SARATOGA SPRINGS

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Business students take Amazon challenge

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For the past three months, in the middle of the current economic meltdown, some Skidmore College students have been developing strategies to increase Amazon.com's operating income by $75 million within three years.

Five students in the college's business and management course, for example, developed a complete marketing and development plan that would turn the online retail sales giant into an Internet television company as well.

A total of 125 Skidmore students, broken down into five-member teams, addressed the Amazon challenge as part of the college's popular introductory course in business and management.

Their many hours of work culminated Friday afternoon at the Holiday Inn in Saratoga Springs when the students, all wearing suits or business-type outfits, presented their complete strategic plans to panels of four real-life business executives.

The executives, including local business leaders like Bruce Clements, president of Clements Insurance Brokers Inc. in Saratoga Springs, listened to the presentation. They discussed among themselves what they liked and didn't like about the presentation, then they gave the student executives a grade for their work and explained why that grade was given.

"We want to have a new Internet site that would have television ads to market our products," said Rebecca Kaufman, a Skidmore freshman.

This particular group of five students investigated creating their own Amazon television shopping channel, like some of the current shopping channels on cable TV, but found that this would cost more than $1 billion.

The more cost-efficient strategy, they determined, would be to create an Internet-based Amazon.tv site that would be linked to Amazon.com and be able to show color video clips of the products being offered.

Careful cost analysis and marketing plans were required and developed with various segments being presented by one or another of the five team members.

The students considered the current

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economic conditions.

"There is a credit crunch, banks can't give out loans, the stock market is in flux and unemployment is rising," said student Zachary Peyser.

"Consumers are unsure about the current financial crisis and are spending only on essentials," Peyser said.

But the socio-cultural dynamic of the Internet was also considered. Peyser said studies have shown that online shoppers will double over the next two years.

"We want to start our own Internet TV program and make the site interactive and available," said Rebecca Kaufman.

Their financial work sheets projected a $75 million increase in Amazon's operating income by the third year after Amazon's television element was introduced.

The verdict from the four real-life business executives: the new television link probably wouldn't achieve the increase in revenue that the students projected. But all four executives liked the way the students worked as a team, used no notes during their presentations and developed their strategy.

"You guys really did the assignment," said local businessman Clements. "It was nice to see the incredible teamwork."

Tim Harper, assistant professor of business and management at Skidmore, said each semester a different company is chosen for the course.

Amazon.com was chosen because most students are knowledgeable about online shopping.

Harper added that Amazon is currently being challenged by brick-and-mortar retail stores, which are quickly developing their own Web sites and selling their wares online.

Harper, who coordinates the course, said it was developed at Skidmore more than 20 years ago. It is based on the Harvard University "case method" of studying business.

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