
From: Gunningham, Sebastian [/O=AMAZON/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=SGUNNING]
Sent: 6/6/2016 10:16:29 AM
To: Herrington, Doug [REDACTED]
CC: Wilke, Jeff [REDACTED]
Subject: Re: supplier tenets

Missed one thing: I would add that there are x,000 suppliers around the world that do not get this choice... I am talking about the apple, nikes and p&g, etc... We dont want to open that door, relationship has to be reseller.

On Jun 6, 2016, at 10:13 AM, Gunningham, Sebastian <[REDACTED]> wrote:

A few edits in italic. Maybe a bit long, but we can keep iterating. Added 5), not sure i like 6) as stated, tweaked your 7....

From: "Herrington, Doug" <[REDACTED]>
Date: Thursday, June 2, 2016 at 7:04 PM
To: Jeff Wilke <[REDACTED]>, "Gunningham, Sebastian" <[REDACTED]>
Subject: Re: supplier tenets

Here's a v2 version of these supplier tenets.

Supplier Tenets

1. We aspire to have all suppliers on our website, with their full assortment available to our customers with fast track promises and competitive prices.
2. We must have equal or better prices than SIC and IC competitors. We will give up non price competitive selection from a supplier in the short term to "hold out" for competitive pricing in the long term.
3. We want to have all the selection offered by SIC and IC competitors, with fast track promises. We may give up partial selection or non fast track offers from a supplier in the short term to "hold out" for full selection parity and fast track offers in the long term.
4. Our suppliers will use both Direct-to-Consumer (DTC) and Amazon-as-Reseller (AAR) selling options on our website. As long as we have fast track offers and price and selection parity with SIC and IC competitors, we are indifferent if a supplier uses DTC or AAR selling options.
5. *Suppliers are free to choose which of the two programs to participate in, under one rule: If it is determined that an Amazon Customer has access to a lower price or selection off of Amazon, Amazon reserves the right to force the supplier to either lower the price, provide the selection or enter the Amazon Reseller program. Suppliers are free to use any combination of both programs for their selection, subject to the one rule.*
6. We will adjust the financial terms of our DTC and AAR selling options to provide equivalent economics to Amazon, regardless of which option a supplier uses.

(This probably means we would have to exit retail, certainly for 90% of EU retail selection. Or it means lowering rev shares for 3p to match retail profit, which is also an odd tenet, as it implies we know the million supply chain profit combinations out there, which we dont. I would state this differently:

Both programs will have different cash flow, ordering and logistics benefits. Suppliers are free to chose which one, or combination, works for them, subject to the one rule. (This of course means that suppliers are free to make as much money as they want, which in my book is fine, as long as the rule applies. The marketplace dynamics make sure that over time, efficiencies are weeded out.)

7. We treat all suppliers as our Customers and Partners. Our supplier programs are self service, designed for all suppliers to compete on a level playing field, surrounded by timely and competent service from Amazon. For the Reseller platform, where Amazon negotiates a price with the Supplier, the theme would be: "Amazon is really tough on business terms — but they are timely, competent and easy to work with."

From: "Herrington, Doug" <[REDACTED]>
Date: Tuesday, May 31, 2016 at 9:18 AM
To: Jeff Wilke <[REDACTED]>, "Gunningham, Sebastian" <[REDACTED]>
Subject: supplier tenets

Jeff/Sebastian,

Coming out of our last MoA discussion, I've been noodling on some "tenets" to try and capture where we are aligned. Per Sebastian's comments on another thread, I think it would be helpful to get away from the old language of "Vendor" and "Seller". Below is a start. I've used the word "Supplier" to mean anyone who has product for sale on our website, regardless if they are a traditional vendor or seller.

Comments welcome on this start.

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3. We want to have all the selection offered by SIC and IC competitors. We may give up partial selection from a supplier in the short term to "hold out" for full selection parity in the long term.
4. We want to have fast track offers on selection offered by SIC and IC competitors. We may give up non fast track offers in the short term to "hold out" for fast track offers in the long term.

5. Our suppliers will use both Direct-to-Consumer (DTC) and Amazon-as-Reseller (AAR) selling options on our website. As long as we have fast track offers and price and selection parity with SIC and IC competitors, we are indifferent if a supplier uses DTC or AAR selling options.