

VTECH/LEAPFROG MERGER INQUIRY

Summary of hearing with Amazon (Retailer) on 29 September 2016

Product Choice

1. Amazon said [redacted] its search functionality, which matched search terms with listed products. [redacted].
2. Amazon said its search functionality facilitated the use of generic search terms that returned the products most similar to the key words input by the customer. Amazon said, in addition to generic search words, customers often searched by brand name.
3. Amazon said the search functionality was dynamic [redacted]
4. Amazon said customers could also use the search functionality filtered by a defined department, such as toys and games. It said that using the search functionality within a specific department could still return products from other departments, depending on the products cross-relevance.
5. Amazon said it listed items in the toys and games department using data provided by the supplier. It said it was possible for tablets designed for adults and children to appear alongside one another depending on the search terms used by the customer.
6. Amazon said it provided customers with as wide a selection of listed products as possible. It said the criteria for listing stock was not necessarily limited by customer demand as Amazon did not have a maximum number of products it could list. It said that a product's viability and quality were factors in whether or not Amazon would list it.
7. [redacted]. It said stock owned by Amazon Retail was held in its warehouses which also contain stock owned by third party partners that it worked with.
8. [redacted] were intended as educational toys for children, whereas e-books had a mixture of content, some of which was aimed at children. [redacted].

Contract and supply agreement negotiation

9. [redacted].

10. Amazon said it agreed marketing and promotional activity with its vendors [REDACTED].
11. [REDACTED].
12. Amazon said negotiations were focused on [REDACTED].
13. Amazon said that investment negotiations did not include [REDACTED].
14. Amazon said that [REDACTED] did not directly impact its negotiation with vendors. [REDACTED].
15. [REDACTED].
16. [REDACTED].
17. Amazon said the recommended retail price was provided by the supplier [REDACTED].
18. Amazon said that it had [REDACTED]. Amazon said that [REDACTED] had declined in recent years [REDACTED].
19. Amazon said that the acquisition of LeapFrog by VTech would mean [REDACTED].
20. Amazon said it did not have concerns about the merger. [REDACTED].
21. [REDACTED].

Entry and expansion by toy manufacturers

22. Amazon said a new vendor with a good quality product could grow its brand by listing as many of its products as possible with Amazon and by using the online promotional tools Amazon offered.
23. Amazon said that there were no barriers for vendors to list their products on its website. It said Amazon was focused on providing as wide a selection as possible to its customers. It said it determined its stock based on customer demand and began stocking new vendors' products when customers asked for them.

Amazon said it was not difficult for new vendors without historical performance data to promote their products with Amazon. It said it offered standard terms and conditions to new suppliers.