

A Giant Among Giants

We have discussed the amazing run technology companies have had the last several years. One “posterchild” of the tech sector featured in this week’s hearings on Capitol Hill, Amazon, has stood out among its peers for some time. However, this has proven even more true since the advent of the COVID-19 pandemic and related lockdowns earlier this year.

Our Chart of the Week highlights just how much market share Amazon has been able to capture relative to other retailers. To be clear, the chart to the right (with Amazon in white) is only looking at the increase in market cap since April 1, 2020. The black sections represent the total market cap of seven well-known retailers—the biggest being Walmart, TJ Maxx, and Target. Of course, Amazon does have a notable web services division which accounts for about 12% of its total global revenue.¹ However, Walmart has made a substantive push into the online retail world and is no longer just a “big-box” brick-and-mortar retailer. Still, Amazon seems somewhat “untouchable.” It was already one of the largest companies in the world prior to the pandemic. Yet, it has managed to add more market cap in the last four months than the total market cap accumulated by the other seven retailers over a period of decades.

This is nothing short of astonishing.

AMAZON MARKET CAP SINCE APRIL 1, 2020 VS. TOTAL MARKET CAP OF WALMART, TARGET, AND DEPARTMENT STORES

AMAZON MARKET CAP SINCE APRIL 1, 2020: \$591B

TOTAL MARKET CAP: \$510B



SOURCE: PROF Q ANALYSIS OF SEEKING ALPHA DATA. DEPARTMENT STORES INCLUDE TJ MAXX, KOHL'S, NORDSTROM, MACY'S AND JC PENNEY.

Source: <https://www.zerohedge.com/political/fire-fawning-scott-galloway-heres-what-politicians-should-ask-big-tech-ceos-tomorrow>

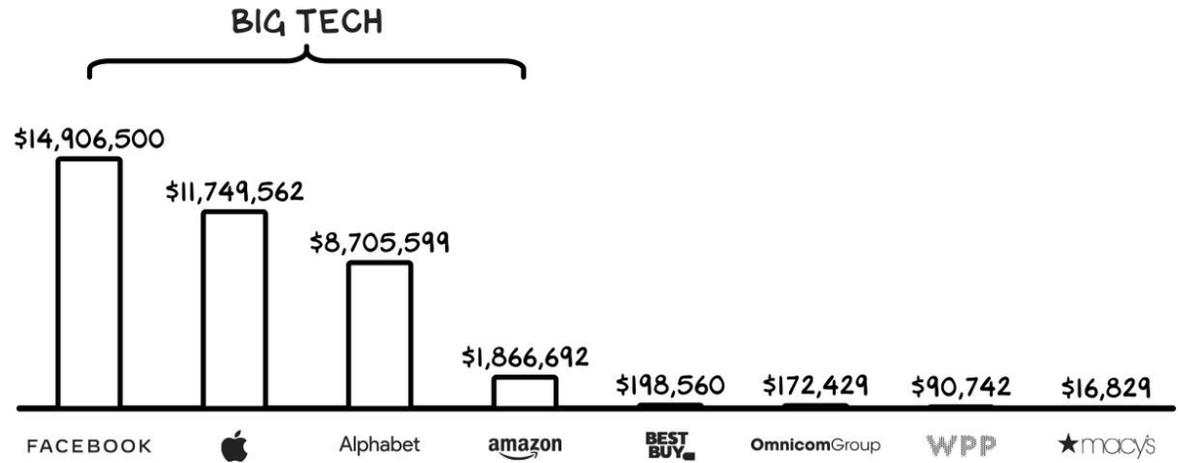
CHART OF THE WEEK

BIG Tech

From the same article comes our accompanying Chart of the Week, which seems too fascinating to pass by. The chart illustrates the market cap per employee of the four largest tech companies in comparison to a handful of well-known companies. At the top of the list is Facebook, another darling of the Capitol Hill hearings this week, with an astonishing market value of almost \$15 million per employee vs. Amazon at a “lowly” \$1.8 million per employee. Even so, Amazon is still valued at almost 10 times as much per employee as traditional “big-box” retailer BestBuy.

Has tech changed the world forever?

MARKET CAP PER EMPLOYEE



SOURCE: PROF G ANALYSIS OF SEEKING ALPHA AND MARCOTRENDS DATA.

Source: <https://www.zerohedge.com/political/fire-fawning-scott-galloway-heres-what-politicians-should-ask-big-tech-ceos-tomorrow>

CHART OF THE WEEK

July 30, 2020



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¹ <https://www.statista.com/statistics/672747/amazons-consolidated-net-revenue-by-segment/>

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