THE AVN PLAYBOOK: SMARTER STRATEGIES FOR AMAZON VENDOR NEGOTIATIONS

VENTURE FORGE

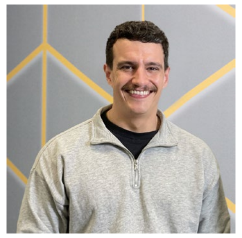
VENTURE FORGE DRIVES COMMERCIAL SUCCESS FOR BRANDS ON THE WORLD'S LARGEST SHOP.

Amazon Vendor management comes with unique challenges including complex AVNs, chargebacks, compliance hurdles, shifting retail analytics, and demanding buyer negotiations. Venture Forge exists to solve them.

Our dedicated team of seasoned Vendor experts have experience and knowledge in Annual Vendor Negotiations and Vendor Central operations. With backgrounds spanning across agency, ecommerce, retail, and in-house Amazon experience, we have the edge to secure stronger terms, cut trading costs, and protect profitability. Through strategic clarity, operational rigour, and actionable insight, we enable brands to not only thrive on Amazon, but to make Amazon one of their most profitable channels.

Josh McNeice
Growth Director

As Growth Director, Josh defines Amazon strategies that drive profitability and long-term growth for enterprise brands. With deep expertise in advertising, marketplace dynamics, and category management, he identifies overlooked opportunities and builds commercially focused plans that deliver measurable results. His insight and precision make him a trusted partner for brands navigating the complexity of Amazon.



Travis Chappell
Head of Vendor

As Head of Vendor Services, Travis shapes strategies that enable Vendor brands to succeed on Amazon. His career includes time within Amazon's Vendor Beauty team and as EU Amazon Channel Manager at Perrigo, giving him rare insight from both sides of the table. He applies this expertise to address vendor challenges such as chargebacks, compliance, retail analytics, and buyer relationships, strengthening both performance and profitability.

HOW WE CAN HELP YOU

At Venture Forge, we thrive on supporting midsize to large enterprise Vendor Brands on Amazon, with a proven focus on Vendor Central.

Our partnership goes beyond troubleshootings, we help Vendor brands turn Amazon into a growth engine. From negotiating stronger AVN terms to improving conversion and expanding into new markets, we position Amazon as one of your most profitable sales channels.

Our services include:

Chargeback Recovery
reducing unnecessary costs and protecting margins.

Commercial Strategy
profit first planning and category level insights.

Full Account Management
day to day operations that maintain compliance and efficiency.

Advertising
Sponsored Products, Sponsored Brands, and DSP campaigns that capture demand profitably.

Content Optimisation
listings, A+, and Brand Stores designed to convert and build brand equity.

International Expansion
scaling Vendor and Seller operations across the UK and European markets.

For enterprise Vendor brands, Venture Forge combines insider expertise with strategic execution, making us the partner for sustainable Amazon growth.

AMAZING BRANDS WE'VE HELPED THRIVE

uni-ball
THERMOS
Instant Pot
uk trends
FAITH IN NATURE
Rainbow Designs SINCE 1971

ANNUAL VENDOR NEGOTIATIONS: WHY THEY MATTER

Annual Vendor Negotiations (AVN) are the yearly commercial discussions between a Vendor brand and Amazon, where terms are agreed for the next 12 months. These negotiations shape your profitability, trading conditions, and Amazon relationship for the year ahead. AVN isn't just about agreeing prices. Amazon comes to the table with one clear objective: protecting their profitability. Your job as a Vendor is to push back, protect your margins, and secure commitments that support your brand's growth.

TERMS TO CONSIDER & HOW TO HANDLE THEM

When reviewing an Amazon Terms Sheet, every line item matters. Below are some of the key terms you'll see, why they matter, and how to handle them.

1. Cost Prices & Net PPM

Why it matters: This defines the base cost Amazon pays you, directly impacting your net margin.

What to do: Use profitability models to show how proposed cost changes affect your P&L. Push back with clear data, not emotion.

What not to do: Don't accept a price cut without trade-offs (e.g. marketing support, Vine credits or volume commitments).

Pitfalls: Agreeing to lower cost prices without guarantees on order volume often leaves you exposed.

Example: If Amazon requests a 3% reduction, counter by offering co-op support for new product launches or creating Amazon exclusive products instead, protecting long-term profitability.

2. Terms & Discounts

Includes co-op, freight allowances, damage allowances, and overstock returns.

Why it matters: These discounts reduce your true net invoice value and can erode margin fast.

What to do: Prioritise clarity. Quantify the impact of each allowance on last year's trading.

What not to do: Don't allow multiple overlapping discounts without caps.

Pitfalls: Vendors often underestimate how "small" allowances compound into major losses.

Example: A 2% freight allowance + 3% co-op + 2% damage allowance = 7% margin erosion.

3. Operational Commitments

SLA adherence, packaging, lead times, sustainability, and chargeback compliance.

Why it matters: Non-compliance leads to chargebacks and higher cost-to-serve.

What to do: Review last year's chargeback data before agreeing. Push for Amazon to recognise and offset operational improvements. On chargebacks, if you have the proof / data then do not be afraid to ask for waivers and money back during AVNs.

What not to do: Don't sign up to tighter SLAs if your supply chain can't support them. Also do not agree to supply chain programs without doing internal review (PICS, Vendor Flex and similar will generally be pitched)

Pitfalls: Failing to challenge unrealistic lead times increases chargebacks.

Example: If Amazon demands 48-hour lead times but your logistics require 72, negotiate phased improvements.

4. Marketing & Growth Initiatives

Includes JBPs, A+, Brand Stores, and ad commitments.

Why it matters: Amazon wants your marketing spend; you want measurable ROI.

What to do: Tie marketing commitments to agreed KPIs (e.g. CTR uplift, conversion rate).

What not to do: Don't agree to blanket spend commitments without campaign reporting.

Pitfalls: Agreeing to spend without clear deliverables wastes budget.

Example: Commit to Sponsored Brand investment tied to a new product launch, but only if Amazon guarantees store placements.

5. Strategic Product Plans

Launches, assortment changes, and category expansion.

Why it matters: These shape your growth trajectory on Amazon.

What to do: Secure Amazon's operational and marketing support for launches.

What not to do: Don't accept assortment cuts without exploring impact on category share.

Pitfalls: Poorly planned launches lead to low stock visibility and missed sales.

Example: Negotiate that Amazon must stock initial launch volumes to support media spend.

CASE STUDY: PROTECTING PROFITABILITY DURING ANNUAL VENDOR NEGOTIATIONS

The Challenge

A leading brand faced its Annual Vendor Negotiations with Amazon under pressure. Amazon's opening proposal demanded higher co-op contributions, extended payment terms, and reductions in cost prices. Left unchallenged, these changes would have eroded over 2% of net sales and significantly impacted profitability.

Our Approach

Venture Forge worked with the brand's commercial and finance teams to prepare a full negotiation strategy:

- Audited 12 months of profitability data, including Net PPM and chargebacks.
- Built financial models to test the impact of Amazon's proposed terms.
- Benchmarked against peer vendors to set realistic negotiation boundaries.
- Equipped the client's Vendor Manager with data-led counterarguments and structured trade-offs (e.g., promotional commitments in exchange for holding cost prices).

The Outcome

Within six weeks, the brand successfully secured:

- Co-op contributions capped at their current rate (avoiding a 2pp increase).
- Payment terms held at 60 days, rather than extending to 90+ days.
- Agreed Amazon-funded marketing activity to support upcoming product launches.

The result was a protected margin worth £1.2m annually while maintaining strong sales momentum and strengthening Amazon's investment in the brand's growth.

"Venture Forge gave us the clarity and confidence we needed. Their preparation and modelling meant we went into negotiations fully equipped - & came out with terms that protected our bottom line."

At Venture Forge, we partner with midsize to large enterprise brands across the UK and Europe, supporting Vendor negotiations, account strategy, and long-term Amazon growth. Our team includes former Amazon leaders and experienced strategists who have successfully guided brands through hundreds of AVNs.

TOP TIPS

Josh McNeice
Growth Director, Venture Forge

Don't be afraid to increase contributions as long as the numbers stack up.

Amazon offers a range of operational initiatives, particularly around fulfilment, that can drive significant savings at a scale few can match — for example, Vendor Flex or PICS. The ideal scenario is always to swap costs out and keep contributions low, but that's not always possible. In some cases, increasing the percentage contribution can actually deliver greater overall benefit to the business - Investigate these fully!

Travis Chappell
Head of Vendor, Venture Forge

In every negotiation with Amazon lies a mirror - reflecting how prepared, strategic and retail ready a brand really is.

The most successful vendors treat the AVN process as a marathon, not a sprint. The groundwork and analysis should be a continuous cycle, not just an end of year task. When you go into AVN talks with proof of positive performance, every discussion gains credibility. Enabling growth through content optimisation, operational efficiency and mutual collaborations changes your AVN requests from demands into mutually beneficial business cases.

Stephen Wright
National Account Manager, Glen Dimplex

Know your business setup saves Amazon money and boosts their CM.

Especially through supply chain programmes like Vendor Flex. Go in with clear growth targets and be upfront about the backend costs (SOA, Content, Ads) of hitting stretch goals. Transparency builds trust and sets the stage for a productive negotiation.

WHEN DOES AVN HAPPEN?

Financial Calendar:
Often tied to Amazon's planning cycles, not your year-end.

By Category:
Consumables: Sep–Nov (ahead of Q1/peak)

Seasonal goods: May–July (ahead of demand spikes)

Electronics:
Jan–Feb (post-holiday review)

Anniversary Contracts:
Some brands follow contract anniversaries instead.

So what? AVN deadlines are rigid. If you're not prepared, Amazon will auto-renew terms, almost always in their favour.

Next steps:

Begin prep 3–4 months in advance

Audit P&L and chargebacks

Build a counter-proposal playbook before Amazon makes their opening move

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WHAT HAPPENS DURING AVN?

Preparation

Audit chargebacks, shortages, and overstock from the last year

Model scenarios for different term changes

Identify where you can concede and where you must hold firm

Practical Tip: Create a "red, amber, green" list of terms. Red = non-negotiable. Amber = possible concessions.
Green = potential trade-offs.

Amazon's Opening Proposal

Expect higher margin asks and co-op increases

Backed by category benchmarks and peer comparisons

Pitfall: Don't be intimidated by their benchmarking — challenge it with y our real trading data.

Negotiation Phase

Multiple rounds of calls and emails

Use profitability data to push back

Offer structured trade-offs

Example: Agree to higher co-op only if tied to joint business plan activity.

Agreement & Signing

Terms captured in Vendor Portal

Runs 12 months unless renegotiated mid-year

Next Step: Double-check the signed contract against your final proposal.

Post-AVN Implementation

Monitor first 90 days for correct invoicing

Track Amazon's delivery on marketing commitments

Consequence of neglect: Without monitoring, you risk silent margin erosion.

GOVERNANCE: HOW TO STAY IN CONTROL

Governance isn't about paperwork — it's about protecting your commercial position.

Internal Alignment

Why it matters: Mixed messages to Amazon weaken your stance.

Action: Align Finance, Sales, and Ops on what you will/won't concede before discussions.

Consequence: Without this, Amazon exploits internal misalignment.

Documentation

Why it matters: Memory fades, Amazon's records don't.

Action: Keep written records of all commitments.

Pitfall: Relying on verbal agreements - they won't hold up.

Scenario Planning

Why it matters: AVN can shift quickly.

Action: Model worst-case and best-case terms before talks.

Next Step: Build counter-offers in advance.

Post-AVN Tracking

Why it matters: Amazon doesn't always deliver on commitments.

Action: Monitor invoicing, JBPs, and chargebacks monthly.

Consequence: Failure to track means you'll only spot issues at year-end - too late.

FINAL TAKEAWAY

AVN sets the commercial tone for your entire year with Amazon. The difference between accepting terms vs. actively negotiating them can be millions in profit protected (or lost).

Your Next Steps:

- Start preparation at least 3 months out
- Audit last year's trading data and chargebacks
- Build profitability models and scenario plans
- Align internal stakeholders before Amazon makes their move

READY TO STRENGTHEN YOUR AMAZON VENDOR POSITION?

Annual Vendor Negotiations can define your profitability for the year ahead. Don't leave them to chance.

If you'd like to discuss how to prepare for AVN, reduce trading costs, or strengthen your Amazon relationship, schedule a call with our leadership team who will review your current position and outline practical next steps to protect your margins and build long-term Amazon growth.

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