MEMORANDUM

To: Jeff Bezos, CEO

From: Anna Cook, Lead Consultant/Canes Consulting

Date: December 3, 2019

Re: Decision to Build HQ2 in Miami, FL

At this time, Amazon corporation is looking to build a second headquarters somewhere in the United States, which will be known as HQ2. Currently, Amazon has one headquarter location (known as HQ1) in Seattle, Washington. After withdrawing plans for a New York City headquarters, Amazon is now considering these locations: Newark, NJ; Washington, DC; Los Angeles, CA; and Miami, FL. After careful analysis of Amazon's stated criteria including business friendliness, livability, accessibility, and the unique considerations of each city, Canes Consulting suggests that Amazon select Miami, FL, for its new HQ2 location. Ultimately, Miami is the best option for Amazon due to its high ranking in business friendliness, livability, and infrastructure.

The first consideration Canes Consulting studied was the business friendliness ranking of each potential location, which looks at benefits that make cities more appealing to corporations. USA Today measured each state's economic conditions, business costs, state infrastructure, the availability of the workforce, quality of life, regulations, technology, innovation, and cost of living. "Each category aimed to capture essential elements that businesses consider when deciding where to locate and operate," concludes the USA Today report.[1] Florida was ranked the ninth business-friendly state edging out California. Washington, DC, was not explicitly ranked,

[1] https://www.usatoday.com/story/money/business/2019/03/01/best-states-business-massachusetts-tops-list-louisiana-worst/39094995/

but Virginia and Maryland ranked sixteenth and eighteenth, respectively. New Jersey was listed at thirty-fourth.

While the study from USA Today is important, Canes Consulting wanted to further concentrate on the nominated cities versus the states as a whole. Hence, Canes Consulting started by looking at the livability index for each location. Every city in the United States is assigned a livability score based on the following seven categories that affect day-to-day life: cost of living, crime, employment, housing, schools, amenities, and weather. Miami was ranked the best,[2] followed by Los Angeles,[3] then Washington, DC,[4] and lastly, Newark.[5] Livability scores gauge the likelihood of Amazon's ability to attract and retain top talent. Additionally, livability is a key concern of current employees who may be required to relocate from Seattle.

In a request for proposals, Amazon announced that proximity to major highways and public transport is a core preference of the company.[6] Canes Consulting researched the accessibility of each location, concentrating on public transportation, traffic delays, and state infrastructure. First, when comparing public transportation, the four cities varied greatly, but Washington, DC ranked first, then Los Angeles, followed by Newark, and finally, Miami. Second, after studying annual traffic and cargo delays (in hours), Washington, DC, spent the least amount of time sitting in traffic, followed by Miami, then Newark, and finally, Los Angeles. [7] Third, data from the American Society of Civil Engineers ranked Florida as having the best infrastructure, followed by a tie between DC and California, while New Jersey was ranked the lowest of the four. Aside from Newark, NJ ranking poorly in this parameter, the other three cities each have respective accessibility benefits.

[2] https://www.areavibes.com/miami-fl/demographics/
[3] https://www.areavibes.com/los+angeles-ca/livability/?ll=34.05223+-118.24368
[4] https://www.areavibes.com/washington-dc/livability/?addr=anacostia&ll=38.8632+-76.9846
[5] https://www.areavibes.com/newark-nj/livability/?ll=40.72422+-74.17257
[6] https://www.documentcloud.org/documents/4112684-Amazon-Requirements.html
[7] https://www.dmagazine.com/wp-content/uploads/2018/02/INRIX_2017_Traffic_Scorecard_Final_2.pdf

Finally, each city has individual considerations that Canes Consulting would like to address. It is not in Amazon's best interest to select Los Angeles because of the city's proximity to Seattle, the location of HQ1. Selecting Los Angeles would be seen as prioritizing the west coast, and Amazon would miss out on potential talent and resources available on the east coast. Additionally, residents of Los Angeles are wary of obtaining Amazon's second headquarters as Los Angeles has the worst traffic in the country. Fifty-thousand jobs would result from the new headquarters location, but that would strain the area's infrastructure and exacerbate traffic delays. For these reasons, Los Angeles was eliminated from the search. Newark, NJ is adjacent to New York City, a central hub for business across the globe. Although this proximity is seen as a benefit, Newark consistently ranked low or last across business friendliness, livability, and accessibility; thus, Amazon should not pursue Newark, NJ, for HQ2. Miami, FL, and Washington, DC, are both well ranked across all three parameters. Miami ranked significantly better in living conditions and business-friendliness, and if public transportation could be improved the city would rank even higher. Nonetheless, there is a significant advantage to selecting Miami for HQ2— Miami is an international business hub and gateway to Latin America. Latin America is the world's second-fastest-growing e-commerce market, and Amazon just opened the largest Latin American distribution center in Mexico. [8] Because of fierce competition, management must continue to focus on growth in the Latin American regions. Since Miami is known to be a gateway to Latin America, it would be a better choice than Washington, DC in order to reach the Latin American market.

In sum, Miami is ranked the highest in business-friendliness and livability, which will benefit Amazon as a corporation and help it retain top talent. Furthermore, selecting Miami

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[8] https://www.emarketer.com/content/latin-america-ecommerce-2019; https://www.contxto.com/en/mexico/amazon-mexico-inaugurates-largest-distribution-center-in-latin-america/

provides an opportunity to strengthen its Latin American reach. Therefore, Amazon should select Miami, FL, as the next location for HQ2.