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Seattle: The Curator for Amazon's Innovative Success

If it weren't for the perseverance of tech-minded individuals, our world wouldn't be where it is today. In 1994, the company that has transformed the online shopping and business sector was born; Amazon was first created to be an online bookstore by Jeff Bezos and his wife, Mackenzie. This paper will focus on Amazon in Seattle, Washington, from 2007 to the present day. This historical period was selected because, in 2007, Amazon selected Seattle to be home to its first headquarters. This topic is important and of interest today because, amidst the COVID-19 pandemic, scholars, successful business minds, and economists are reevaluating "the office's" pros and cons and overall value in today's technological society. With businesses worldwide having to work virtually from home, questions about how essential head offices and headquarters are to a business's innovation and productivity are arising.

This paper evaluates two research questions to understand the geography of innovation regarding Amazon's dynamics and success. The first research question is why may Amazon's innovative success be derived from choosing Seattle as the location for the company's first headquarters? Secondly, how did 'geography as accessibility' give Amazon a more substantial advantage than other businesses by locating the headquarters in Seattle? To specify, 'geography as accessibility' refers to a place or territory's realm of accessibility to certain economic and social aspects in the area.

The outline of this paper will follow a plausible geographical analysis using 'geography as accessibility' elements to understand and argue that by choosing Seattle for Amazon's headquarters, the company saw exponential growth in its ability to become the most innovative online marketplace distributor. Firstly, this paper will evaluate why Bezos chose Seattle for Amazon's headquarters in terms of the geography as accessibility to markets, clients, and a favourable, specialized labour pool, and how it influenced Amazon's success. Secondly, the

geography of Seattle as accessibility to advantageous state institutions and policies is explored in regards to understanding the research question of what role 'geography as accessibility' had on Amazon's success. Lastly, this paper evaluates the effects that geography as accessibility to public infrastructure and facilities had on Amazon's innovative success. Such findings are crucial in understanding how the success of Amazon's innovation can be explained geographically.

Seattle's Geography: As accessibility to markets, clients, and a specialized labor pool

After Amazon's creation and success as an online book, music and fashion retailer, Bezos decided to build the company's first headquarters in Seattle, Washington, in December of 2007. There were multiple factors in choosing Seattle as the location for the headquarters, many of which can be explained geographically, as well as the success Amazon experienced from building its roots in Seattle. This section evaluates Seattle's geography as accessibility to markets, clients, and a specialized labour pool and argues that Seattle was the ultimate place for Amazon's innovative success by having access to these factors.

Before Amazon's creation, Seattle already had a well-established book market as the largest wholesaler in the world, Ingram, was located in the city. Ingram controlled 50% of the U.S. market, and as a wholesaler, it was the key link between Amazon (the retailer) and the publishing world (Ellsworth, Danskin & Wells, 2018). Ingram's role was to distribute to bookstores and fulfill book orders placed by such retailers like Amazon, and only distribute books on demand. This made Bezos's business model and of an online bookstore even more valuable. Being within geographical proximity to an already booming book market and Ingram was key to generating Amazon's success.

Lastly, it is crucial to understand how Seattle's specialized labour pool contributed to the company's success. Geographically, Breschi argues that the production of innovation tends to

cluster in areas where knowledge inputs are available (2001). Amazon needed more software engineers to develop its platform, and Seattle was home to many due to Microsoft having a headquarters in the city as well. Thus, having access to such a specialized labour pool made Seattle an attractive site for the new headquarters and contributed immensely to Amazon's success. Such success can be proven by the number of employees at Amazon, which jumped from 230,000 in 2015 to over 341,000 employees when the headquarters opened in 2016 (Macrotrends, 2021). Of those new employees, over 40,000 of them would work in the new headquarters (DePillis & Sherman, 2021). Spatial clustering varies depending on the industry's stage in its lifecycle and the importance of the knowledge (Breshi, 2001). Thus, the spatial clustering of the tech industry in Seattle can be explained from Amazon's new headquarters opening, as the demand rose dramatically for the workers of a specialized labour pool. By having accessibility to markets, clients, and a specialized labour pool, Seattle was the ultimate place for Amazon's innovation to thrive.

Seattle's Geography: As accessibility to state institutions and policies

One of the most advantageous parts of locating Amazon's headquarters in Seattle is that Seattle doesn't have sales tax. Whenever Bezos would ship a book within the United States, he wouldn't have to levy sales tax, thus putting him at an immediate advantage over local bookstores in other states (Ellsworth, Danskin & Wells, 2018). This was problematic for local bookstores for apparent reasons, and Amazon was blamed for the 40% decline of independent bookstores across America from the mid-1990s to 2009 (DePillis & Sherman, 2021; McKinnon, 2020). Amazon benefited immensely from taking out independent bookstores, and it is primarily what allowed for their success during those years. Still, since 2009 there has been a resurgence of such bookstores across America. By analyzing the dates of product launches and data trends

during those times, it can be argued that from 2009 forward, Amazon's moneymaker was not printed books alone. By this time, Amazon had launched the Kindle and was advancing its technology every year. Bezos' was acquiring companies to further Amazon's innovative success, such as the audiobook company Audible, the shoe shopping site Zappos, the robotics company Kiva Systems, and even purchased The Washington Post (DePillis & Sherman, 2021). After 2009, the book industry was clearly not the only market Amazon was infiltrating, thus possibly explain the rise in independent bookstores again. Others argue that customers wanted curated content and excellent service, connections within the community, and wanting to buy books in person and in print format (McKinnon, 2020). These decades-long results are tied back to Seattle's geography as it has accessibility to no sales tax, which was the initial factor that allowed Bezos and Amazon to grow into the innovative company it is today.

Seattle's Geography: As accessibility to public infrastructure and facilities

Huffman and Quigley believe that students who attend a university from surrounding cities, states, or foreign countries are more likely to reside and work in the area or state they received their education (2002). Bezos understood the concept that accessing public infrastructure, facilities, and programs would be a significant factor in growing Amazon and recruiting tech and business-minded individuals to his company. Amazon has three sphere-shaped plant conservatories that allow employees to work in a different and innovative space in Seattle. The company made deals with the University of Washington's (UW) Environmental Sciences program to contribute different species of plants to their greenhouses on the company's campus. UW's Environmental Science students were able to learn from Amazon's horticulturist Ron Gagliardo and eventually propagate some unique and rare species to grow in Amazon's Spheres once built (Long, 2016). Furthermore, Amazon has a strong interest in the

UW's Computer Science & Engineering department, and in 2016 donated \$10 million to the University to build a second building (Langston, 2016). In hopes of recruiting more students to develop computer science skills, UW's President Ana Mari Cauce believes that with the generous donation from Amazon, the University can accept more students and generate more graduates with highly sought-after skills in computer sciences (Langston, 2016). Of course, this donation isn't only a 'nice gesture'; Amazon has interests in University programs like these because of the potential for recruitment of students post-graduation. By donating \$10 million out of the \$110 million needed for the new building, Amazon is helping double the amount of computer science graduates per year, which, for Bezos, means more possible employees to hire (Langston, 2016). Bezos makes his intentions clear in a quote and says, "The University of Washington is a world-class institution, and we are lucky to have thousands of UW graduates inventing and pioneering in Seattle – including right here at Amazon," (Langston, 2016).

Donating to universities and getting involved with certain departments is not the only way Amazon utilizes such public programs. Amazon Prime memberships have long been sold at a discount for students, at \$49 a year instead of the regular \$99 rate. Yet, Bezos realized an untapped industry students and universities offer– the selling of affordable textbooks. In January of 2015, Amazon dropped the Kindle Textbook Creator, which allows authors to prepare ebooks for students for publication, yet this wasn't the company's stopping point (Mendoza, 2015). Amazon developed partnerships with select universities to operate co-branded websites where Amazon's system is integrated into the colleges' course selection software, and necessary books and materials are visible and ready to buy. Amazon has also made deals with universities to set up secure lockers on campus where books and ordered items can be picked up, now called Amazon Hub Locker+. By locating the headquarters in Seattle, Amazon was able to access

public infrastructure, facilities, and programs, such as the \$10-billion a year textbook industry, which helped Amazon's innovation grow.

Conclusion

Company headquarters have had clear, positive impacts on companies throughout history regarding economic success, especially Amazon. When Bezos chose Seattle as the location for Amazon's first headquarters, certain reasons for that choice can be explained geographically in terms of developing innovative success. As covered, the first reason was for Seattle's geography as accessibility to markets, clients, and a specialized labour pool, as Seattle already had a demanding book industry and favourable tech individuals who worked at Microsoft's headquarters in the city. Secondly, Seattle has accessibility to state institutions and policies, such as no sales tax, which gave Amazon's bookselling platform an immediate advantage over independent retailers. Lastly, Seattle offered geography as accessibility to public infrastructure and facilities such as programs at the University of Washington and the untapped market of affordable textbooks and school supplies. These three points prove that Amazon's success can be explained geographically, and the company's innovative success is derived from choosing Seattle as the location for the company's first headquarters. Acquiring multiple elements of 'geography as accessibility' when locating the Amazon headquarters in Seattle gave the company a more substantial advantage over others in the same market. This research's broader importance is that while Amazon's headquarters' locations clearly gave the company important economic, social, and political returns at the time, in 2021 as the COVID-19 pandemic is coming to an end, the importance of defined corporate office buildings is being debated. As immense amounts of people work from home, architects, planners, business people, and more are debating whether workspaces will change once the pandemic is over, or if everything will go back to 'normal'

(Dans, 2020). The future could show us that companies' successes can be developed not from massive headquarters and campuses like Amazon's, but virtually in different locations around the globe.

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