



## Stanford eCorner

### Adhere to Core Values

Diego Piacentini, *Amazon*

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Video URL: <http://ecorner.stanford.edu/videos/2559/Adhere-to-Core-Values>

Diego Piacentini, Amazon Senior VP, talks about the value of a company adhering to its own code, even when it comes to honoring a lower price point. Piacentini shares an anecdote about returning money to Chinese customers after a bestselling book dropped in price. The result, he states, was gaining unprecedented customer loyalty and a tremendous marketing boost.



#### Transcript

Core values. As a global company, one of the things that you need to make sure is that all the core values are the same. The core values evolving to leadership principles, I want to talk about those. Customer obsession. I gave an example or two before so I don't have to repeat that. Frugality. I am going to give you another example, which is something that happened in China. We are in China since 2004. I was there in 2005, one of my frequent trips and reviews. Harry Potter, I don't know whether 5, 6, or 7, was being published in Chinese and shipped by our operations.

And the day after it was shipped, it was right there. And the country manager was coming there and was very, very proud. Our competitor dropped the price. We dropped the price right now. Remember the vision of lowest possible price. And I said, "Great. What's next?" He goes, "What do you mean, 'what's next?'" "Well, how many Harry Potters did you ship yesterday at a higher price?" He goes, "Five thousand." "OK, now we need to go back to those customers and give those 5 RNB, which is less than a dollar, back." The guy was completely out of his mind, "What do you mean? They already paid. They have the product. Why give them their money back?" Again, this is something that probably no retailer had ever done in China before. But you think the Chinese customers didn't like it? So, this is an example where "culturally" you wouldn't do it because Chinese customers are not used to doing it.

But as a global company with the same principle of customer obsession, it turned out not only a good thing for the customer, it was also the best marketing activity we've ever done for that year.