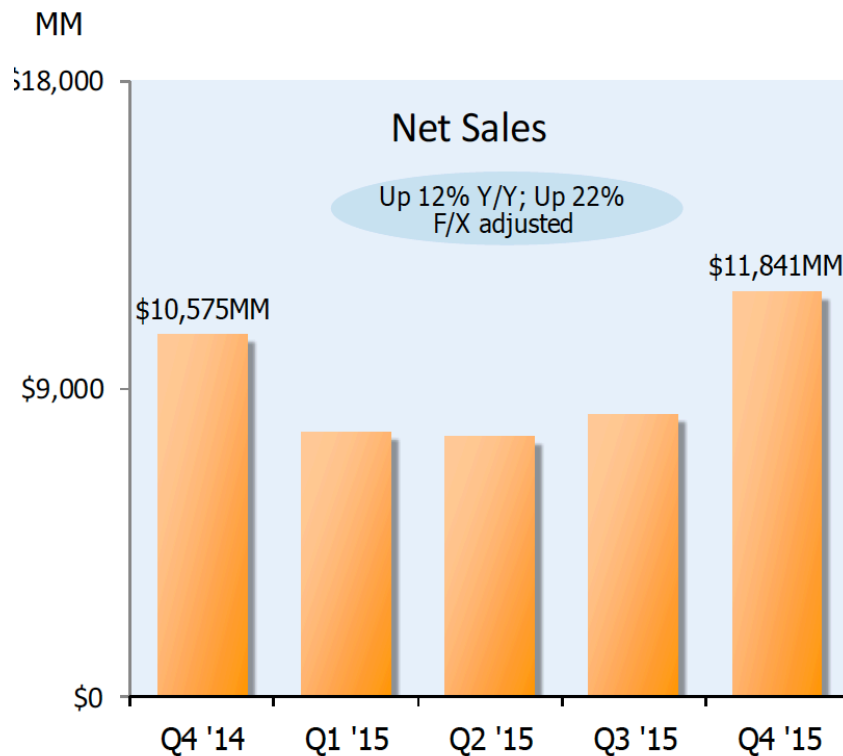
- US: \$2,764 MM
- Int'l: \$1,168.9

- 2015













amazon.eu™ 2003 - PRESENT

Segment Results – International



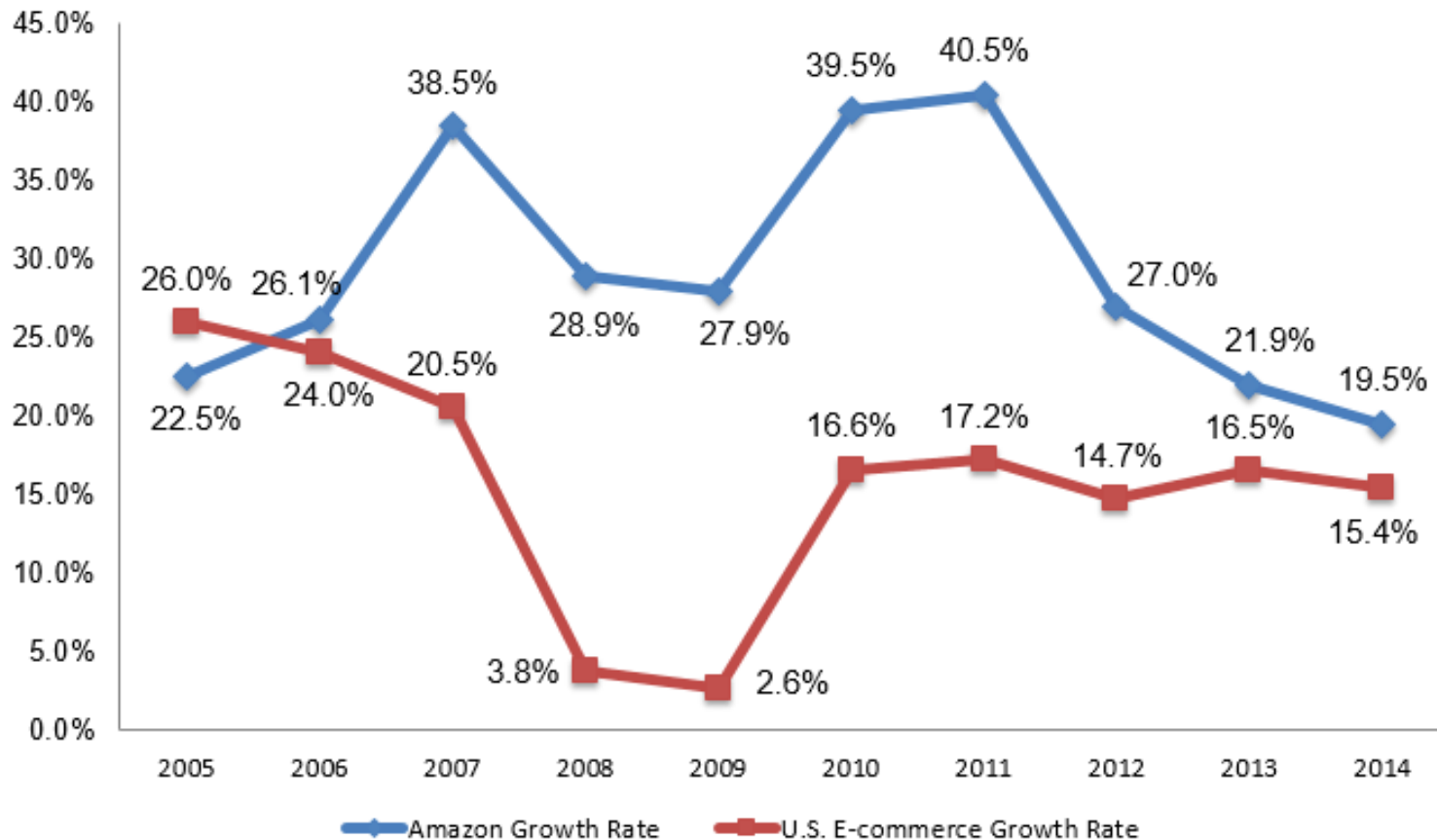
amazon.eu™ CURRENT NETWORK

Flag	Country	Facility Type	Number of Active Facilities	Active Square Feet	Future Facilities	Future Square Feet
	United States of America	Fulfilment Centers and Redistribution Centers	75	59,093,700	10	7,264,300
		Sortation Centers	26	7,135,600	1	117,200
		Prime Now Hubs and Fresh Delivery Stations	59	1,982,400	0	-
		SubTotal USA	160	68,211,700	11	7,381,500
	Canada	Fulfilment Centers	5	2,140,100	0	-
	Mexico	Fulfilment Centers	1	400,000	0	-
	United Kingdom	Fulfilment Centers	10	5,270,300	2	1,654,000
		Delivery Stations	20	1,545,200	0	-
	Germany	Fulfilment Centers	9	9,404,200	1	500,000
		Prime Now Hubs	14	66,500	1	75,300
	France	Fulfilment Centers	4	2,647,000	0	-
	Italy	Fulfilment Centers	1	645,600	0	-
		Prime Now Hubs	1	-	0	-
	Spain	Fulfilment Centers	1	807,000	1	-
	Czech Republic	Fulfilment Centers & Return Centers	2	1,291,200	0	-
	Poland	Fulfilment Centers	3	3,438,300	1	-



amazon.eu™ 2005 - PRESENT

- Amazon growth rate vs. e-commerce sales growth in US



amazon.eu™ 2005 - PRESENT

- Share Price





Tom Taylor – now VP Sellers Services

- Webstore,
- Payments
- Fulfillment by Amazon)





**SPECIAL TOPICS IN GLOBAL
SUPPLY CHAINS – ETHICS AND
ENVIRONMENT**

AGENDA

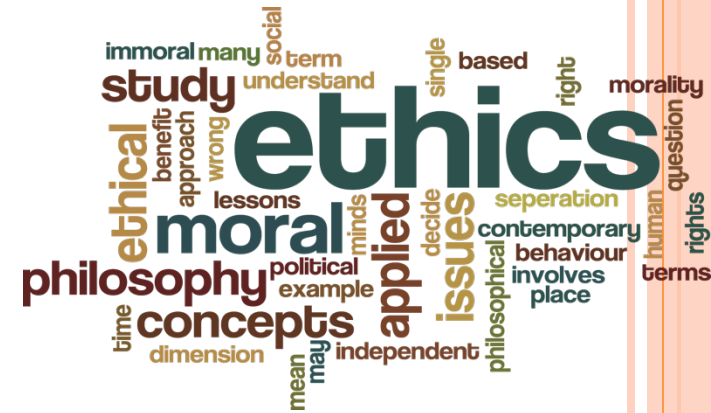
- Ethics



- Green Supply Chains



ETHICS



○ Definition

- society's general understandings of what is good or appropriate behavior

○ Corporate Social Responsibility

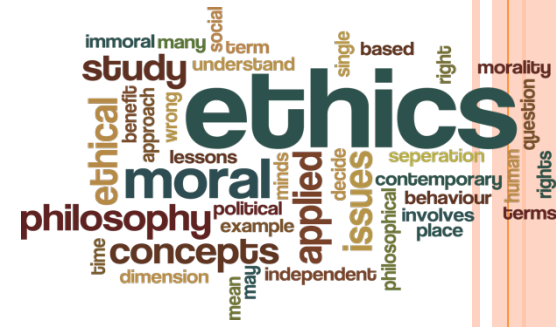
- corporate self-regulation
- monitor and ensure their adherence to law, ethical standards, and international norms.

○ Social accounting

- communication of social and environmental effects of a company's economic actions to particular interest groups within society



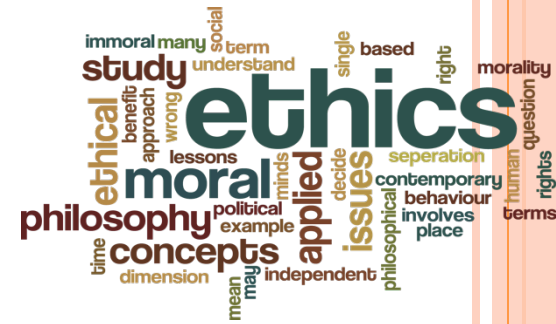
ETHICS IN SUPPLY CHAINS



- a company at one part of the supply chain (typically a brand owner, retailer or other Western company with a public profile) takes responsibility for the social and/or environmental performance at other stages of the chain

- Why?
 - Most powerful value chain members bears greatest burden of responsibility
 - With greater power comes greater responsibilities





ETHICS IN SUPPLY CHAINS

○ What are Challenges to ensuring ethics in supply chains?

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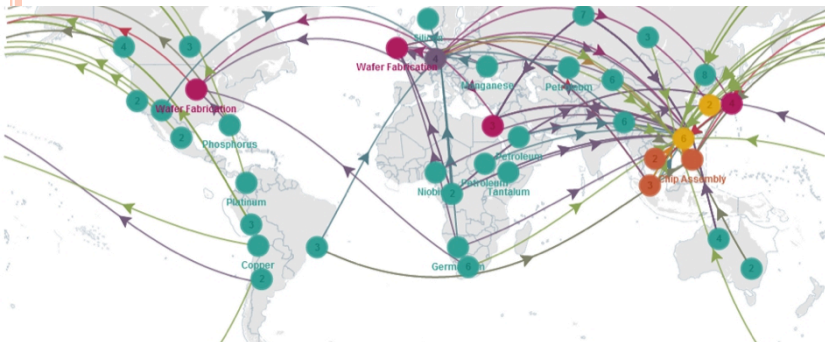
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ETHICS IN SUPPLY CHAINS



- What are Challenges to ensuring ethics in supply chains?
 - Outsourcing (e.g. control)
 - Globalization (e.g. different laws, expectations)
 - Complexity
 - Competition (\$\$, opportunity)



CONCERNS IN ETHICAL SUPPLY CHAINS

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CONCERNS IN ETHICAL SUPPLY CHAINS

- Child labor
- Low prices
- Harsh working conditions
- Strong arm tactics
- Discrimination / Diversity
- Environment
- Late recall of unsafe products
- Animal and human testing
- Biopiracy
- Employee raiding
- Political instability
- Utilization of natural resources



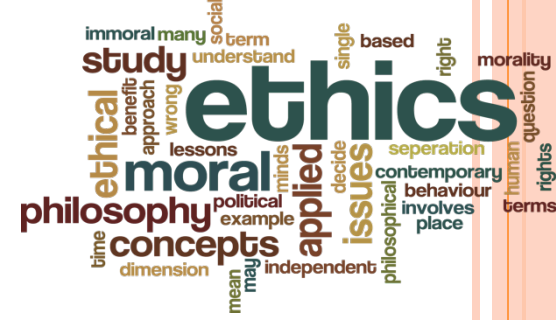


ETHICS IN SUPPLY CHAINS

○ How to Drive Ethics in your Supply Chain?

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ETHICS IN SUPPLY CHAINS

- How to Drive Ethics in your Supply Chain?
 - Identify and develop suppliers whose policies and values mirror yours
 - Influence supply chain partners using size, buying power, reputation, ...
 - Willing to do the right thing – including ending relationships / contracts with unethical or repeat offenders
 - Focus from traditional → sustainable SC
 - Leadership: Vision backed up with disciplined decisions & actions



FAIR TRADE



- Fair trade's strategic intent is to deliberately work with marginalized producers and workers to help them move from a position of vulnerability to one of security and economic self-sufficiency.
- Handicrafts, coffee, cocoa, sugar, tea, bananas, honey, cotton, wine, fresh fruit, chocolate and flowers.
- Setting a price floor; ensuring sustainable business practices
- Starbucks fair trade certified coffee



FAIR TRADE PRINCIPLES

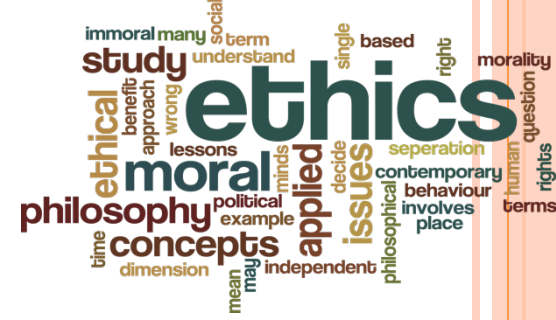
- Market Access for Marginalized Producers
- Sustainable and Equitable Trading Relationships based on dialogue, transparency and respect
- Capacity Building & Empowerment
- Consumer Awareness Raising & Advocacy
- Fair trade supply chains
 - integrated supply chain
 - product certifications



TRAIDCRAFT
Fighting poverty through trade



SUPPLY SIDE



○ Ethical Consumerism



- Fair trade

- Organic

- Dolphin safe fish



- Animal welfare standards (e.g. Free range poultry)



- Rainforest alliance certified



- Recycled Material Use





GREEN SUPPLY CHAINS

- Which is more environmentally friendly

- Beer in glass bottles or beer in cans?



- Is buying local always the right choice?

- Real or fake firs?

**BUY
LOCAL.**





GREEN SUPPLY CHAINS

- Definition:





GREEN SUPPLY CHAINS

○ Definition:

- Sustainable
- Long-term commitment
- Entire supply chain (including suppliers capability)
- Considers the environmental, social and economic consequences of:
 - Design
 - Non-renewable material use
 - Manufacture and production methods
 - Logistics, service delivery
 - Use, operation, maintenance
 - Reuse, recycling, disposal





GREEN SUPPLY CHAINS

○ Elements

- Green Design
- Green Sourcing
- Green Production
- Green Distribution
- Green Reverse Logistics





GREEN SOURCING

○ Green Design

- Emotionally durable design
- Preservation of natural resources
- Ease of Production
- Waste Prevention
- Less packaging
- Life Cycle (Design for reuse, recycle, disposal)





GREEN SOURCING

○ Supplier Screening

- Pollution, emissions, waste control
- Less packaging
- Biodegradable materials
- Preservation of natural resources

- e.g.  ordered all 5000 suppliers be ISO 14001 (EMS- Environmental Management System) compliant (1998 – 2003)

- “... proven that business and the environment can live in harmony, Ford has demonstrated it can save millions of dollars and at the same time reduce our environmental impact.”

Tim O'Brien – director of Ford's Environmental Quality Office





GREEN PRODUCTION

- Environmental Compliance
- Remanufacturing
- Disposal of hazardous waste
- Waste prevention
- Energy Sources and Use (Carbon Footprint)
- Using safe materials
 - Mercury free batteries
 - No CFC





GREEN DISTRIBUTION

- Green packaging
- Green Equipment (e.g. Energy Star)
- Green transportation
 - Fuels
 - Efficiency (↓ Empty miles, e-Distribution)
- Green marketing
- Measure and Minimize





GREEN REVERSE LOGISTICS

- Waste free supply chains
- Incentivize consumers to reuse and recycle
- Ensure a well developed recycling network
 - Acquisition, reverse logistics, refurbish, market
- Recovery, Refurbish



EXAMPLES



○ IKEA

- ‘People and Planet Positive’
- Energy, waste, sustainable sourcing



○ Cisco

- “What is good for the world and good for business are more closely connected than ever before.” CEO
- Product Life-cycle (e.g. returns)
- Energy, emissions, waste, ...

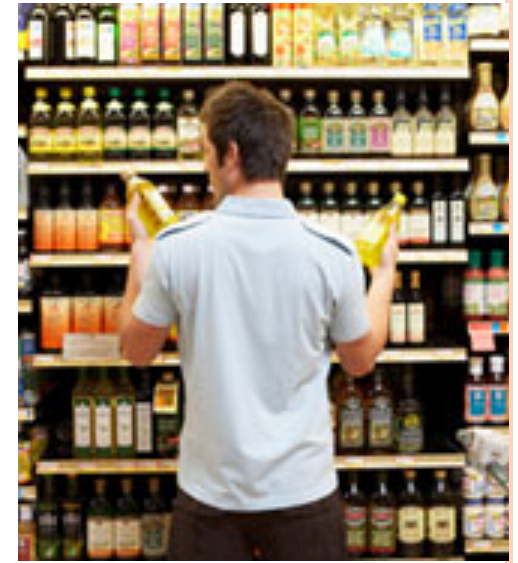


○ Starbucks

- Hi quality, ethically purchased and responsibility produced products]
- Minimize environmental footprint ... inspire others to do the same.



DO ETHICS WORK?



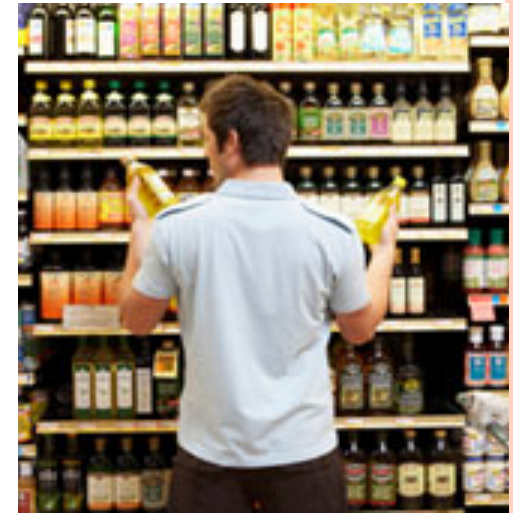
○ Voting with dollars

- How much higher price are you willing to pay for 'ethical' products?
- Do You vote for Social Responsibility, 'Green' with your \$\$\$?



CONSUMER INCONSISTENCY

- “I love my car; I hate the bus. Yet I vote for candidates who promise to tax gasoline to pay for public transportation. ... I have an “Ecology Now” sticker on a car that drips oil everywhere it is parked.” ? *Mark Sagoff*
- Does it Exist?



DO ETHICS WORK?

- Consumers and “green”



DO ETHICS WORK?



- Corporate Social Responsibility (CSR) is a means to avoid regulation
 - Window dressing?
- Management Tension?



Profits \$\$

Doing what's best for Society





Questions ?

