

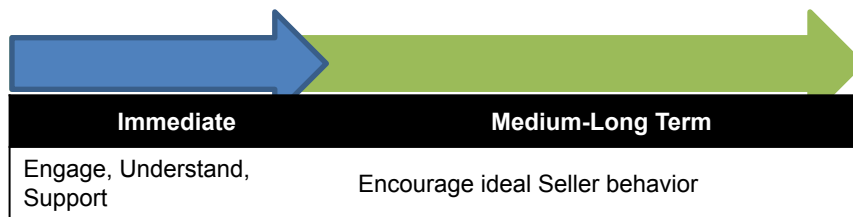
ZALORA

MP Ops Seller Performance Management Approach and Framework

June 2025



Overall Approach



1. The immediate approach is to engage, understand, and support the Sellers in managing their performance. This includes classifying the sellers into categories, MP Ops working closely with the Account Managers, and imposing penalties if Sellers are still not improving.
2. MP Ops will be monitoring the following key metrics for our sellers:

No.	Metrics	Target	Description
1	Seller Related Cancellations (SRC)	< 1%	Addresses seller stock management, delays, and fake R2S statuses.
2	Seller Order Processing Time (%R2S within SLA)	> 97%	Addresses seller order processing capabilities
3	Seller Order Packing Quality (SRR)	< 0.5%	Addresses seller order packing accuracy and quality (defective, missing items, wrong items)

3. The medium-long term approach focuses on encouraging ideal Seller behavior by rewarding sellers with free GFG Ads credit. For more information, please refer to The Seller Academy -> Order Management -> Seller Reward Program.

Performance Review

Metrics	Target	Calculation	Description
Seller Related Cancellation (SRC)	< 1% / < 5 orders / NMV < € 3,000	$\frac{\text{\# of orders canceled due to seller}}{\text{\# of orders created}}$	<p>Orders that are canceled by seller or by ZALORA due to:</p> <ol style="list-style-type: none"> 1. delayed fulfilment 2. delayed dispatch / failed pickup 3. out of stock / item not available / defective <p>Threshold value of <u>more than 1% / 5 orders / NMV € 3,000</u> will be considered a serious SRC breach</p>
% of Seller Handling Time Within Service Level Agreement (SLA) (%R2S)	> 97%	$\frac{\text{\# orders updated to R2S within 2 business days}}{\text{\# of orders created}}$	<p>Aging orders will lead to low % within SLA. Do prioritize orders based on aging days (from oldest to newest).</p> <p>Threshold value of <u>less than 97%</u> will be considered a serious SLA breach</p>
Seller Related Return (SRR)	< 0.5% / < 5 items	$\frac{\text{\# of items returned due to seller}}{\text{\# of items delivered}}$	<p>Orders that are returned due to:</p> <ol style="list-style-type: none"> 1. missing item by seller 2. defective item sent by seller 3. wrong item sent by seller <p>Threshold value of <u>more than 0.5% / 5 items</u> will be considered a serious SRR breach</p>

Immediate Approach and Framework

Conditions	Actions	PIC
SRC <ul style="list-style-type: none"> SRC < 1% / < 5 orders / NMV < € 3,000 %R2S <ul style="list-style-type: none"> > 97% SRR <ul style="list-style-type: none"> < 0.5% / < 5 items 	<ul style="list-style-type: none"> MP Ops to continue monitoring 	<ul style="list-style-type: none"> MP Ops
Seller highlighted if any ONE of the conditions met: SRC <ul style="list-style-type: none"> SRC > 1% / > 5 orders / NMV > € 3,000 %R2S <ul style="list-style-type: none"> < 97% SRR <ul style="list-style-type: none"> > 0.5% / > 5 items 	<ul style="list-style-type: none"> Engage AM with monthly calls to understand reason, mitigation plan, and support needed from MP Ops 	<ul style="list-style-type: none"> MP Ops, AM
	<ul style="list-style-type: none"> Warning letter to Seller <i>Note: There will be no change to seller's listing and Seller Center access</i>	<ul style="list-style-type: none"> MP Ops
	<ul style="list-style-type: none"> EA1: Impose 50% Daily Order Limit for 2 weeks or 2 weeks suspension if order volume too low <i>Note: Seller's listings will not appear on ZALORA website once the daily order limit reached. Seller will still be able to log on to Seller Center to complete processing all pending orders to avoid further penalty charges</i>	<ul style="list-style-type: none"> MP Ops Manager + Respective Commercial Lead
	<ul style="list-style-type: none"> EA2: Impose 1 month suspension <i>Note: Seller's listings will not appear on ZALORA website during the suspension period. Seller will still be able to log on to Seller Center to complete processing all pending orders to avoid further penalty charges</i>	
	<ul style="list-style-type: none"> EA3: Termination 	<ul style="list-style-type: none"> MP Ops Head + Respective Commercial Lead
Special SRC conditions <ul style="list-style-type: none"> Condition 1: SRC = 100% Condition 2: 50% < SRC < 100% 	<ul style="list-style-type: none"> Condition 1: Proceed with EA3 Condition 2: Proceed with EA1 -> If no improvement after a month, proceed with EA3 	<ul style="list-style-type: none"> MP Ops Manager + Respective Commercial Lead

Inconsistent Performance

Sellers with inconsistent performance will be penalized one level lower than the month when action were taken, rather than restarting the process from a Warning Letter

To illustrate:

Month 1: KPI
Fail

Action: Warning Letter 1

Month 2: KPI
Fail

Action: 50% order limit for 2 weeks / 2 week suspension

Month 3: KPI
Fail

Action: 1 month suspension

Month 4: KPI
Met

No Action

Month 5: KPI
Fail

Action: 50% order limit for 2 weeks / 2 week suspension

Special Consideration

Sellers who accumulate warning letters will face the additional following actions

Conditions	Actions	PIC
> 2 warning letters in 6 months period	<ul style="list-style-type: none">EA1: Impose 50% Daily Order Limit for 2 weeks or 2 weeks suspension if order volume too low	<ul style="list-style-type: none">MP Ops Manager + Respective Commercial Lead
> 3 warning letters in 8 months period	<ul style="list-style-type: none">EA2: Impose 1 month suspension	
> 4 warning letters in 10 months period	<ul style="list-style-type: none">EA3: Termination	<ul style="list-style-type: none">MP Ops Head + Respective Commercial Lead

Scenarios:

Example 1:

Seller Performance doesn't improve

Month 1: KPI
Fail

Action: Warning Letter 1

Month 2: KPI
Fail

Action: 50% order limit for 2 weeks / 2 week suspension

Month 3: KPI
Fail

Action: 1 month suspension

Month 4: KPI
Fail

Action: Contract Termination

Example 2:

Seller Performance improves

Month 1: KPI
Fail

Action: Warning Letter 1

Month 2: KPI
Met

No Action

Month 3: KPI
Fail

No Action

Month 4: KPI
Fail

Action: Warning Letter 1

Month 5: KPI
Fail

Action: 50% order limit for 2 weeks / 2 week suspension

Example 3:

Seller Performance inconsistent

Month 1: KPI
Fail

Action: Warning Letter 1

Month 2: KPI
Met

No Action

Month 3: KPI
Fail

Action: Warning Letter 1

Month 4: KPI
Met

No Action

Month 5: KPI
Fail

Special Consideration Action:
50% order limit for 2 weeks / 2 week suspension

Notes:

1. Seller score will reset once they meet KPI in the following month.
2. 1 Review Period is defined as 1 calendar month.
3. The Respective Commercial Category Lead will approve the relevant Escalation Actions (EA) for Account Managed Sellers.
4. MP Ops Manager or MP Ops Head will approve the relevant Escalation Actions (EA) for Longtail Sellers.
5. Suspended seller must undergo the suspension period to get reactivated.
6. Delisted seller may submit a request for account reactivation via [Contact Us](#) and our Seller Support Team will review the request within 5 working days. Successful appeal is determined by the validity of KPI breach reasons.
7. Both Sellers or Commercial Team can appeal a decision.
If appeal accepted, action will be “on hold” for the specified period.
If seller performance doesn’t improve, action will continue from where it was last “on hold”.
8. There will be certain circumstances that require additional action, and these will be dealt with on a case by case basis outside of this framework.
Approval will be requested from either relevant Commercial Category Lead or MP Ops Head.
9. Daily order limit to be calculated based on the below formula:

Daily Order Limit = Immediate past 3 month order volume / 3 X 50% / 30 days

Note: Daily order limit has to be whole number and needs to be a minimum of 1.

If seller order volume after 50% order limit is < 1 order per day, alternative action of 2 week suspension to be taken.

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Seller Rating



Seller Rating

1. Seller rating is calculated based on your previous month's fulfillment performance.

KPIs being measured are:

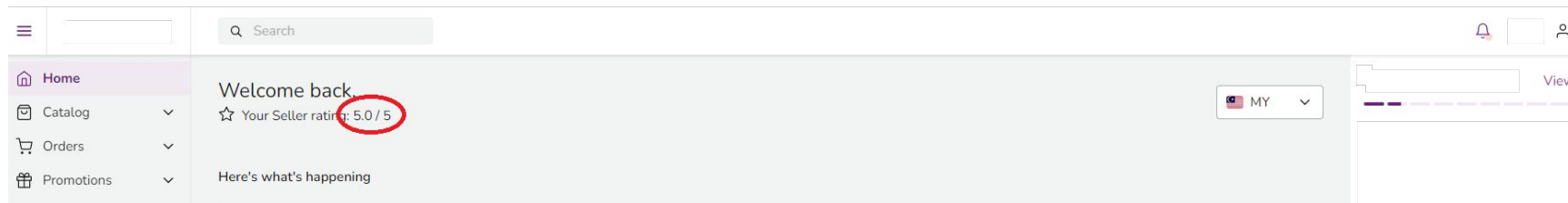
Seller Handling Time

Seller Related Cancellation (SRC)

Seller Related Returns (SRR)

Note: Based on Order Date

2. Seller Rating will be updated every 15th of the month which reflects last month's performance (eg. Rating updated on Apr 15 reflects March's performance).
3. Seller rating will appear on Seller Center home page



4. Click on “Your Seller rating: x.x / 5” to view details

Your Rating Drivers	KPI Value	Period	Score (1-5)	KPI Weight (0-1)	Rating
Seller Handling Time within SLA	100%	30 days	5	0.4	Very Good
Seller Related Cancellation	0%	30 days	5	0.5	Very Good
Seller Related Return	0%	30 days	5	0.1	Very Good

Seller Rating

Ranking	Ranking Name	Ranking Range (Min)	Ranking Range (Max)	Ranking Medal
5	Recommended Seller	4.5	5.0	
4	Proficient	4.0	4.5	
3	Intermediate	3.5	4.0	
2	Apprentice	3.0	3.5	
1	Beginner	0.0	3.0	

Seller Rating

Seller Handling Time (KPI Weight: 40%)

Rating Name	Min Range	Max Range
Very Good	99%	100%
Good	97%	99%
Average	95%	97%
Poor	90%	95%
Very Poor	0%	90%

Seller Related Cancellation (KPI Weight: 50%)

Rating Name	Min Range	Max Range
Very Good	0.0%	0.25%
Good	0.25%	0.5%
Average	0.5%	0.75%
Poor	0.75%	1.0%
Very Poor	1.0%	100%

Seller Related Returns (KPI Weight: 10%)

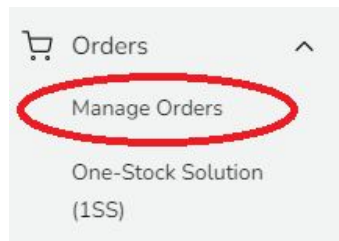
Rating Name	Min Range	Max Range
Very Good	0.0%	0.1%
Good	0.1%	0.25%
Average	0.25%	0.4%
Poor	0.4%	0.5%
Very Poor	0.5%	100%

Checking SRC/SRR Orders

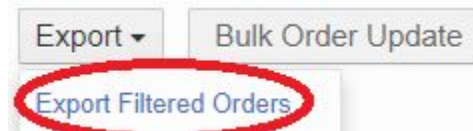
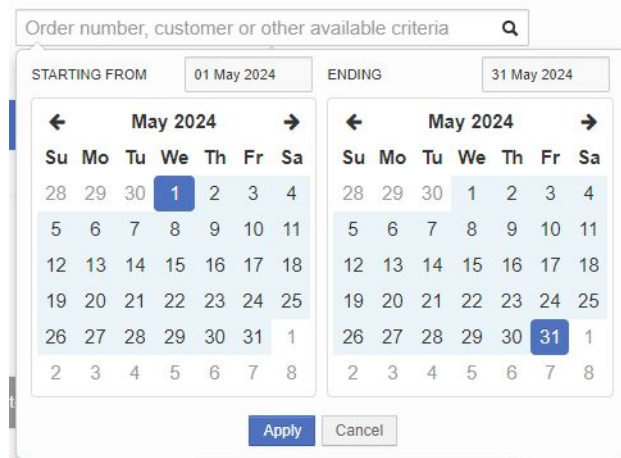


Checking SRC/SRR Orders (Old UI)

Step 1: Click on Orders > Manage Orders



Step 2: Filter Date Range -> Export -> Export Filtered Orders



Checking SRC/SRR Orders (Old UI)

Step 3:

For SRC, filter Status = Canceled.

For SRR, filter Status = Returned.

Step 4:

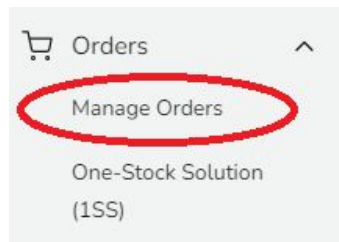
For SRC, filter Reason = Delay Processing, Failed Pickup, OOS - Out of stock.

For SRR, filter Reason = defective item, wrong item sent, Missing item - Seller.

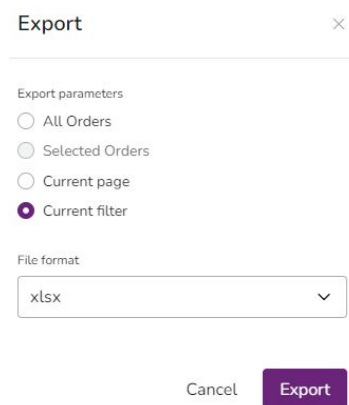
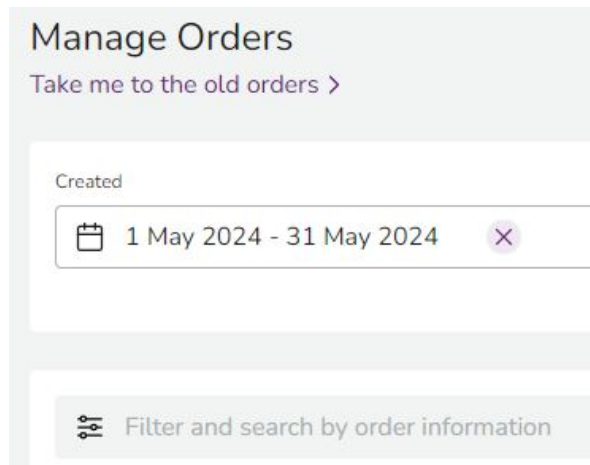
SRC		SRR	
Status	Reason	Status	Reason
canceled	Delay Processing	returned	4. defective item
canceled	Failed Pickup	returned	7. wrong item sent
canceled	OOS - Out of stock	returned	11. Missing item - Seller

Checking SRC/SRR Orders (New UI)

Step 1: Click on Orders > Manage Orders



Step 2: Filter Date Range -> Export -> Current filter -> Export



Checking SRC/SRR Orders (New UI)

Step 3:

For SRC, filter Status = Canceled.

For SRR, filter Status = Returned.

Step 4:

For SRC, filter Reason = Delay Processing, Failed Pickup, OOS - Out of stock.

For SRR, filter Reason = defective item, wrong item sent, Missing item - Seller.

SRC		SRR	
Status	Reason	Status	Reason
canceled	Delay Processing	returned	4. defective item
canceled	Failed Pickup	returned	7. wrong item sent
canceled	OOS - Out of stock	returned	11. Missing item - Seller