

*What began as an online bookstore in Seattle has become the largest internet retailer in the world, with a revolutionary subscription model and proprietary product lines like the Echo and Prime series.*

**Amazon.com, Inc.**

**Amazon**



**by Rebekah Mullins**

*Business in Czechia*





## Country Synopsis

- ▶ Strong ecommerce market: #1 in the European Union
- ▶ One of the few European countries with an economy growing at ~4% annually, thanks in part to a local currency weathering external change
- ▶ Welcoming trade attitudes, especially towards the US (few restrictions, too)
- ▶ Wage competitions are rising from unemployment rate of 2.8%, aging population, and distrust of immigration

# 24.57 Billion CZK

Capital formation inflows (half of 2018)

# 140 Billion USD

29th largest import economy (of 221, 2016)

# 22.1635 : 1 USD

Exchange rate of the koruna (June 2018)

# Country Analysis



- ▶ Younger citizens appreciate open borders but many of the older ones tend to be fearful of change, resentful of immigration, and wary of any loss of sovereignty. So, many EU mandates are looked on with uncertainty, especially adoption of the euro; likely due to a history of foreign occupation.
- ▶ The koruna is therefore strong and stable, having recently appreciated against the euro after the removal of a cap targeting inflation and safeguarded the country against recent recessions. However, unemployment is also low enough to cause harmful wage competitions.
- ▶ It is one of the few EU economies that is not stagnant, especially in ecommerce, and has the fastest-growing GDP. Trade attitudes are thus good toward the US, with a bilateral treaty outside normal EU operations. This has led to high trade, low barriers, and few regulations (against entrepreneurship or otherwise).

# Strategic and Operational Considerations

## Opportunity

- ◀ Cheap office space
- ◀ Majority of population (64%, estimated much higher) is Czech, allowing for refinement of strategy
- ◀ Increase in spending power
- ◀ #1 most developed ecommerce in EU; 43% of all non-food sales made online
- ◀ Only restrictive laws are Czech Trade License, registration in the Commercial Registry, EU safety standards
- ◀ Contracts easy to make (new civil law)
- ◀ First democratic elections: stable environment with recent reforms to reduce corruption, attract investment

## Examination

- ◀ Strike while the iron is hot
- ◀ Still act to protect assets; politics peaceful but resentment growing, economy has uncertain future with 2.3% unemployment
- ◀ Read legal codes before contracting
- ◀ Koruna getting stronger; exchange soon in the forward market
- ◀ Amazon jobs will reduce wage competition in Czechia
- ◀ The above and likely incentives for capital formation will provide a very welcoming environment

## Implementation

- ◀ In general
  - ◀ Increase operations instantly
  - ◀ Target Czech nationals (their language and dark humor)
  - ◀ Prices should start low to not be another outcome of new tourism, but can raise quickly (with GDP)
  - ◀ Position as #1 of #1 ecommerce
- ◀ Within departments
  - ◀ Hedging should be done in the relatively short term
  - ◀ Management preferred as authoritative, political “correctness” a time waster
  - ◀ Contracts fast; require research