

Pricing Update – September 2009

Central Pricing Tenets

1. We offer value to customers through consistently low pricing across our whole range of products. Our primary goal with pricing is to **earn customers' trust**, not to optimize short term profit dollars. We take it as an article of faith that this maximizes profit dollars in the long-term.
2. We should treat competitors differently. Competitors who have a long-earned reputation for low prices or those gaining in segment share should be matched on product price. This should be a very small set of competitors. For all other competitors, we will match between product price and landed price.
3. When in doubt as to a competitor's relevance, we err on the side of inclusion.
4. We will use a CP Cap to ensure that our prices remain sharp even when the competition isn't.
5. We must have an asymmetric process which makes it easier for buyers to lower prices than to raise them.
6. Settings for automated pricing decisions must be controlled carefully and inspected frequently. When errors do occur, this feedback must be incorporated quickly to improve the process.

[REDACTED] In April, we presented a proposal on how to treat FBA sellers differently from other Buy Box (BB) eligible 3P sellers when we're matching *internal* competitors for non-media categories.









































