

# WINNING THE AMAZON BUY BOX

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Without Sacrificing Profitability!



# Why win the Buy Box?

- \$82bn of sales go through the Buy Box
- Responsible for 95% of seller's revenues
- Pays back sellers for great customer service
- Sellers compete on their merits, not marketing



# Who am I?

- Shmuli Goldberg - Pure analytics geek
- We literally wrote the book on the Buy Box
- 18 months of research, 25 data scientists
- Watched billions of price changes for millions of products



# What are we speaking about today?

- Deep dive of the Amazon Buy Box
- Breaking down the variables that determine Buy Box ownership
- How to use the metrics within Seller Central to your best advantage
- Analysing the techniques being used by the top Buy Box winners today



# WHAT IS THE BUY BOX? THE FUNDAMENTALS

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# The Fundamentals

To put it very simply...

**The Amazon Buy Box is an algorithm that tries to give the customer the best possible value for money.**



# The Fundamentals

To put it very simply...

**It does this by determining which product offerings promise the best balance of high seller performance and low cost price.**



# Buy Box Rotations

If there are several merchants offering similar value for money, the Buy Box winner changes during the day, these changes are called “rotations”

## For Example:

- 10 equal sellers will each get 10% of the Buy Box
- A relatively high performing seller could have 70% of the Buy Box against a lower performing seller, who could have 30%





# So what if it's mobile?

- Over Christmas 2014, 50% of Amazon customer shopped via mobile
- On mobile devices, the “More buying choices” button is practically invisible
- Nearly 100% of mobile sales go through the Buy Box

Supre Snooki - Ultra Dark Black Bronzer  
By Nicole Polizzi 12 Oz

Supre

★★★★☆ (164)



List Price: \$62.00

Price: **\$20.70**

FREE Shipping on orders over \$35.

You Save: **\$41.30 (67%)**

**In Stock**

Sold by [Tantastic Enterprizes](#) and Fulfilled by Amazon. Gift-wrap available.

Want it **Tuesday, July 8?** Order within **5hr 38min**, and choose **One-Day** delivery at checkout.



Add to Cart



# THE BUY BOX

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Its requirements, variables and anomalies



# Buy Box Variables

There are 4 levels of impact that variables can have on the Buy Box:

- **Very High** - The Mother of all Metrics
- **High** - The Big 3
- **Medium** – The Differentiators
- **Low** – Meh...



# Very High Impact Variable

## Fulfilment Method

- Choosing FBA is the quickest and easiest way to drastically improve the chances of winning the Buy Box.
- If all else is equal, an FBA seller will always have a higher share of the Buy Box than an FBM seller.
- This should be a business decision, not a Buy Box one.



# High Impact Variables

## Seller rating

- Amazon gives a score for every sale you make, the average of these is called your “Seller Rating”:
  - Perfect: 110
  - No problems: 100
  - Minor problems: 0
  - Moderate problems: -100
  - Major problems: -500



# High Impact Variables

## Seller rating

- These scores are then divided onto 6 brackets:
  - 100-98%
  - 97-95%
  - 94-90%
  - 89-80%
  - 79-70%
  - Less than 70%



# High Impact Variables

## Seller rating

- The higher your bracket, the higher your Buy Box share
- Jumping from one bracket to another will have a stronger effect than moving within the brackets themselves



# High Impact Variables

## Shipping Time

- Like seller rating, these are divided into brackets:
  - 0-2 days
  - 3-7 days
  - 8-13 days
  - 14 or more days
- Again, jumping between brackets is more effective than moving between them





# High Impact Variables

## Landed Price

- The easiest variable to manipulate
- The only metrics that the seller can directly control and change instantly.
- No brackets here, the lower the landed price, the higher the Buy Box share.



# High Impact Variables

## Landed Price

- The higher the seller's relative metrics, the higher the seller can raise their price.
- This can be seen as the “dollar value” of improving customer experience.



# Medium Impact Variables

- If all other variables are similar, these metrics can act as a deciding vote
- They can also swing a little bit of Buy Box share from one merchant to another.
- However, too low a score in any one of these metrics can make it impossible to win the Buy Box



# Medium Impact Variables

These variables have a “deciding vote”:

- **Order Defect Rate**
  - The Negative Feedback Rate
  - The A-to-Z Guarantee Claim Rate
  - The Service Chargeback Rate
- **Delivery History:**
  - On Time Delivery
  - Late Shipment rate
  - Tracked Delivery Rate



# Medium Impact Variables

These variables have a “deciding vote”:

- **Feedback Score**
- **Customer Response Time**
- **Feedback Count**
  - As we shall see...



# Medium Impact Variables

Group ID	Fulfillment	Condition	Subcondition	Ships Domestically	Max Shipping Time	Seller Positive Feedback Rating	Number of Offer Listings Considered	Seller Feedback Count	Has Multiple Offers at Lowest Price	Landed Price	Listed Price	Shipping Price
1_1_1_1_4_1	Merchant	New	New	false	0-2 days	Just Launched	1	0	0	767.99	760.00	7.99
1_1_1_1_4_2	Merchant	New	New	true	0-2 days	Just Launched	1	0	0	766.77	759.00	7.77
1_1_1_5_4_1	Merchant	New	New	false	0-2 days	90-94%	1	54980	0	799.00	799.00	
1_1_1_6_4_1	Merchant	New	New	false	0-2 days	95-97%	1	361637	0	707.50	707.50	
1_1_1_6_4_2	Merchant	New	New	true	0-2 days	95-97%	3	220072	0	707.50	707.50	
1_1_1_7_4_1	Merchant	New	New	false	0-2 days	98-100%	1	163	0	799.95	799.95	
2_1_1_5_4_2	Amazon	New	New	true	0-2 days	90-94%	2	271	0	719.99	719.99	
2_1_1_6_4_2	Amazon	New	New	true	0-2 days	95-97%	3	3544	0	705.00	705.00	
2_1_1_7_4_2	Amazon	New	New	true	0-2 days	98-100%	2	7059	0	726.06	726.06	

Won the Buy Box!!

Lost the Buy Box!!



# WINNING THE BUY BOX

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3 simple strategies



# The Fundamentals

The theory is simple...

**To improve one or more relative metrics without forfeiting performance in other areas.**





# The Fundamentals

Our goal:

**To identify which changes would have the biggest effect on the Buy Box share, at the lowest business costs**



# 1. Know your Metrics

Good:

Performance Checklist					
Order Defect Rate	Cancellation Rate	Late Shipment Rate	Policy Violations	On-Time Delivery	Contact Response Time
					
<a href="#">Learn more</a>	<a href="#">Learn more</a>	<a href="#">Learn more</a>	<a href="#">Learn more</a>	<a href="#">Learn more</a>	<a href="#">Learn more</a>

Bad:

Performance Checklist					
Order Defect Rate	Cancellation Rate	Late Shipment Rate	Policy Violations	On-Time Delivery	Contact Response Time
					
<a href="#">Learn more</a>	<a href="#">Learn more</a>	<a href="#">Learn more</a>	<a href="#">Learn more</a>	<a href="#">Learn more</a>	<a href="#">Learn more</a>



# Sacrifice one metric for another

- You can trade a “low impact” metric for a “high” one. For example:
  - Minimize the efforts spent replying to customer questions, ensuring a response within 24 hours rather than 12, and spend that extra time improving your Seller Rating by working with customers to remove negative feedback.
- Remember to never let one metric slip too far down



## 2. Love the Brackets

- Jumping between brackets will usually have a much greater impact on your Buy Box share than moving between brackets.
- Use this to your advantage when working on Seller Rating, Shipping Time and Customer Response Time.
- Learn to spot potential “quick wins”, and avoid “near misses” as the opportunities arise.



## 3. Create a No-Go-Zone

- Understand the points below which you should never allow your metrics to go. These are:
  - **Seller Rating** - Below 70%
  - **On-Time Delivery** - Below 97%
  - **Tracked Orders** - Below 98%
  - **Late Shipment Rate** - Above 4%
  - **Cancellation Rate** - Above 2.5%
  - **Shipping Time** - More than 14 days
  - **Customer Response Time** - More than 10% of messages over 24 hours



# THANK YOU FOR YOUR TIME

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