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To: jaw-directs
CC: blo-retail-directs
Sent: 9/8/2010 10:04:19 AM
Subject: UPDATE: OP1 Document - NA Retail

All – I will be sending you a copy of the OP1 document later this afternoon. Any comments related to your product lines will have been lifted from the OP1 documents you presented, but you can let me know if there are any edits you would like. The overview document will focus on some of the 2010 wins and misses and then the 2011 Goals and Initiatives (below). The rest is a financial summary which tees up some of the large investment decisions we will be discussing in the subsequent meetings:

- Digital Music (A-drive, AMP)
- Digital Video (Subscriptions & Quesadilla)
- Cloud Gaming
- Mobile App
- Software as a Service
- Private Sale
- BISS (not presenting at S-team)
- Amazon Fresh

Otherwise I would advise you to bring your OP1 docs & financials in case any stray questions come up on your business.

Thanks – let me know if you have any question

Brian

2011 Goals & Initiatives

1. **Invest in the conversion from Physical to Digital media**
 - Music: Amazon Music Player (AMP); A-Drive
 - Video: Subscriptions
 - Video Games: Cloud Computing
 - Software: Downloads & Software as a Service
2. **Invest to invent new physical retail business models starting with BISS and Private Sale.**
3. **Ride the Mobile Wave.** Get app coverage across key platforms (iPhone, iPad, Android, BlackBerry) and optimizing the browser-based mobile customer experience for Smartphones. Develop and grow the www.amazon.com/app store (launching in December 2010)
4. **Prepare to Scale in Amazon Fresh & Totes.** Build the right, scalable software for Amazon Fresh & Totes.
5. **Double down on “Big Moats”.**
 - Prime:** Grow US 35% to 3.6+ MM paid subscribers, enhance value to customers
 - Amazon Student:** grow from 1.3 MM members to 2.0+ MM
 - Amazon Mom:** grow from 300K members to 1.5+ MM
 - Subscribe & Save:** Grow ASIN count and % of HPC/Food business, remain vigilant on operational performance.
6. **Diversify Marketing Spend.** We will spread our marketing bets so that we are not overly concentrated with any one channel or vendor. WW Google Paid OPS as a % of Total Measurable Paid OPS will decrease from 32.6% in 2009 to 29.6% in 2010 to 28.8% in 2011 and in the US will decrease from 34.8% in 2009 to 29.2% in 2010 to below 29% in 2011.
7. **Achieve a single pool of Shoes inventory between Amazon, Endless, Zappos and 6 pm.**
8. **Continue to improve (i.e., reduce) Website Latency with RCX.** Support RCX efforts to improve website latency particularly on the Detail Page. Additional resources are being committed to focus on rebuilding our pages/features from a blank page and examining all features on the Detail page. A priority is reducing the time to first byte (by Website platform), Above-the-Fold features (Buy box(es), Image block, Price, Availability, Promotions, Similarities – RCX, eCPS) and mechanisms to prevent backsliding from new and existing features (Builder tools, QA, Website excellence, WAP). – Weekly BAR updates via email and Quarterly meetings in place with Jeff B, led by Website Excellence.
9. **Solve the TV problem.** Improve customer experience on MAP products, “Get Big Fast” in TV’s and consumer electronics. **Get serious about “Perfect Browse”.** Start by assigning a Retail Subject Matter Expert for 2011.
10. **Continue to leverage Fulfillment by Amazon (FBA) as the largest driver of Fast Track in-stock improvement.** Fast Track targets will be FT 2010 retail performance + demonstrated average improvement over the past two years + the estimated FBA contribution to FT in stock for 2011.
11. **Continue to focus on Retail basics (see Tenets)**