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INO206

Working Backwards: Amazon's approach to innovation

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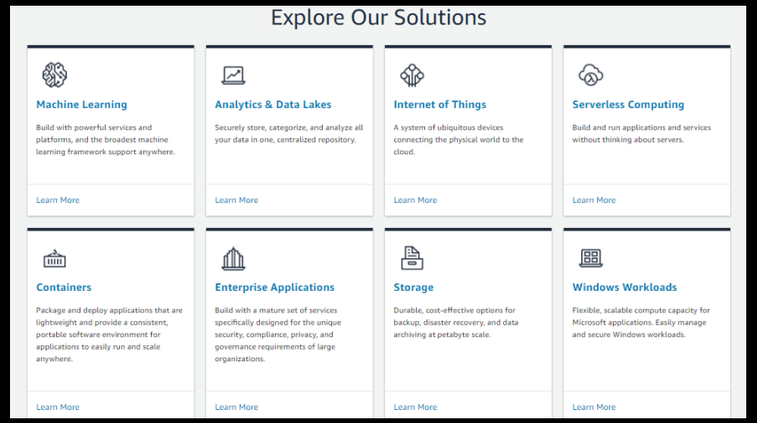
Rayford Davis
Digital Innovation Lead, US Southeast
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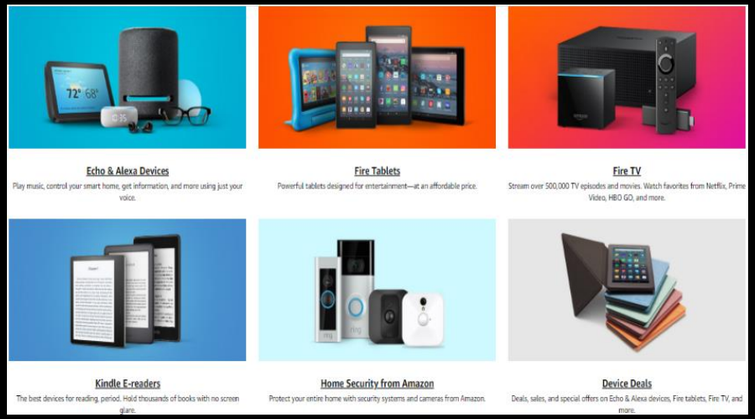
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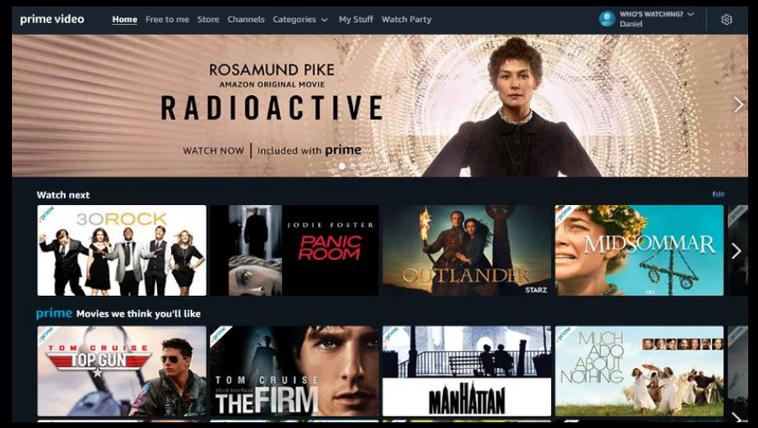
E-commerce



aws



Devices



Content



Consumables



Physical retail

Where innovation begins

start with the customer
and work backwards

“There are many advantages to a customer-centric approach, but here’s the big one: Customers are always beautifully, wonderfully dissatisfied, even when they report being happy and business is great. Even when they don’t yet know it, customers want something better, and your desire to delight customers will drive you to invent on their behalf.”

Jeff Bezos

Founder and CEO, Amazon

“Letter to Shareholders,” 2016



Amazon’s approach to innovation

Culture

Customer obsession, hire builders, let them build, support them with a belief system

Mechanisms

Encoded behaviors that facilitate innovative thinking

Architecture

Structure that supports rapid growth and change

Organization

Small, empowered teams that own what they create

A mechanism is a complete process





Working Backwards: A mechanism for innovation

Use it to get clarity, not to document what you've already decided to do

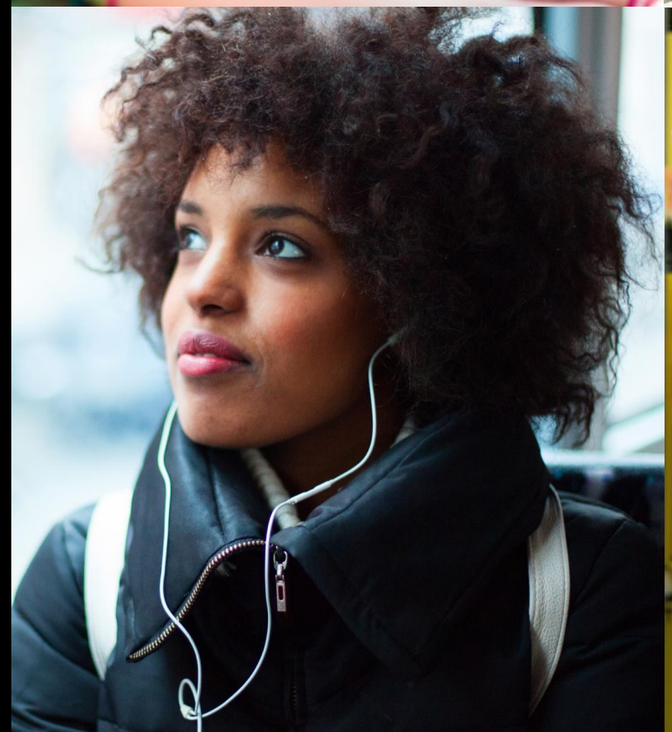
Who is the customer?

- The individual
- Their context
- Their needs

Be specific









Working Backwards: 5 customer questions

1. Who is your customer?
2. What is the customer’s problem or opportunity?
3. What is the most important customer benefit?
4. How do you know what your customer needs or wants?
5. What does the experience look like?

Artifacts from Working Backwards

Press Release (PR)

Amazon Campus Amazon.com confidential

Amazon Campus Launches First Multi-Channel Student Store at the University of California Berkeley
www.amazon.com/Campus & berkeley.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 [redacted] "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

FAQs

Amazon Campus Amazon.com confidential

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.

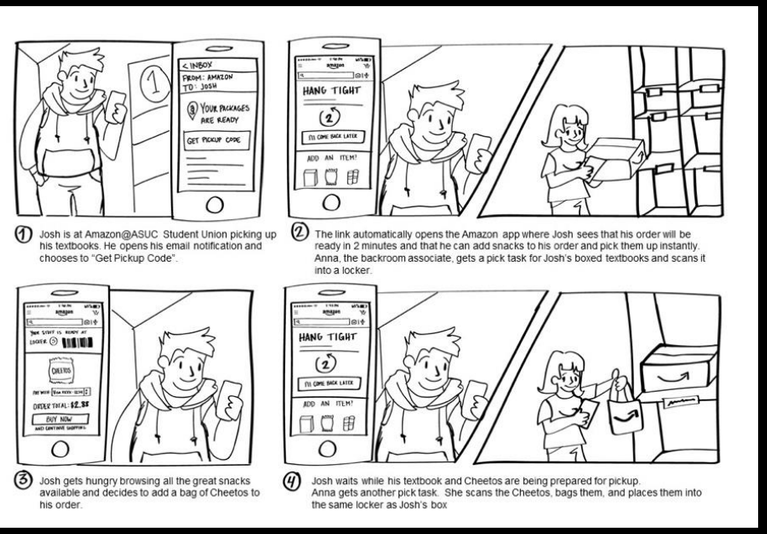
Q5: How do I activate the co-branded experience? Students at client universities will have four methods for opting into the co-branded experience: 1) visiting the co-branded subdomain directly by typing the URL (berkeley.amazon.com) in their browser, or clicking an external link, 2) joining the Amazon 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.

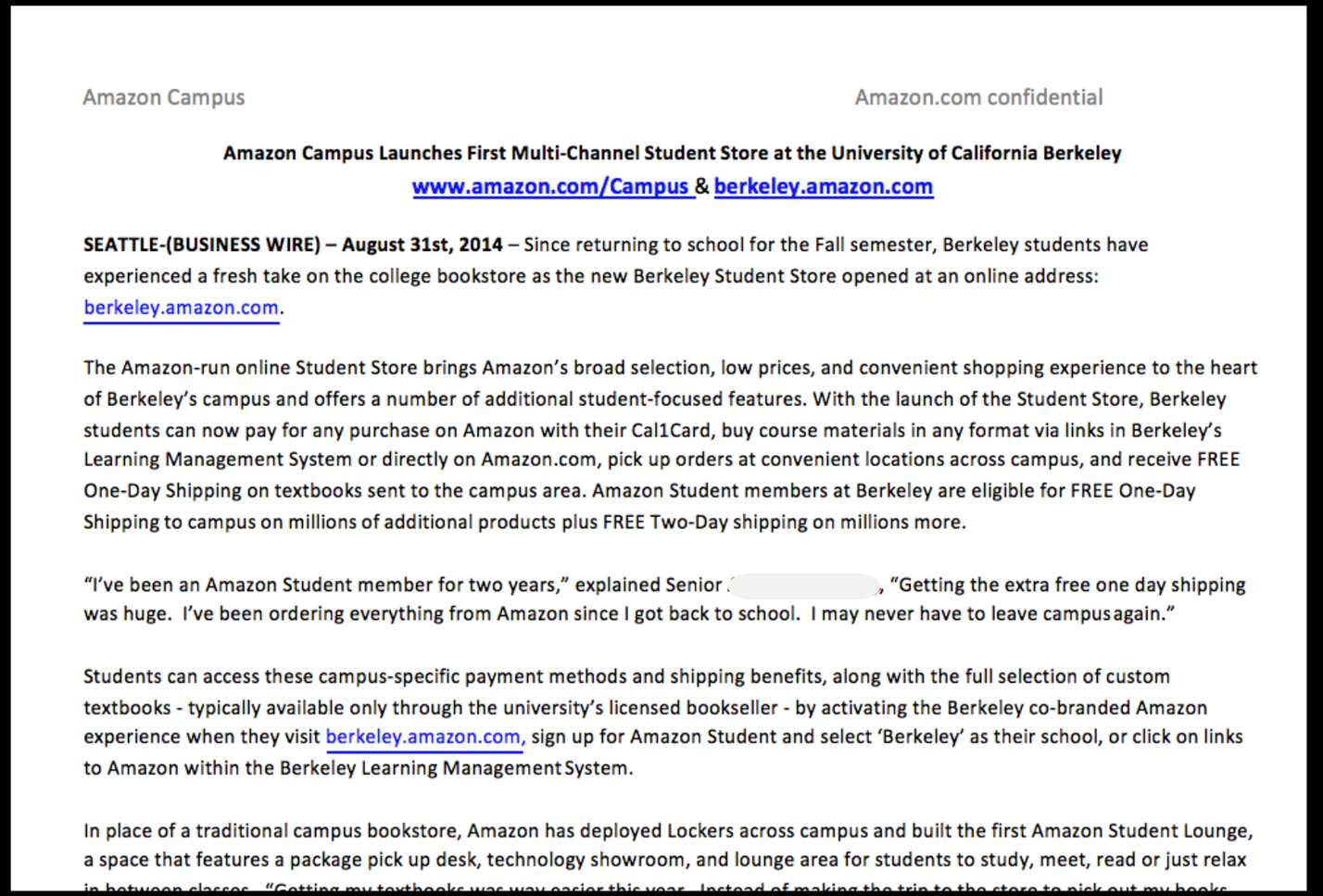
Visuals



1. Josh is at Amazon@ASUC Student Union picking up his textbooks. He opens his email notification and chooses to "Get Pickup Code".
2. The link automatically opens the Amazon app where Josh sees that his order will be ready in 2 minutes and that he can add snacks to his order and pick them up instantly. Anna, the backroom associate, gets a pick task for Josh's boxed textbooks and scans it into a locker.
3. Josh gets hungry browsing all the great snacks available and decides to add a bag of Cheetos to his order.
4. Josh waits while his textbook and Cheetos are being prepared for pickup. Anna gets another pick task. She scans the Cheetos, bags them, and places them into the same locker as Josh's box

Press Release

- Headline, date, and summary
- Customer problem
- Proposed solution
- Leader quotation
- Customer experience
- Customer testimonial
- Call to action



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FAQs

- Include both customer FAQs and internal FAQs
- Include the hard questions
- Share your press release early to gather questions

Sample customer FAQs:

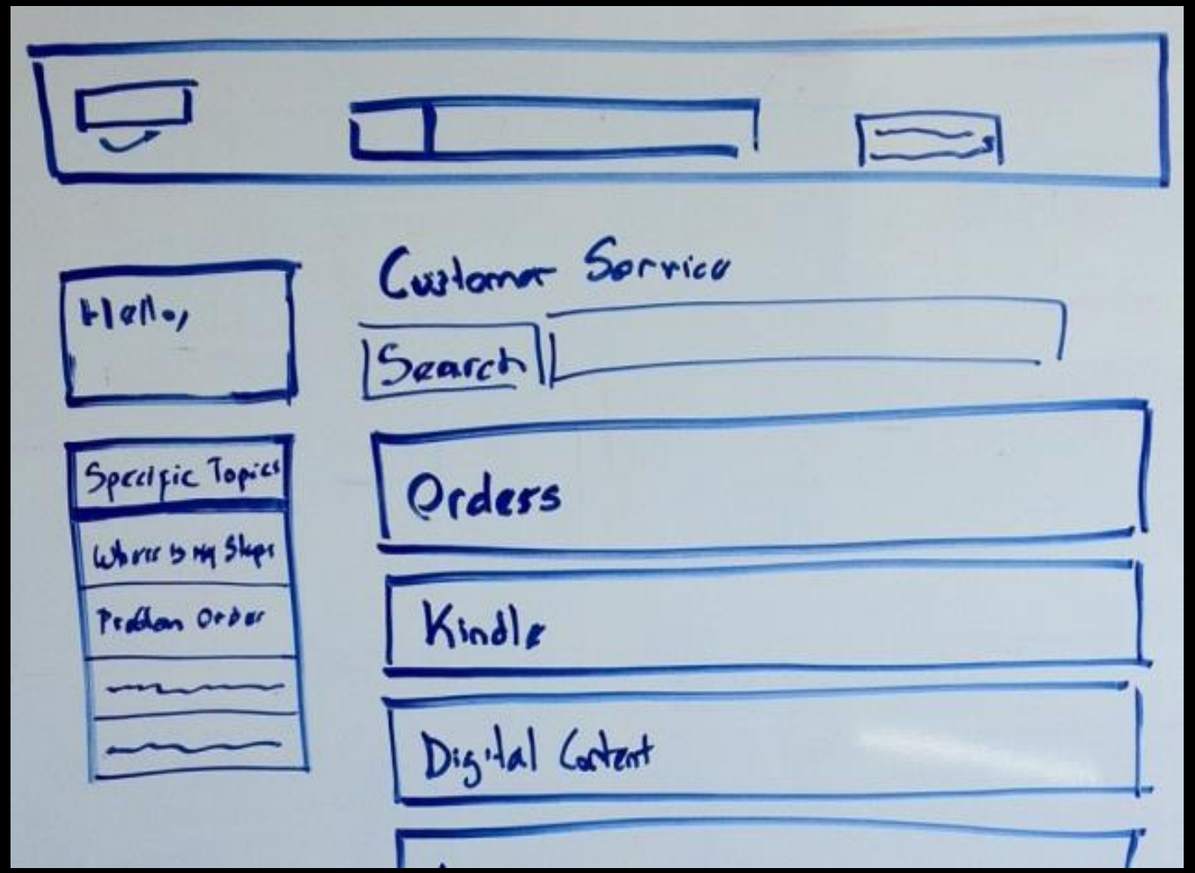
1. How is this different from what Amazon offers me today?
2. Can I get a refund if I'm dissatisfied?
3. Are there things I need to manage or keep track of?
4. How much does this cost?

Sample internal FAQs:

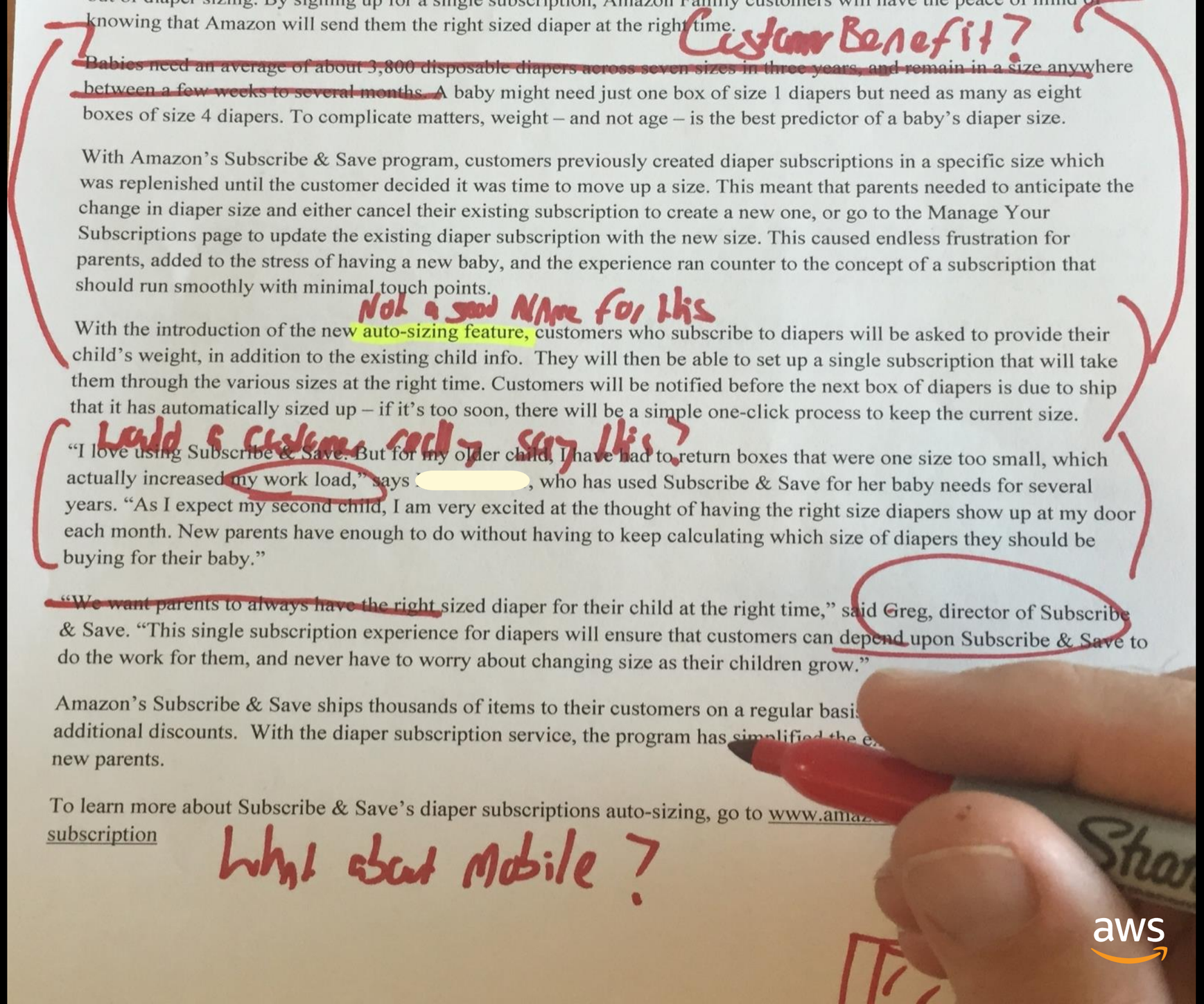
1. What decisions and guidance do we need today?
2. What customer feedback have we collected so far?
3. What will customers be most disappointed in?
4. What other options did we consider and reject?
5. What are our Minimum Lovable Product (MLP) features?
6. What are our hotly debated topics?
7. Are we stepping through any "one-way doors"?
8. Who is the single-threaded leader?

Visuals

- Show the customer experience
- Match fidelity of visuals to maturity of your idea
- Don’t be afraid to be provocative



We read, discuss, debate, and ask questions



knowing that Amazon will send them the right sized diaper at the right time.

Babies need an average of about 3,800 disposable diapers across seven sizes in three years, and remain in a size anywhere between a few weeks to several months. A baby might need just one box of size 1 diapers but need as many as eight boxes of size 4 diapers. To complicate matters, weight – and not age – is the best predictor of a baby's diaper size.

With Amazon's Subscribe & Save program, customers previously created diaper subscriptions in a specific size which was replenished until the customer decided it was time to move up a size. This meant that parents needed to anticipate the change in diaper size and either cancel their existing subscription to create a new one, or go to the Manage Your Subscriptions page to update the existing diaper subscription with the new size. This caused endless frustration for parents, added to the stress of having a new baby, and the experience ran counter to the concept of a subscription that should run smoothly with minimal touch points.

With the introduction of the new auto-sizing feature, customers who subscribe to diapers will be asked to provide their child's weight, in addition to the existing child info. They will then be able to set up a single subscription that will take them through the various sizes at the right time. Customers will be notified before the next box of diapers is due to ship that it has automatically sized up – if it's too soon, there will be a simple one-click process to keep the current size.

"I love using Subscribe & Save. But for my older child, I have had to return boxes that were one size too small, which actually increased my work load," says [redacted], who has used Subscribe & Save for her baby needs for several years. "As I expect my second child, I am very excited at the thought of having the right size diapers show up at my door each month. New parents have enough to do without having to keep calculating which size of diapers they should be buying for their baby."

"We want parents to always have the right sized diaper for their child at the right time," said Greg, director of Subscribe & Save. "This single subscription experience for diapers will ensure that customers can depend upon Subscribe & Save to do the work for them, and never have to worry about changing size as their children grow."

Amazon's Subscribe & Save ships thousands of items to their customers on a regular basi
additional discounts. With the diaper subscription service, the program has simplified the e
new parents.

To learn more about Subscribe & Save's diaper subscriptions auto-sizing, go to www.amaz
subscription

Customer Benefit?

Not a good Name for this

Would a Customer really say this?

What about Mobile?

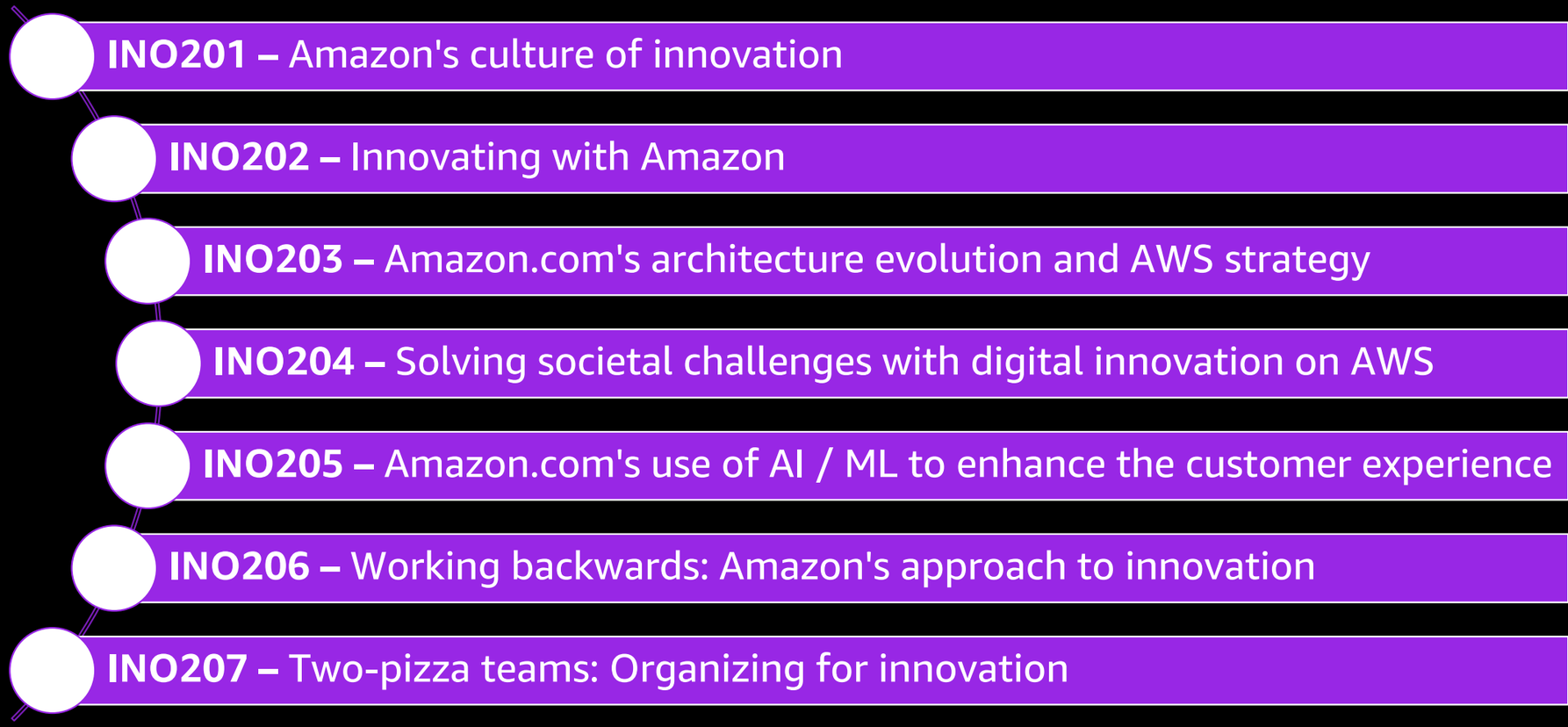


Working Backwards: A mechanism for innovation

- Customer-centric
- Front-loaded
- Iterative
- Fast-paced
- Biased for action

Dive deeper into innovation

Dive deeper into innovation by visiting some of our other Innovation Track sessions at re:Invent



To further explore Amazon’s approach to innovation, please contact your AWS account team

Thank you!



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