

bobsled
MARKETING

**SELLER FULFILLED
PRIME WHITE
PAPER**



WHAT IS SELLER FULFILLED PRIME?

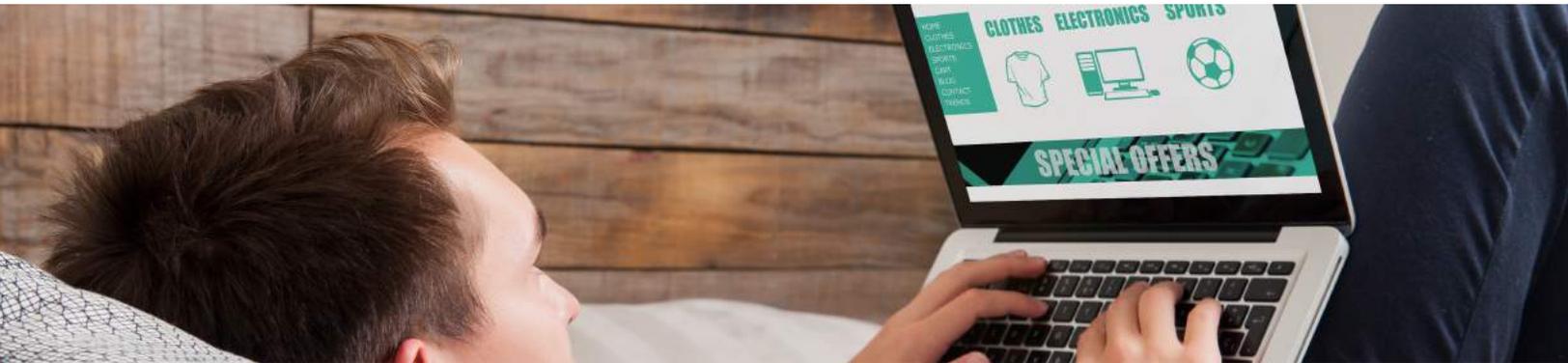
The Seller Fulfilled Prime program enables companies to process and ship out customer orders directly from their facility.

For companies that don't have their own warehouse and retail order fulfillment capability, Amazon FBA might be a very convenient way to get started selling on Amazon. But those FBA (Fulfilled By Amazon) fulfillment fees really add up, and most larger Sellers can fulfill customer orders for less. One thing has held them back until now: the Amazon Prime program. Amazon Primemembers spend nearly double than non-Prime members, and many Prime customers filter out any product results which are not "Prime" eligible. Amazon also estimates that listings which became Prime-eligible experience an average sales uplift of more than 50%.

Many brands with their own warehousing and fulfillment capabilities have bemoaned the fact that they had to default to Amazon Fulfillment in order to have their products be Prime-eligible on Amazon. But now, Amazon has introduced the Seller Fulfilled Prime program, which enables companies to process and ship out customer orders directly from their existing facilities or 3PLs.

BENEFITS

By shipping directly to customers, merchants could save money by only shipping their goods once and save time and working capital by not having to send items to Amazon in the first place. In addition: Use your existing fulfillment capabilities and have better visibility and control over your inventory. Expand the benefit of the Prime badge to more of your catalog. Custom, seasonal, high value, low velocity, and perishable items (among others) can be a great fit for the program. You can choose which specific SKUs to include in your Seller Fulfilled Prime assortment, and use FBA for the rest. Access your own UPS or Stamps.com rates by linking your account in Seller Central. (Note: Purchasing labels through "Buy Shipping Services" is still required when you link your accounts) Amazon requires sellers to offer Prime members two day shipping to nearly all addresses in the continental U.S (APO/FPO addresses are exceptions). The program presents an opportunity to get ahead of your competition by making a product available fast - there are no delays with inbound shipping and receiving at Amazon Fulfillment Centers. In theory, Sellers can make a product available the same day that it's received in stock.



REQUIREMENTS

1. Maintain Good Seller Standing You must have a Professional Selling Account which is active and in good standing.
2. Complete the Trial Period
Sellers must complete a Trial to demonstrate that they can "meet the requirements for Prime fulfillment excellence and customer satisfaction". The Prime badge will not be displayed on your product listings during the trial period.

When/if a Seller successfully completes the trial period, they will be automatically be enrolled in Seller Fulfilled Prime and offers will display the Prime badge to customers. During the trial period, Sellers must meet the following performance requirements on a minimum of 50 Prime trial orders:

- An On-Time Shipment Rate of at least 99% for Prime trial orders. Regardless of the shipping speed selected by the customer, Prime trial orders must be shipped on the same day the order is received, as long as the customer places the order before your cutoff time.
- Use of Amazon's "Buy Shipping Services" for at least 95% of Prime trial orders (this is the shipping services native to Seller Central).
- A Cancellation Rate of less than 1% on Prime trial orders.

The trial period lasts between 5 and 90 days depending on how long it takes to meet the performance requirements. If a Seller doesn't meet the above requirements for 50 eligible Prime trial orders within 90 days, the trial period will reset automatically. The Trial Period presents a barrier to many sellers - knowing that your sales volume will probably initially fall because items won't be Prime eligible for a period of time while you meet the 50 -sale threshold.

3. Be Eligible for Premium Shipping

You do not need to be eligible for Premium Shipping to participate in the Prime trial, but you will need to obtain Premium Shipping eligibility in order to join Seller Fulfilled Prime after the trial ends. To be eligible to offer Premium Shipping, sellers must meet strict performance metrics, including:

- Being registered to sell on Amazon for at least 90 days
- Tracking Rate $\geq 94\%$. You must be able to provide a valid tracking ID from UPS, US Postal Service, or FedExUse an accepted carrier. You are required to use UPS, US Postal Service, FedEx, to deliver orders placed with Two-Day Shipping (you can also link your own carrier account through the Buy Shipping tool)
- On-time delivery rate $\geq 92\%$
- Pre-Fulfillment Cancellation Rate $< 1.5\%$. This is the seller-initiated cancellation rate.
- Fulfilled at least 10 orders. You must have a minimum order threshold of at least 10 orders in the past 30 days across all shipping options.





4. Meet Ongoing Premium Shipping Requirements

Sellers must be enrolled in Premium Shipping (Same-Day Delivery, Two-Day Shipping, or both) in order for "Guaranteed Delivery" date and "Prime" logo to be displayed to customers after the trial period.

- Fulfilling 30 Premium Shipping orders
- An on-time delivery rate of at least 96% for Premium Shipping orders
- A valid tracking ID provided for at least 94% of Premium Shipping orders
- A cancellation rate of less than 1% on Premium Shipping order
- For both Prime and non-Prime customers, orders received before your cutoff time on a business day are required to be picked, packed and shipped the same day.

5. Customer Service Requirements

Just like with FBA, all post-order contacts regarding Prime items will be directed to Amazon Customer Service. Amazon will provide all post-order customer service, including customer returns, refunds, and adjustments, related to Prime items. Sellers remain responsible for pre-order buyer inquiries and inquiries related to their products. Sellers agree that Amazon may charge the costs of any returns, refunds or other adjustments and concessions related to Prime items to the seller's account.

6. Delivery Guarantee Requirements

A guaranteed delivery date message will be displayed on the item detail and checkout pages for all Prime items eligible for Two-Day or faster shipping. Amazon Customer Service may provide full shipping cost refunds when contacted by customers regarding a late delivery of any Prime item, and the cost of these refunds may be charged to the seller's account.

7. Customer Return Policy Requirements

All Prime items are subject to Amazon's return policies. Prime items will have auto-authorization of returns initiated within that item's return window. Amazon Customer Service may make case-by-case exceptions to the return policies, including accepting returns for Prime items past stated return time frames. Sellers will be responsible for the cost of return shipping labels for all Prime items. If a buyer does not receive a delivery of a Prime item, even if the package tracking information indicates it was "delivered," the seller must grant a full refund for the order. Amazon recommends that sellers consider purchasing delivery insurance for shipments to cover this.

8. Order cutoff times Regardless of the shipping speed selected by the customer, Prime orders must be shipped on the same day the order is received, as long as the customer places the order before your cutoff time. By default, all orders received in your system order by 2:00 p.m. local time (in the time zone of your warehouse located farthest east) must be shipped the same day. Orders received after this time will be promised to ship the next business day. Sellers enrolled in Seller Fulfilled Prime are expected to ship packages on the day the order is received until the cutoff time every Monday through Friday. All Seller Fulfilled Prime orders will have a two business day promise, which means orders placed after the cutoff time on Friday will be promised to arrive on Wednesday.

Day ordered (before cutoff)	Delivery day to customer
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	The next Monday
Friday	The next Tuesday
Saturday	The next Wednesday
Sunday	The next Wednesday



HOW TO APPLY

Go to the Seller Fulfilled Prime main page and sign up to start the trial.

Before you can enrol, you'll need to navigate to the new shipping settings tool. From there, click the "Learn More" icon at the top of the shipping settings page to watch a short slideshow. Once you've completed that step, click on the "Activate" button to start your trial.

From there you'll be prompted to add your name, phone number and email address. You'll also have the option to add your warehouse information here. You can also add a unique warehouse for returns. Once this information has been submitted, click "Start". From there, you will be guided through a series of pages outlining the requirements of the trial, which are:

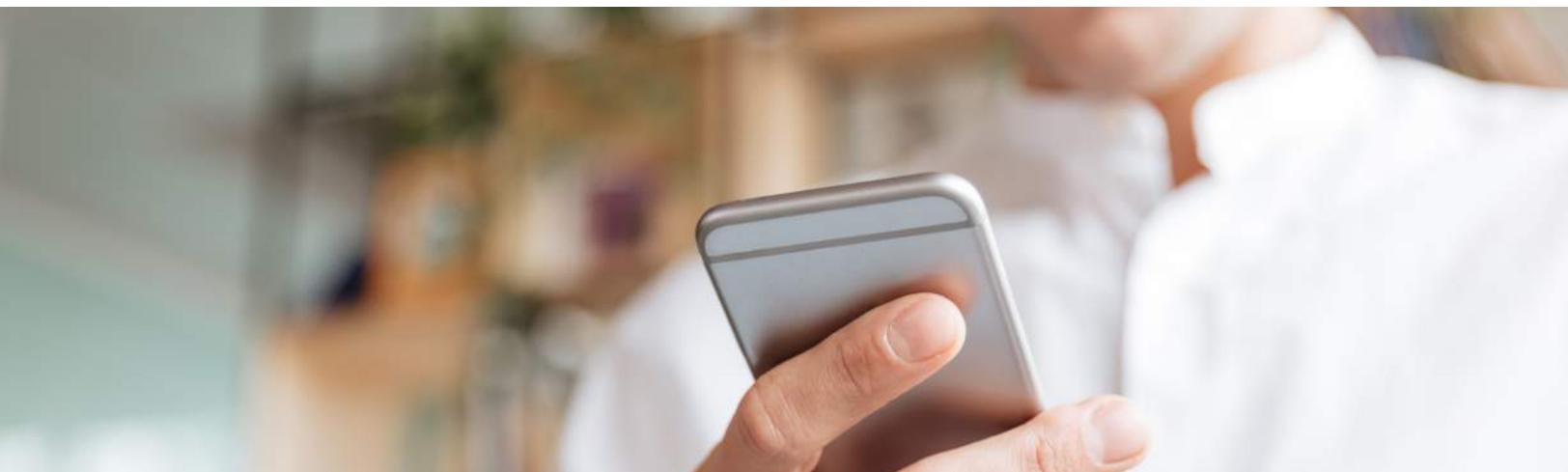
- You must meet the following performance requirements on a minimum of 50 Prime trial orders
- An On-Time Shipment Rate of at least 99% for Prime trial orders. Regardless of the shipping speed selected by the customer, Prime trial orders must be shipped on the same day the order is received, as long as the customer places the order before the seller's cutoff time.
- Use of Buy Shipping Services for at least 95% of Prime trial orders.
- A Cancellation Rate of no more than 1% of Prime trial orders.

Once these requirements have been accepted, you can navigate to the selling coach to see which SKUs have been recommended for Seller Fulfilled Prime.

From there, simply edit the eligible SKUs shipping template to the “Prime Template” which is a default shipping template set by Amazon.

If you want to create a different template, you can do so by clicking on “Settings” on the Shipping Settings page.

- From there, click on “Create a new shipping template”
- Name your shipping template and select the shipping cost model.
- Check the “Prime Delivery” check box in the Prime Settings section
- Then click “Okay” on the popup that appears
- Next, click “Add Prime Regions”
- Check the states where you want to offer Prime Two Day Shipping. Note, you are able to charge for two day shipping.
- Once you’ve selected the states, click “Okay”
- Scroll down the page and in the Two Day Shipping box, enter a shipping charge for this service and click “Save”



AFTER THE TRIAL

24 hours after you become eligible for the Seller Fulfilled Prime program, the SKUs mapped to your Prime Template(s) will automatically display the Prime badge to customers. To maintain eligibility for Seller Fulfilled Prime, you are required to maintain Premium Shipping eligibility, and meet the same Prime trial performance requirements on a trailing 30-day basis

Sellers whose performance metrics fall below required levels are no longer eligible for Seller Fulfilled Prime, but may continue selling those items on Amazon without Prime badging.



CHALLENGES & OBSTACLES

There are many steps to successful enrollment in the Trial, and ongoing performance requirement standards are high.

1. Some Sellers may find the cost of 2-days shipping to ALL Prime customers becomes cost-prohibitive.
2. Amazon seemingly doesn't pass on their preferential rates with UPS for outgoing Prime orders, like they do with inbound shipping to the Fulfillment Centers.
3. Sellers must offer free shipping nationwide. However, not all free shipping offers must be 2-Day delivery.
4. Setting the pricing and shipping options for large assortments can be timeconsuming.
5. Unable to use USPS Priority, Regional, or First Class shipping options because 2-day delivery is not guaranteed.
6. If only offering Prime to customers in specific regional areas, you may lose sales to customers who would have purchased if the Seller were offering Prime country-wide through FBA.

TYPES OF COMPANIES THAT SELLER FULFILLED PRIME IS SUITABLE FOR

Companies need to run some math to determine if Seller Fulfilled Prime will actually end up being more cost effective, taking into account their product assortment, existing fulfillment capabilities, and also the factor of control. Existing Fulfillment Capabilities. Companies who already have their own storage & fulfillment solution in place are best able to immediately

take advantage of Seller Fulfilled Prime. This could be a warehouse facility with staff who can process orders, or an outsourced Third Party Fulfillment Provider (3PL) who can commit to a Service Level Agreement that meets the Amazon Premium Shipping requirements. Product Assortment. Seller Fulfilled Prime makes a lot of sense for brands with products that:

Are heavy or oversized, which otherwise would have to first be shipped to an Amazon Fulfillment Center then out to the customer
Have slower turns, since Amazon penalizes sellers for having inventory in their Fulfillment Centers longer than 6 months
Are fragile, perishable, or meltable, since sellers can package the items appropriately and know that they'll arrive in good shape.
Are custom, seasonal, high value and/or low velocity.

A REAL LIFE EXAMPLE

Source: Internet Retailer

Quick Candles, based in South Carolina, had to move inventory for the dozen SKUs it chose for the program to a logistics firm in Salt Lake City to make sure it could deliver those goods in two days to consumers in the West. “We can cover the entire East Coast and east of the Mississippi with ground shipping. But once you get further west the only way to get packages in two days is to use two-day air. Two-day air costs are back-breaking,” (Owner) Rob Latham says.

Quick Candles went all in with some 2,000 SKUs in the areas it could reach with ground shipping in two days—about 60% of the U.S. population, he says.

Quick Candles is selling roughly 20% more of the products newly made Prime-eligible compared with the volume sold a year ago through Amazon, Latham says.

Quick Candles has maintained the same service levels despite the increased order volume, and Latham says existing staff handles the greater volume with “a little better planning.”

The retailer also continues to use FBA for some items—particularly lightweight goods where Amazon’s fees are less than what Quick Candles can get from shippers—because that service gives the merchant 100% coverage..