

Pandemic Spending Pushes Amazon Profits to Record

The pandemic created a perfect storm for Amazon. With more people shopping, and more people working from home using cloud services, Amazon's profits have soared. Sebastian Herrera reports for *The Wall Street Journal* (abridged):

Amazon. AMZN 0.37% com Inc. reported record quarterly profit as demand remained robust for its deliveries, cloud-computing and advertising businesses, capping a blockbuster earnings season for the world's largest technology companies.

The Seattle company's profits in the year since the pandemic started exceeded \$26 billion, more than the previous three years combined. Net income from January to March more than tripled to \$8.1 billion, and revenue of \$108 billion far exceeded the average of analyst predictions on FactSet.

The tech giant's success in the past year has catapulted the company to new heights, after consumers flocked to online shopping during pandemic lockdowns. Amazon's dominant grip over e-commerce and continued expansion into new industries have strengthened its power, although the company continues to face challenges from regulators and some employees.

Amazon's first quarter is typically slower than its preceding end-of-year results, which are aided by holiday shopping sales. Yet the company has exceeded expectations in recent quarters. It shattered sales records last year as homebound Americans turned to its delivery services. The company's stock price rose 76% in 2020.

Amazon's achievements have come as regulators increasingly scrutinize the company's market power. Congress has considered changes to antitrust laws that could make it easier for the

government to challenge certain business strategies and practices or force tech giants to separate certain units. Last year, a congressional panel found Amazon had amassed “monopoly power” over sellers on its site, bullied retail partners and improperly used seller data to compete with rivals.

In a response to its critics, Amazon is raising pay for many of its employees. Herrera reports elsewhere in the *Journal*:

Amazon. AMZN 0.37% com Inc. is raising wages for its hourly employees after a majority of workers at one of the e-commerce giant’s warehouses voted not to unionize.

The company said Wednesday that more than 500,000 of its employees would see pay increases of between 50 cents and \$3 an hour. Amazon, which offers a starting wage of \$15 an hour and employs roughly 950,000 people in the U.S., said the raises represented an investment of more than \$1 billion.

The pay increase covers a variety of workers and schedules, but averaged over the total number of employees Amazon said would be affected, it would amount to about \$40 a week per worker.

Amazon said its starting wage is still \$15 an hour. The company declined to say what the average raise will be for workers and said that depends on factors such as how long an employee has been at the company.

A company spokeswoman said Amazon decided to pull forward its pay review from the fall to increase wages now. She declined to say if the raises were tied to the union election in Bessemer, Ala., but said they are related to hiring and maintaining competitiveness for workers. Amazon said it is now hiring for tens of thousands of jobs across the U.S.