



Newegg Seller Performance Measurement

All sellers are expected to meet the targets on seller performance metrics, which is crucial for Newegg to achieve and maintain the highest level of customer satisfaction.

Seller Performance Metrics Target

- Maintain average seller rating at 3 eggs or above
- Maintain order defect rate < 3%
- Maintain pre-fulfillment order void rate < 2.5%

Explanation of Seller Performance Metrics

- Average Seller Rating
 - Every 3rd party seller listing on our site with a review will have an egg rating (between 1 – 5 eggs) – the higher the rating, the higher the quality of the seller as perceived by our customers. The average seller rating is the average number of eggs on all the seller ratings from all the customer reviews during the time period of interest
 - ✓ Average seller rating = $\text{Sum of the total egg count on all the customer review} / \text{Total customer review count}$
 - ✓ The egg count and customer review count are both based on customer review and seller rating post date
- Order Defect Rate
 - Order defect rate is defined as percentage of orders with negative seller rating or with refund RMA
 - ✓ Order defect rate = $(\text{order count with negative seller rating} + \text{order count with refund RMA}) / \text{Shipped (closed) order count}$
 - ✓ Orders with negative seller rating are orders getting 1 or 2 eggs seller ratings from customer review
 - ✓ Orders with negative seller rating are based on negative seller rating post date
 - ✓ Orders with refund RMA are based on RMA post date
 - ✓ Shipped (Closed) order count
 - a. includes orders in which all items have been shipped and the order status shows “closed”
 - b. based on the date seller receives the order
- Pre-fulfillment order void rate
 - Pre-fulfillment order void rate is the sum of **orders voided by a seller** prior to ship-confirmation and **orders cancelled by the system auto void** before allowable order fulfillment lead time

expires, divided by total number of orders in the time period of interest. The total void count captures all the void reasons input by seller as well as auto void.

- ✓ Pre-fulfillment order void rate = Total void order count / Total order count
- ✓ Total void orders include all the order voided either by seller for any reasons or by system auto void before seller's allowable order fulfillment time frame expires
- ✓ Total orders include **all orders** passed to sellers for fulfillment
- ✓ Total orders & total void orders are both based on the date seller receives the order
- ✓ Void reasons include
 - a. Seller Did Not Process (System Use Only)
 - b. MKTP_Customer Requested to Cancel
 - c. No Stock
 - d. MKTP_Price Error
 - e. MKTP_Unable to Full Fill the Order

Seller Performance Evaluation and Notification Process

We review each seller performance on a monthly basis. In the event where a seller does not meet one or more performance metrics during a particular review period, a warning email will be given requiring remedial actions immediately. Depending on the severity of the performance issues, the seller may be at risk of losing their selling privileges on Newegg Marketplace if the seller does not meet performance expectations for two consecutive review periods.