

COLUMNS

## Brands must not treat Amazon like a traditional retailer

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*Neat package*

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Countless articles have been written detailing how disruptive Amazon is and how it does things so differently from everyone else. However, many brands considering or currently working with the company approach Amazon's business the exact same way that they do all of their other retailer relationships.

Why do they do this if it is no secret that Amazon is so disruptive and different?

Customer obsession

Amazon has 14 leadership principles that it uses to guide decisions and evaluate employees.

Customer obsession is number one on that list.

This means that every person at Amazon obsesses about the customer and that the customer is always top of mind. This is crucial for brands to understand.



*Walking away with business*

Many of Amazon's asks or business practices may not make sense to brands, which is fine with the company

founded by Jeff Bezos.

Amazon believes those decisions somehow benefit the customer and, therefore, are the right thing to do.

This unrelenting customer focus seems to be paying off as customers continue to vote for Amazon with their loyalty and wallets.

There is a reason why Amazon's site looks and functions the way it does and how it runs the business: the customer.

On the surface, its site and business practices seem to be at odds with brands.

Amazon is always looking for ways to elevate and improve the shopping experience for example, invent on behalf of the customer but it will likely never reach a point that will satisfy many luxury brands.

Amazon obsesses about the customer and the way its Web site and application look and behave is a response to what customers want. Brands instead often obsess about themselves.

#### Metrics and data

Amazon obsesses about the customer so much so that its most important metrics the ones it uses to measure both internal and brand partner performance were created to evaluate how well it is servicing the customer.

These metrics are unique to Amazon and are complex.

Often brands do not take the time to truly understand these metrics, even ignoring them, choosing instead to focus on traditional retail metrics because they are more comfortable with them.

Traditional retail metrics do not necessarily have a direct effect on the customer and are therefore secondary to Amazon.



*Not falling for it*

Amazon is a data-driven company.

Decisions are not haphazardly made or based on emotion. They are founded in, and supported by, data.

Amazon has what would seem like endless data available, yet it is not that forthcoming when providing information and data to brand partners. This can be frustrating and often becomes a trap for most brands.

Brands want access to all of Amazon's information because they believe it to be essential to their business.

Meanwhile, Amazon provides the data and metrics that they want brands to focus on and that they think are most important.

If brands are not focused on these metrics, they are not listening to what Amazon is saying and missing out on sales.

#### Have the right people

Brands must staff the right people to work with and evaluate Amazon.

There is a difference between truly understanding Amazon's business and asks, versus simply performing tasks or parroting terminology.

Amazon speaks a different language and there is so much that can get lost in translation.



*Delivering the goods*

If a sales representative is unable to explain how key metrics are calculated or what the key inputs are, she may not be maximizing sales and fostering an ineffective partnership that is not maximizing its potential.

Not perfect

None of this is meant to say that Amazon is perfect or without fault. It makes mistakes and does things that are often at odds with brands.

However, it is important for brands to understand where Amazon's thought process originates.

MOST BRANDS overlook this and try to force Amazon to behave like a traditional retailer or run the Amazon business the way they run all of their other retail businesses.

This leads to frustration and causes unnecessary friction for both parties.

More importantly, it results in missed opportunities and sales or both, for the brand and Amazon.



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