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**Press Release & FAQs**

August 27th, 2013

# Amazon Campus Launches First Multi-Channel Student Store at the University of California Berkeley

[**www.amazon.com/Campus** & **berkeley.amazon.com**](http://www.amazon.com/CampusStores%20%26%20berkeley.amazon.com)

**SEATTLE-(BUSINESS WIRE) – August 31st, 2014** – Since returning to school for the Fall semester, Berkeley students have experienced a fresh take on the college bookstore as the new Berkeley Student Store opened at an online address: berkeley.amazon.com.

The Amazon-run online Student Store brings Amazon’s broad selection, low prices, and convenient shopping experience to the heart of Berkeley’s campus and offers a number of additional student-focused features. With the launch of the Student Store, Berkeley students can now pay for any purchase on Amazon with their Cal1Card, buy course materials in any format via links in Berkeley’s Learning Management System or directly on Amazon.com, pick up orders at convenient locations across campus, and receive FREE One-Day Shipping on textbooks sent to the campus area. Amazon Student members at Berkeley are eligible for FREE One-Day Shipping to campus on millions of additional products plus FREE Two-Day shipping on millions more.

“I’ve been an Amazon Student member for two years,” explained Senior Aubrey Primason, “Getting the extra free one day shipping was huge. I’ve been ordering everything from Amazon since I got back to school. I may never have to leave campus again.”

Students can access these campus-specific payment methods and shipping benefits, along with the full selection of custom textbooks - typically available only through the university’s licensed bookseller - by activating the Berkeley co-branded Amazon experience when they visit berkeley.amazon.com, sign up for Amazon Student and select ‘Berkeley’ as their school, or click on links to Amazon within the Berkeley Learning Management System.

In place of a traditional campus bookstore, Amazon has deployed Lockers across campus and built the first Amazon Student Lounge, a space that features a package pick up desk, technology showroom, and lounge area for students to study, meet, read or just relax in between classes. “Getting my textbooks was way easier this year. Instead of making the trip to the store to pick out my books and wait in line, I simply went to berkeley.amazon.com, paid for my books with my Cal1 Card, and came down to the Student Lounge to pick them up the next day,” said Gloria Min, sophomore, “I spent less than 10 minutes on the entire process.” Inside the Student Lounge, Amazon offers students free access to Prime Instant Video and Prime Music streaming. “It’s my new favorite spot to crash in between classes,” said John White, Junior, “I didn’t even know Amazon had so much streaming video until I logged on to the Wi-Fi network in the lounge, and I definitely didn’t know you got it for free with Amazon Student. I just cancelled my Netflix subscription.”

Kelsey Finn, Director of the ASUC Auxiliary & Student Union says Amazon brings a combination of great prices, great service, and innovation that is unique in the college bookstore industry: “When we issued our RFP, we specifically asked for innovative ideas that combined the best of online and physical retail. Amazon’s combination of online shopping, integration with our Learning Management System, free next day shipping, and ability to offer in person pick up was a game changer. Plus, they are the only partner that can offer a unique physical and digital solution, and that is important to us as learning goes digital. But what mattered most was value for our students – Amazon textbook prices are 25% lower on average than our previous bookstore and none of the traditional leasing companies could match that. Amazon’s model aligns perfectly with Berkeley’s strategic priorities of affordability and cutting edge services.”

The opening of the Student Store marks the launch of Amazon Campus, a new service aimed at providing universities with a low cost alternative, or supplement, to the traditional bookstore while simultaneously making shopping for textbooks and other college essentials more convenient and affordable for their students. The Amazon Campus service provides universities with a co-branded shopping experience, an on campus delivery operation, and the Amazon Student Lounge, which includes a pickup desk, technology showroom, and meeting/study space. For more information on Amazon Campus, visit [www.amazon.com/campus.](http://www.amazon.com/campus)

# I: University Customer FAQs

**Q1: How will you run our Student Store?** When working with a university, Amazon will create a unique sub-domain for each school (ex. berkeley.amazon.com) that serves as a marketing URL and the entry point to a co-branded version of Amazon, supported by a ‘permanent’ physical presence on campus that includes an assisted (staffed) Pick Up Point for online orders, a technology showroom featuring a small selection of laptops, tablets and other devices, as well as a branded, immersive ‘Amazon Student Lounge’–an area where students can come to study or hang out in between classes. Once in the co-branded online experience, students will have access to the same great prices and selection they are used to seeing on Amazon today, but customized for their school with subtle university-specific treatments and a dedicated storefront. All students will be able to order textbooks on the co-branded site and receive Free One Day shipping to campus, replacing crowded aisles and long lines at the store with a fast, convenient online shopping experience. Given our relationship with the school and ability to operate on campus, Amazon Student members will also receive Free One Day shipping on millions of additional items on Amazon.com. Like a physical campus store, we will also carry custom textbooks. Inside the co-branded experience, customers will have access to a number of ‘student only’ features including:

* Student Focused Merchandising: The university’s online storefront will feature a mix of automated and targeted merchandising managed nationally (e.g., product launches and seasonal events), and local merchandising and events managed by the staff on campus (e.g., key sporting events, spring break, finals week, etc.)
* Student-Only Payment Options: In addition to standard forms of payment, students will be able to pay for Amazon purchases using stored value accounts (e.g., Cal1 Card)
* Learning Management System Integration: Professors will be able to search and select adopted textbook and ancillary course materials from a catalog of content provided by Amazon and accessed directly through the school’s Learning Management System (LMS) interface. Students will be able to find and purchase adopted course materials in any format directly from LMS-hosted course homepages using Amazon log in credentials. Additionally, class catalog and associated adopted materials data will populate a Textbook Finder tool on the co-branded website to enable students to search for textbooks by course.
* Free One Day Shipping: All students on campus get Free One Day shipping on textbooks and Amazon Student members get Free One Day shipping on top sellers in Movies, Personal Electronics, Office Products, PCs, Video Games, Personal Care, Dry Grocery, Office Products, as well as a regional selection of items stocked in FCs feeding the location servicing the campus. Longer term, we anticipate stocking a limited selection of ‘high velocity’ ASINs on site and available for ‘on demand’ pick up.

The Student Store won’t be 100% virtual, as Amazon will maintain physical touchpoints and supporting operations on campus. The ‘hub’ of Amazon’s presence will be the Pick Up Point for online orders –offering students a convenient and secure alternative to shipping to off campus housing – located in the Amazon Student Lounge. Key elements of the on campus experience will be:

* Student Lounge: A 3,500 square foot space that features group and individual seating, allowing students to experience the Amazon digital ecosystem, either on their own devices or a large-format Kindle Device, pre-loaded with content tailored to a college audience. Using their own devices, students will have access to free Wi-Fi with complimentary streaming access to selected content including AIV, Prime Music, and select Kindle periodicals while in the Lounge.
* Assisted Pick Up Point: A staffed pick up desk within the Amazon Student Lounge where customers can pick up orders, drop off returns, and get help with customer service issues. To accommodate pick-up and trade in peaks at the beginning and end of the semester, we will transform the pick-up point and lounge area to allow us to expand capacity and limit lines for students.
* Technology Showroom: An 800 square foot merchandising space dedicated to showcasing a limited selection of laptops, tablets, mobile phones, e-readers, and other devices used by students.
* Lockers: A network of lockers placed in the student union, on campus housing locations and other high-traffic areas across campus to allow for self-service pick up and returns.
* On Campus Delivery Station & Last Mile by Amazon (“LMA”) Delivery: On campus cross docking facility to sort and stage palletized orders flowing from Sort Centers for LMA delivery to local residences, dorms, and pick up points (Assisted or Locker).

Finally, we expect the university will still maintain a separate logo apparel and gift store, either operated by the school or 3rd party.

# Q2: Why should we work with Amazon versus an established provider such as B&N or Follett?

Our value proposition is designed to give our university customers equal (or better) revenue share compared to a traditional provider, while reducing the cost of course materials and other supplies. We achieve this by sharing 2.7% of net merchandise sales for student purchases made through the co-branded experience and shipped to the campus area, much lower than the industry standard 8-12%, but spread over a broader set of purchases. Unlike traditional bookstores, Amazon carries selection that addresses virtually everything a student needs, versus only those that pertain to their coursework. The revenue stream provided by this structure is projected to equal or exceed that of a traditional bookstore provider and complement revenue derived through the

campus logo apparel and gift shop, which can be run independently or by a third party. The chart below illustrates the “before” and “after” impact of Amazon acting as the official bookstore provider.

Our revenue sharing rates allow us to keep prices low and provide convenience benefits

|  |  |  |  |
| --- | --- | --- | --- |
| *($ in millions)* | **Status Quo** |  | **Amazon Campus (as official bookstore)** |
|  | Revenue Revenue Share  $ % rate $ |  | Revenue Revenue Share  $ % rate $ |

like Free One Day shipping and on campus pick up locations. Lowering textbook prices while remaining revenue share neutral is a value proposition that B&N or Follett could not realistically match given their business models.

Logo Apparel, Gifts, etc. $3.2 24% 10.0% $0.3 $3.2 9% 10.0% $0.3 *Run by 3rd party*



$1.3

$37.7 100%

$1.3

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Technology | $2.7 | 20% | 10.0% | $0.3 | $7.6 | 20% | 2.7% | $0.2 |
| Textbooks  Full Amazon selectio | $7.4  n $0.0 | 55%  0% | 10.0%  10.0% | $0.7  $0.0 | $9.2  $17.7 | 24%  47% | 2.7%  2.7% | $0.2 *Run by Amazon*  $0.5 |

Total $13.3 100%

Finally, we will offer universities additional revenue opportunities via alumni and parent marketing. Revenue share on purchases made through the co-branded experience and sent to addresses outside campus (a proxy for alumni & parents) will receive a 0.5% commission (incremental to above and not factored into our financial model).

**Q3: Do I have to hand over bookstore operations to work with Amazon?** We recognize that our approach to the bookstore may not fit the needs of all schools - some may want a more traditional bookstore operation, some may be locked in a long term leasing arrangement, and some may want to continue to operate their own bookstore. For this reason, we have designed our offering to allow us to engage with a university in one of two capacities, either 1) acting as the official bookstore for the school, or 2) supplementing their existing bookstore as a preferred retailer for non-textbook categories (e.g., sundries and supplies), while also continuing to offer textbooks as we do today. Our preference is to act as the official bookstore, as it allow us to bring low prices for textbooks to more customers, especially those paying with financial aid; however, we believe the supplemental model also allows us to provide customers with an enhanced experience while providing the school with an incremental revenue stream and a unique and distinct amenity for their students. Schools opting for the supplemental model receive a lower, 1.75-2% revenue share rate (vs. 2.7% for the official bookstore) and a scaled down version of the Student Lounge, which will not include a Technology Showroom.

***II: Student Customer FAQs***

**Q4: What do I get when Amazon is on my campus?** Students get a number of benefits when Amazon is on campus. By activating the co-branded experience on Amazon, students receive Free One Day shipping on textbooks to campus addresses, access to custom textbook selection, the ability to pay with their university ID card, and the ability to pick up Amazon.com orders at pick up points on campus. On campus, all students will have access to an Amazon Student Lounge.

**Q5: How do I activate the co-branded experience?** Students at client universities will have four methods for opting into the co- branded experience: 1) visiting the co-branded subdomain directly by typing the URL (berkeley.amazon.com) in their browser, or clicking an external link, 2) joining the Amazon Student program and selecting their school, 3) shopping for textbooks via links in their school’s Learning Management System, 4) clicking on a Student Store merchandising placement on Amazon.com*.* Once customers have opted in, they will see a persistent co-branded toolbar on the top of the page whenever they return to Amazon.com. Customers can turn the experience off at any time by navigating to the ‘Account Settings’ menu in ‘Your Account’.

**Q6: What do I get if I sign up for Amazon Student when Amazon is on my campus?** Amazon Student members at your school get all the standard benefits of the program *plus* Free One Day shipping to the campus area on millions of top selling products. Standard benefits include Free Two-Day shipping on Prime eligible items, unlimited instant streaming of Prime Instant Video content and access to the Kindle Owners’ Lending Library. The cost of a Student membership will remain $39/year.

**Q7*:* Why aren’t there any ‘grab and go’ items available for purchase at the Student Lounge?** At launch, we will not be able sell products to customers “on demand” at the Student Lounge because we do not have a Point of Sale system or the ability to stock inventory for sale on site. However, we intend to offer this in the future for a small selection of top-selling products. In the meantime, customers may order items displayed in the Lounge by using the bar code scan feature in the Amazon Mobile App.

**Q8: Why is Free One Day shipping limited to campus addresses? Why don’t I get Free One Day shipping to my parent’s house?** By working directly with a university, Amazon is able to reduce costs associated with shipping orders to campus, a savings we want to pass on to all students at the school via Free One Day shipping for textbooks, and to our Amazon Student members via Free One Day shipping on millions of other eligible products. However, in order to provide these benefits at no additional cost, we must limit the geography in which we offer this benefit to those zip codes served from our on campus delivery station. Amazon Student members always receive Free Two-Day shipping on Prime eligible items, to campus or most other addresses in the continental US.

# III: Internal FAQs:

**Q9: What is the opportunity on Campus?** Nationally, college students represent >$94B ($4,697 per student, see appendix for details) in spending on categories sold by Amazon1. On a 25K person campus, that is >$117M in spend annually. Typical college bookstores carry course materials, licensed apparel and gifts, and a limited selection of trade books and technology – categories that address <25% of student shopping needs, and far narrower than Amazon’s offering. Yet, despite limited selection and high prices,

campus bookstores still enjoy approximately 50% MSS in U.S. textbooks ($4.9B), largely driven by access to custom textbooks (35% of the total U.S. textbook market segment) and the ability to accept financial aid funds (approximately 25% of U.S. Textbook sales), as well as an additional $4.7B in technology, school supplies, trade books, apparel and gifts2. By expanding on the concept of the campus bookstore and establishing a university-endorsed retail/operational footprint on campus, Amazon Campus can serve both traditional college bookstore categories as well as a broader set of student shopping needs. In 5 years, we believe this represents a

$1.4B GMS opportunity driven by (1) accelerating Amazon Student membership and (2) growing our share of student spend while (3) taking advantage of the unique density of a large campus to serve the student customer more efficiently. More broadly, at campuses where we act as the official bookstore, this program has the potential to graduate 90% of students as active Amazon customers, with 37% of seniors graduating into $79 Prime3, 23 years earlier than the average new member today.4

**Q12: How will on campus delivery work?** Our on campus delivery model will leverage a sort center (or fulfillment center) as an origination point for daily milk runs to the campus area, where palletized orders are delivered to multiple drop points/stops on campus. These drop points would include 1) the Amazon Lounge (pick up desk), 2) Lockers or large dorms, dorm complexes, or large multi-dwelling units, and 3) the campus delivery station, where ‘off campus’ residential deliveries will be sorted for local delivery by Last Mile by Amazon operated vehicles, which could include vans or smaller vehicles such as walking carts or bikes.

**Q13: What do we get in return for our revenue share?** The revenue share is in lieu of rent and would cover both customer facing as well as backroom, delivery station and operations spaces. In addition to the prime on campus location, we will also receive exclusive rights to market textbooks on campus, as well as marketing commitments from the university that give us direct access to student customers at key points in their academic experience, including direct mail communications to incoming freshman, media placements on school websites and in key residential and recreational buildings on campus, access to major on campus events, and opportunities to present directly to students during campus tours and student orientation sessions.

**Q14: How fast will we scale the business?** Reflecting the long sales cycles associated with winning university accounts, as well as the risk and complexity associated with deploying a new and untested operating model, we have assumed we will limit the

**Amazon Campus Expansion Plan**

*Academic Year*

Yr 1 Yr 2 Yr 3 Yr 4 Yr 5

experience and tune the model. We also assume that we will be able convert 1/3 of o ‘Supplemental’ schools into ‘official bookstores’ per year, as we establish relationships on

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| business to 2 schools in 2014, and grow more aggressively 2015-2018 as we gain | **Number of Schools** | **2** | **8 22** | **44** | **70** |
|  | ur Official Bookstore 1 4 12 26 40 | | | | |

Supplemental 1 4 10 18 30

campus and have opportunities to compete for contracts. We could scale faster after year 1, assuming we had a larger sales team, strong proof points/credentials from our launch schools, and capital to support incremental physical build outs.

**Q15: Which Schools will we focus on and why?** The Amazon Campus business will focus on 4 year schools with more than 10,000 enrolled students, a target set of approximately 350 schools reaching 7.5M students. We have chosen to focus on these schools because 2 year institutions are typically community college or online programs with higher percentages of part time, commuter students, and schools with less than 10K students lack the volume potential required to justify investment in on campus infrastructure. Additionally, we will pursue schools in the near-term in green states and which are located within a drivable distance from an existing or planned Sort Center or FC. Ultimately, we will have to evaluate school-level economics on a deal by deal basis.

**Q17: Are schools really interested in working with us**? To date, we have had preliminary conversations with UC Berkeley, UC Davis, University of Washington, Emory, UMass – Amherst, and Harvard/MIT, with all expressing strong interest in working with

Amazon. In fact, we are in the process of responding to an RFP for Berkeley’s Student Store, and Emory and UMass are awaiting proposals from us. These discussions have highlighted several factors driving school’s interest in working with us: (1) rapid increase in tuition and textbook prices which have placed pressure on schools to make college more affordable; our model makes a statement to students about proactive cost control, (2) amenities and services are key differentiators to attract students; our model, and more broadly association with our brand, is a differentiating amenity (3) the current bookstore model has a limited ability to serve broader retail needs and poses significant risk as textbooks transition to digital. We mitigate this risk. In summary, Universities see Amazon as uniquely positioned to lower costs for students, enhance the student experience, and diversify selection beyond the traditional bookstore. In fact, three of the schools we have spoken to are pursuing strategies to ‘disaggregate’ their bookstore to work with multiple best-in-class providers (Berkeley) or pursue a mixed insource/outsource model (UMass, Emory).

**Q18: Why do need to offer Free One Day Shipping?** We see Free One Day shipping for textbooks as a key catalyst to get schools to agree to move to a ‘virtual’ bookstore and a key differentiator for Amazon vs. other bookstore operators. However, given the role of textbooks in the academic experience, we feel we must offer this to all customers (vs. Student members only). Beyond textbooks, we believe that we must offer a marquee benefit to accelerate Student acquisition and achieve our aggressive share of wallet growth targets. That said, we are offering this benefit at no additional cost, and as such, have geared it towards student best sellers and regional selection, and limited the FOD benefits to campus addresses to take advantage of our shipping economics.

**Q19: Should we follow the same CX and revenue sharing strategy as Smile?** While requiring customers to come directly to the berkeley.amazon.com subdomain has the potential to save us up to 65 bps ($.24/unit) in marketing variable cost, we believe it will introduce friction and create a confusing CX, particularly for student customers expecting Free One Day shipping benefits, as well as universities expecting a seamless shopping experience for their students. The success of our model relies on significantly increasing student spend with Amazon, and a 9 ppt decrease in lift would fully offset the marketing variable cost benefit. Instead, we have proposed a subscription-based design which requires customers to opt-in once in order to receive program benefits every time they visit the site. Given that we will launch at a small number of schools, this is a decision we can revisit in year 2 once we have learnings from the Smile launch and a better understanding of customer behavior from our first two schools.

**Q20: Do we really need a student lounge?** We believe that creating a physical experience that goes beyond a ‘utilitarian’ pick up desk is essential to getting universities excited about having Amazon on campus, and will serve as a valuable marketing vehicle to drive both Student membership growth and adoption of our digital ecosystem. It is a space that occupy high visibility real estate on campus and serve as a destination for students between classes. As such, we expect the student lounge to be a big draw with students, and a unique differentiator in competing for bookstore contracts. Getting students in the Lounge, and providing them with access to digital content via our in-lounge Wi-Fi network gives us a unique opportunity to drive trial and adoption of our content ecosystem by making services tangible and accessible. Because these offerings are key benefits of our Prime programs, the trial experience in the lounge will not only generate awareness of the ecosystem, but also pull through Amazon Student sign ups.

Additionally, we believe we can raise incremental co-op by utilizing the lounge for events and other promotions.

5 Assumes a 36K person school with 50% Student Member penetration (average of official bookstore and supplemental models), 20% of members eligible for graduation, and 62% of graduating members converting to $79 Prime

6 Based on average self-reported age of new Prime members in the last 3 years, calculated using 2012 Who Is Our Customer Responses (n=321); average graduate assumed to be 23 years old at time of graduation. We have conservatively assumed we pull forward memebrs on 10 years, assuming that the age customers will join Prime going forward will come down over time

***Appendices***

**Appendix 1: Amazon Campus Tenets** (…unless you know better ones):

1. **We have two key customers to serve on campus: students and universities.** While students make purchases, universities are critical to getting access to them, and to be successful on campus, we must meet the needs of both.
2. **Our primary focus on campus is to create and graduate great Amazon customers.** This means acquiring Amazon Student members, training them to shop us across many categories, and graduating them to paid Prime when they leave school.
3. **We will be successful by remaining focused on price, convenience & selection.** Low prices, broad selection, fast shipping and convenient pick up are what will make us compelling to both students and universities.
4. **Digital content & services are a ‘must win’ segment of the student wallet.** Today’s generation of students are ‘digital natives’. We take it as an article of faith that driving adoption of our digital ecosystem is critical to our long-term relationship with them**.**
5. **We are using operational cost savings to provide a higher level of service, especially for our Student members.** The density and volume on a college campus creates unique opportunities to reduce outbound shipping costs. We will re-invest these savings to give our customers a faster, more convenient shopping experience.

# Appendix 3: Other Opportunities On Campus

Our business and financial model focuses on the student customer only, however, there are additional top and bottom line opportunities associated with developing deeper relationships with major universities that have not been quantified in this document. These are all avenues for GMS growth or margin improvement we may pursue as we establish our campus business and relationships with universities:

* Ship Cost Improvement: While our model includes ship cost benefits for orders sent to student customers, we have not quantified the opportunity to extend this ship method to serve non students living near universities. This is especially true for universities located in densely populated urban areas
* Alumni and Parent Affinity Programs: Living alumni represent a population that is roughly 12.8 times8 the size of the enrolled

student population at a given school. Offering them the opportunity to ‘give back’ to their schools by shopping at Amazon.com could be a powerful ‘hook’ to drive increased share of spend and is a concept we will test as part of the Campus business model

* Non-Student populations and University Procurement Systems: On any given day, the total number of people on a campus at a research university are almost 2X the enrolled student population. These additional people include faculty, researchers, administration, and other staff. These cohorts are consumers, as well as business customers, who use office supplies, lab supplies, and many other products sold on Amazon, albeit purchased via university procurement systems. Serving these customers, particularly for their business needs (via university procurement processes), is an additional opportunity to drive GMS
* New selection (ipads, etc.): Finally, our relationships with universities may give us access to selection that we have not yet been able to bring on site, such as iPads (as part of our technology shop) or Nike ‘on field’ logo apparel

**Appendix 5: Competitive Landscape** At the university level, schools utilize one of two operating models:

1. **Leased/Outsourced**: Where the school selects a third party to operate the bookstore on their behalf, in return for a revenue share of 8-12% of net sales in exchange for exclusive rights to market textbooks on campus and retail space to operate a store (in lieu of a lease). The primary reason that schools elect to lease operations is financial - this model guarantees a profit stream from bookstore operations while reducing risk for the university and preserving working capital.
2. **Independently Run**: Where the school (through an administrative department or affiliated organization) operates the bookstore themselves, often leveraging relationships with wholesalers to supply textbooks, sell used inventory, and provide core systems such as Point of Sale and eCommerce solutions. The primary reasons schools stay independent are historical success (many have been independent since inception), control over selection and prices, and school pride (run with the best interests of students at heart).

Nationally, approximately 50% of all on campus bookstores are run by leasing companies, with the top 3rd party operators being Follett (903 stores), B&N College (678 Stores), and Nebraska Books (141 Stores). At the top 350 largest schools (greater than 10K students), approximately 60% lease operations, led by B&N (109), and Follett (96), with the remainder running independent stores9.

8 Based on actual ratios at Penn State, Northwestern, Michigan

9 Amazon Analysis

**Appendix 7: Detailed description of Campus shipping benefits and comparison to Prime Plus** There are two unique Amazon Campus shipping benefits, i) Free One Day shipping on textbooks to select campus ZIP codes for all customers and ii) Free One Day shipping on top student-selling ASINs and regional selection for Amazon Student members.

* + **FREE One day Textbook Shipping**: All customers opted in to the co-branded experience receive Free One Day shipping to qualifying ZIP codes near campus for textbooks. While the co-branded experience can be activated by any customer, Free One Day shipping is restricted only to eligible campus ZIPs.
  + **FREE One Day Shipping to Campus**: Amazon Student members (free trial or paid) opted in to the co-branded experience *and* Amazon Student receive Free One Day shipping on student best sellers as well as millions of other items in stock in any fulfillment center ‘attached’ to the Sort Center or FC where a campus milk run originates (subject to critical times). We will directly leverage the logic being developed to support Prime Plus and Prime Fresh to define regional selection. Student Members will still get Free Two-Day shipping on Prime-eligible products to any address in the US.

While our approach closely mimics that of Prime Plus to determine Free One Day Shipping eligibility, there are two key differences 1) our best seller selection will be determined by Amazon Student member sales rank (versus all dot com customers) and 2) Students will only receive Free One Day Shipping to addresses considered to be ‘on campus’ (versus any address in the US).

Comparison of Shipping Benefits vs. Prime Plus:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Basic Campus Experience | Amazon Student | Amazon Student in Co-Branded Experience | Prime Plus |
| FREE One Day Textbook Shipping | **√** |  | **√** |  |
| FREE Two-day Shipping to Anywhere |  | **√** | **√** | **√** |
| FREE Two-day Shipping to Campus |  | **√\*** | **√** | **√\*** |
| FREE One day Shipping to Anywhere |  |  |  | **√** |
| FREE One day Shipping to Campus |  |  | **√** | **√\*** |

*\* This benefit is available as a subset of the “Anywhere” shipping benefit and is not tied to Amazon Campus*.

# Appendix 8: Locker Rationale/Business Case within Amazon Campus

While Lockers do not provide any last mile delivery benefit in this model, they do serve several purposes that further the objectives of the program by providing i) advertising billboards in highly trafficked locations, ii) the convenience of after-hours and Sunday pick- up, and iii) a secure ship method for students living in high theft areas. Given that the cost of Locker deployment is reasonable ($8,000 one-time capital and installation cost + $90/month for maintenance and connectivity per locker; assuming 3-6 lockers per campus), we feel it is a worthwhile investment.

**Appendix 9: Year One Feature Roadmap** Our roadmap is divided into four key functional areas, 1) Physical Experience, 2) Online Experience, 3) Supply Chain & Logistics, and 4) Back Office. Our focus in year 1 will be on the most critical elements of the model:

*Physical Experience:* i) Enable ‘assisted’ pick ups and returns at the pick up point, ii) create a V1 lounge experience with a basic Kindle device experience and Wi-Fi access, iii) create a technology showroom experience with ship-to-customer fulfillment, and iv) enable rental return & cash buy back via a 3rd party partner.

*Online Experience:* i) Launch Free One Day shipping for textbooks, student best sellers and regional selection, ii) implement persistent co-branded experience on dot com, iii) launch a basic ‘search by class’ textbook finder tool , iv) support payments via Campus ID/debit cards, and v) enable click and purchase via LMS.

*Supply Chain & Fulfillment:* i) Enable shipment to and returns from Pick Up Points, and ii) launch a campus delivery station and local delivery operations.

*Back Office/Management Tools:* i) Track revenue/metrics and generate internal reporting via data warehouse and ii) track school revenue share and disbursement via data warehouse.

# Appendix 10: Year 1 Feature Scope & Key Dependencies

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Team** | **Capability** | **Dependencies** | **Priority** | **Engaged** | **S-Team Report** | **Target** |
| **TBA** | Supply Chain and Fulfillment | * Enable cost-effective one-day shipping from FC/SC locations to LMA campus delivery stations. | H | * Mike Indresano | * Jeff Wilke * Dave Clark | Q32014 |
| **LMA** | Last Mile Delivery to Campus | * Provide Amazon-managed last mile delivery to dorms and campus regions from a campus LMA delivery station. | H | * Manish Kapoor | * Jeff Wilke * Dave Clark | Q32014 |
| **Pick-Up Point** | Student Lounge Pickup Point | * Deploy Pickup Point (PPP) capability on campus in the US. * Make PPP available as a shipping destination in checkout. * Enable C-returns integration in the PPP Associates StoreApp. | H | * Sara Klainer * Sivakumar Sethuraman * Tirthankar Sen | * Jeff Wilke * Dave Clark | Q22014 |
| **Prime Delivery Experience** | Location- Aware Free One Day Shipping | * Prime Plus location-aware Free One Day (FOD) selection logic. * FOD shipping restriction to campus locations. * FOD badging and messaging. | H | * Christian Taubman * Lindsey Fowler * Matthew McAllister * Peng Tea | * Jeff Wilke * Greg   Greely | Q42013 |
| **Inventory Management** | Inventory Allocation | * Integrate campus textbook demand signals into the inventory allocation logic to properly allocate textbook supply in FCs near campus locations. | H | * Steven Armato * Manik Kumar | * Jeff Wilke * Jason   Murray | Q42014 |
| **Payments** | Student Payment Card in Checkout Cash on Delivery | * Integrate school student payment cards in checkout * Accept cash on delivery at pickup points | H | * Doug Hebenthal * Megan Bramlette * Ben Volk * Ragesh Chettiery | * Brian   Valentine   * Matthew Swann | TBD |
| **Campus IT (external)** | Student Payment Card Student Identity  Management | * Provide access to the student identity management system for payment card authentication * Provide access to school’s payment processing services for integration with GPS. | H |  |  | TBD |

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| **Rental** | Grading at Pickup Point Multiple Rentals in Checkout | * Enable grading of rental returns at pickup point. * Allow multiple rental orders to be processed at checkout | H | * Robin   Mendelson   * Nagaja Sanatkumar | * Jeff Wilke * Paul Ryder | Q42014 |
| **Locker** | Locker on Campus | * Deploy Lockers on campus. * Locker CX optimizations in checkout. | H | * Neha Goswami * Nicholas Morren | * Jeff Wilke * Dave Clark | Q32014 |
| **Kindle Education** | Adoption Tool | * Link school LMA to Amazon.com to enable textbook purchase options. * Provide an integrated learning environment through edu.amazon.com | H | * Martin Dillard | * David Limp * Raghu Murthi | Q42013 (LMS) Q22014  (.edu) |
| **Kindle Offline Retail** | Kindle Demo Devices | * Deploy “Tardis” to offer secure public device access and manage campus media on Kindles in the Student Lounge. * Obtain access to “Tamarin” to manage campus-specific customizations & content | H | * Jonathan LeBlang * Victor Estevez | * David Limp * Michael McKenna | Q42013 |
| **IOPS** | Custom Textbooks | * Enable custom textbook item association to schools so that custom textbook sales can be restricted to specific schools. | H | * Brian Tschumper * Heinz   Lottermoser   * Brad Pitzel | * Brian   Valentine   * Harsha   Ramalingam | Q22014 |
| **Associates** | Campus Referral Program | * Integrate Associates tracking in the Campus experience and Amazon Student. | H | * Piers Heaton- Armstrong * Brian Chapman * Charles Humphreville | * Jeff Wilke * Steven Shure | TBD |
| **C-Returns** | Online Returns at Pick-up Points | * Enable in-person returns of online orders at Pick-up Points. | H | * Bryan Puckett * Derreck Travers * Prashant Agrawal | * Jeff Wilke * Dave Clark | TBD |
| **Subscriptions** | Campus Program Membership Management | * Create a campus subscription plan to manage enrollment the campus CX. * Manage benefits provided through the campus subscription. | H | * Kumar Brahnmath * Bill Gallagher | * Russell   Grandinetti   * Colin   Bodell | Q42013 |
| **Gateway** | Persistent Campus CX | * Provide a persistent campus CX in Amazon.com’s navigation bar and Gateway page. | H | * Derek Tumolo | * Jeff Wilke * Seb. Gun- ningham | Q32014 |
| **Customer Service** | Associate CS capabilities | * Provide access to a customer service terminal to Amazon Associate staff at the Pickup Point. | M | * Stacy Larsen | * Jeff Wilke * Dave Clark | Q32014 |
| **Search** | Search Campus Textbooks | * Add “Campus free shipping” search filter * Show/hide logic for custom textbooks in search results | L | * Robert Lehr | * Jeff Blackburn * Brian   Pinkerton | Q32014 |
| **Detail Page** | Custom Textbook Detail Page | * Show/hide logic for custom textbooks | L | * Nigel Pope | * Jeff Blackburn * A. Hamel | Q32014 |

**Appendix 11: Resource Requirements** Launching the business will require 35 Seattle-based resources (32 incremental), including 12 business team resources and 23 SDE/SDM/TPMs (15 dedicated/8 ‘away team’). Business team resources can be phased in as follows: 8 to start (1 Lead, 4 PMs, 1 Marketing Manager, 1 Site Merchandiser, and 1 UX Designer) and an additional 4 once a contract has been secured, including 1 ISM, 1 Business Analyst, 1 Operations Manager, and 1 Account Manager. Additionally, each school will require two full time managers on site, along with 2-3 FTEs in the Student Lounge and hourly delivery ‘drivers’ and temporary staff during peak season.