Sell Smarter on Amazon:

The Metrics You Need to be Tracking

sellbrite
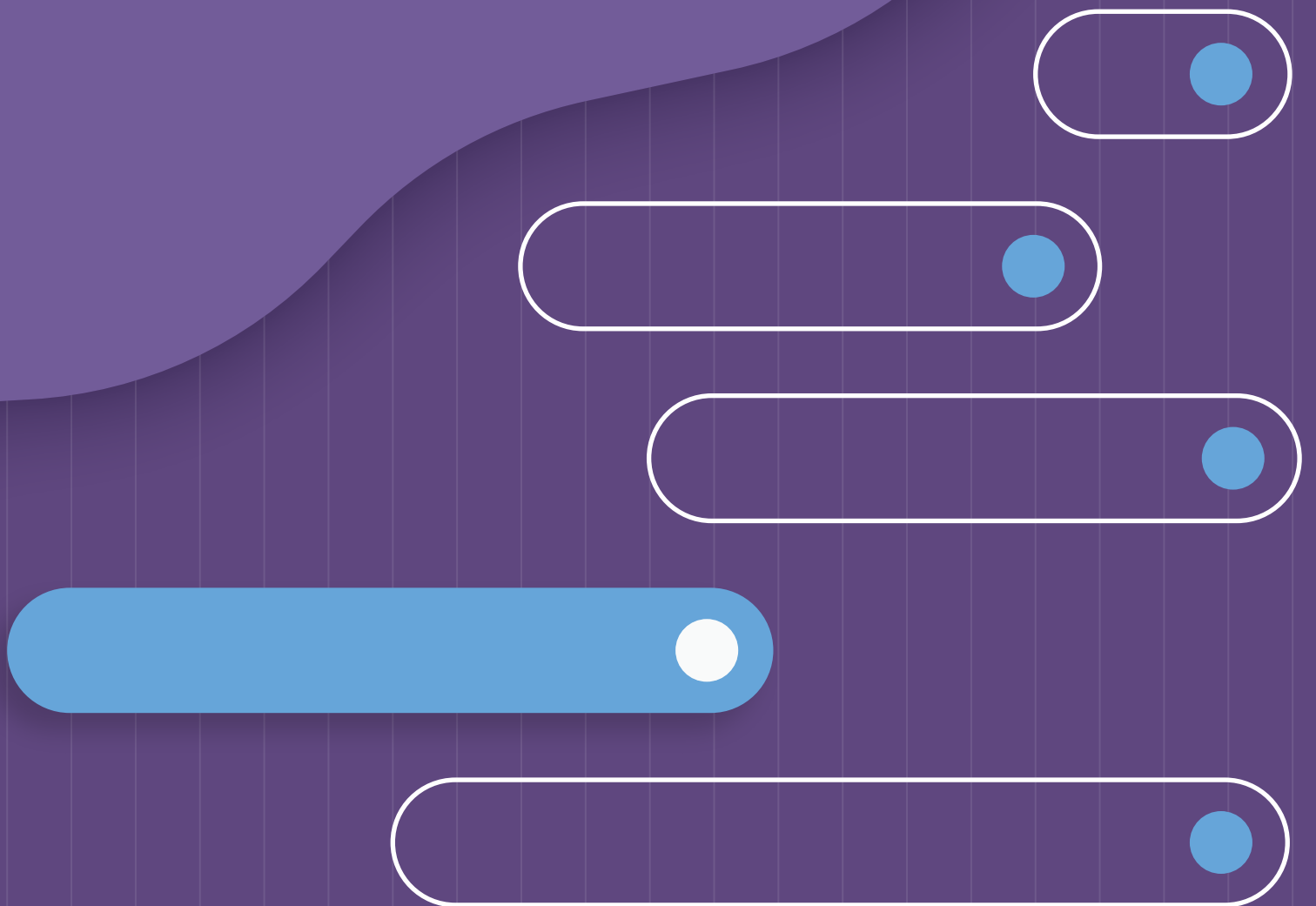
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Introduction

Every ecommerce seller knows the rule — utilize your data to increase sales. Though everyone may have heard this rule, not everyone knows how to use data to increase their revenue. With so many metrics to track, it can be difficult to know which ones to focus on and improve.

Sellers on Amazon who want to boost their revenue have to consider a unique set of data. Their account metrics don't just indicate sales numbers — they also directly impact how these sellers are positioned in Amazon's marketplace. A high order rate, for example, doesn't just mean greater revenue — it could also mean more product reviews, better Buy Box placement, and ranking high in product searches. Data determines how buyers perceive sellers and their products on Amazon, so merchants have to track their metrics to ensure that they're set up to stay successful on the platform.

This ebook will help you understand which metrics you need to be tracking on Amazon, and how to use data from the marketplace to grow and strengthen your business.

We hope you find it useful!

- The makers of Sellbrite

Tracking Data Starts With Identifying Your Account Type

When you sign up to sell on Amazon, you register either as an **Individual seller** or a **Professional seller**. The account type you choose determines the data available to you as a seller.

Individual Amazon sellers have less data access than Professional sellers. They can only access the:

- **Payment report**
- **Return reports**
- **Tax Document Library reports**
- **Seller performance metric**
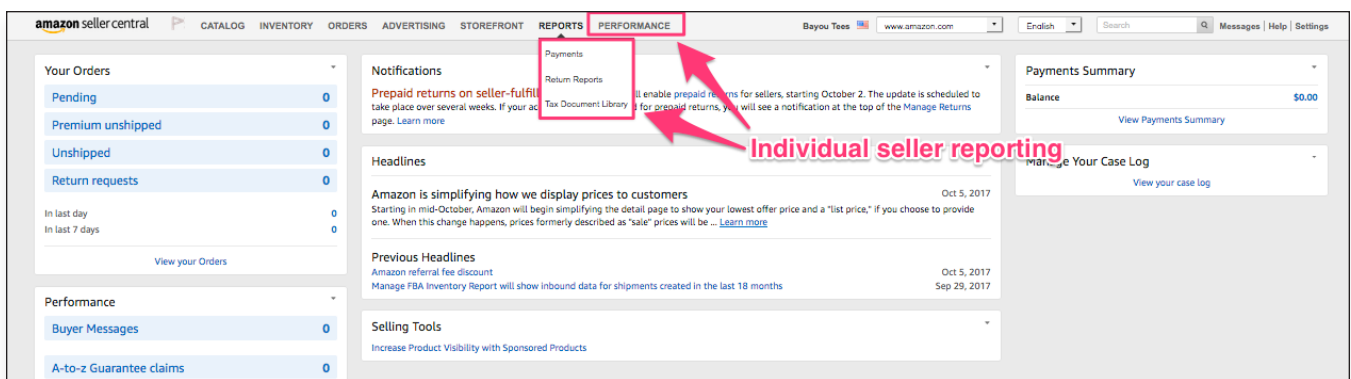
Professional sellers have access to all of these Individual seller metrics in addition to Business and Inventory reports, which provide key insights on sales, traffic, and the stock status of products.

[Source]

The Individual account does cost less upfront than the Professional account. Individual sellers only have to pay a $.99 fee for each item that sells, while Professional sellers have to pay a $39.99 monthly fee.

With this fee structure, Individual accounts are cost-effective for merchants selling less than 40 items. If a merchant sells more than 40 items each month, they should opt for the Professional account. At that point it's more cost effective—and also provides data insights from the Business and Inventory reports.

How Data Impacts Growth on Amazon

When buyers visit Amazon, their likelihood of engaging with a seller depends on the merchant's:

- **Product Ranking:** the point at which the product appears in search results
- **Buy Box Placement:** whether the seller's product made the Buy Box or not
- **Product Reviews** and **Seller Ratings**: how many product reviews and seller ratings the merchant has and how positive or negative this feedback is.

By knowing which metrics affect each factor, sellers can attract the attention of more customers and build relationships with repeat customers.

Product ranking

According to One Click Retail, over 80% of people never go past the first page search and 64% click one of the top three results. Your product ranking has a huge impact on whether a customer engages with your product or not.

Amazon has not released information on their product ranking algorithm, so no one can definitively say what is needed to rank high on the marketplace. However, the Amazon search engine A9 does provide a few clues on their website. For example, A9 explains how, for the search "Harry Potter in books," they would break the search down by keywords. In regards to data, A9 offers no clear insights other than stressing that they provide "the most relevant results" to the users.

Most Amazon sellers interpret "relevant" here to mean the results that the buyer is most likely to purchase, leading merchants to believe that their unit session percentage rates (conversion rates) affect product rankings. If many people are buying a product (and the item's keywords match with the buyer's interests), there's a good chance that buyer will want to make a purchase as well.

The two main components of conversion rate are sales and traffic rates, so these two metrics also impact product ranking and should be tracked. Amazon defines sales as the number of units ordered and traffic as the number of sessions. Sessions are visits to your product page within a 24-hour period. Multiple views within 24 hours only count as one session.

Buy Box placement

When you're sharing an Amazon listing with a seller offering the same product, winning the sale is all about winning the Buy Box.

The Buy Box is the first price option a buyer sees when they view an Amazon listing. If a buyer clicks "Add to Cart," they are purchasing the offer in the Buy Box.
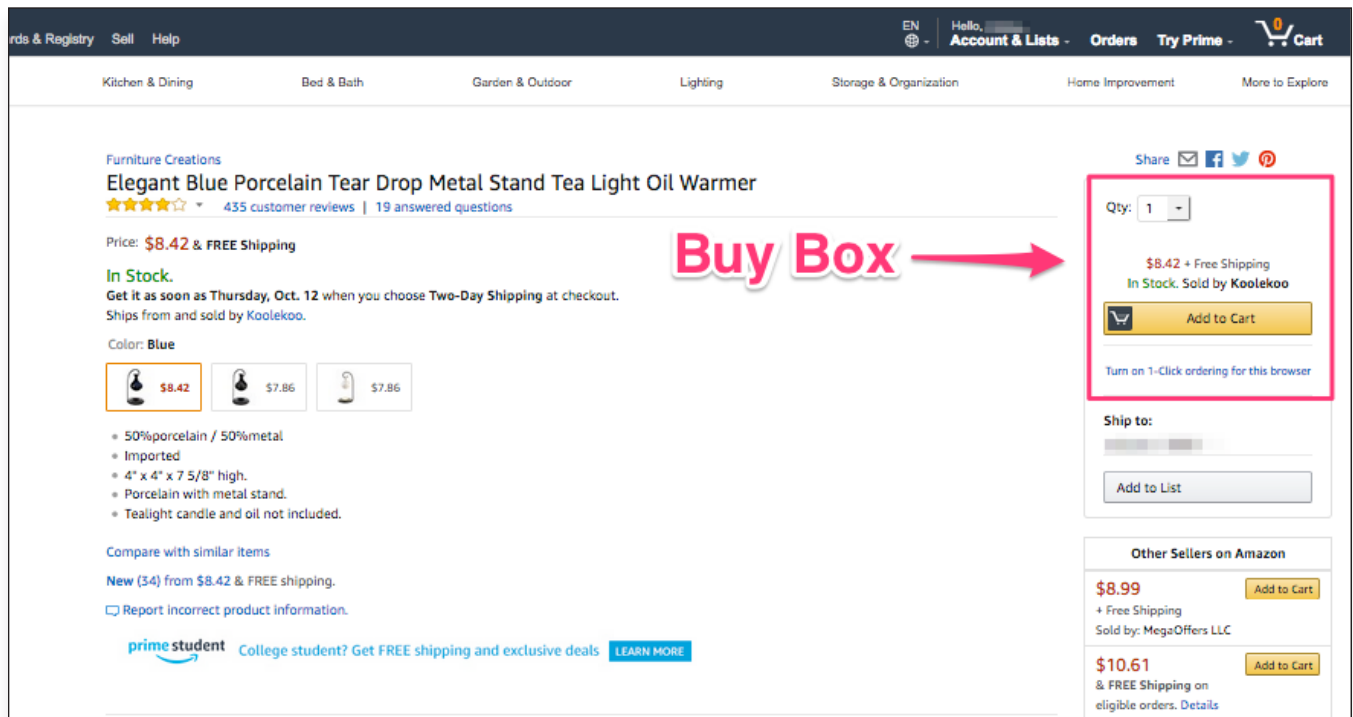
The Buy Box's prime visibility increases sellers' chances of engaging with customers. To get a sense of the feature's value, consider that 82% of all Amazon sales happen through the Buy Box.

Buy Box eligibility and winning is determined through a variety of data factors. Eligibility is determined by considering sellers' **performance metrics** with **Order Defect Rate (ODR)** being the most important performance factor. Amazon also considers customers' shopping experience when determining Buy Box eligibility. **Stock statuses** are assessed to determine whether products are available for buyers, and **seller ratings** are reviewed as a measure of customers service. Sellers who want to check whether products are Buy Box eligible can click Manage Inventory, select Preferences, choose "Buy Box Eligible" as a displayed column, and save changes.
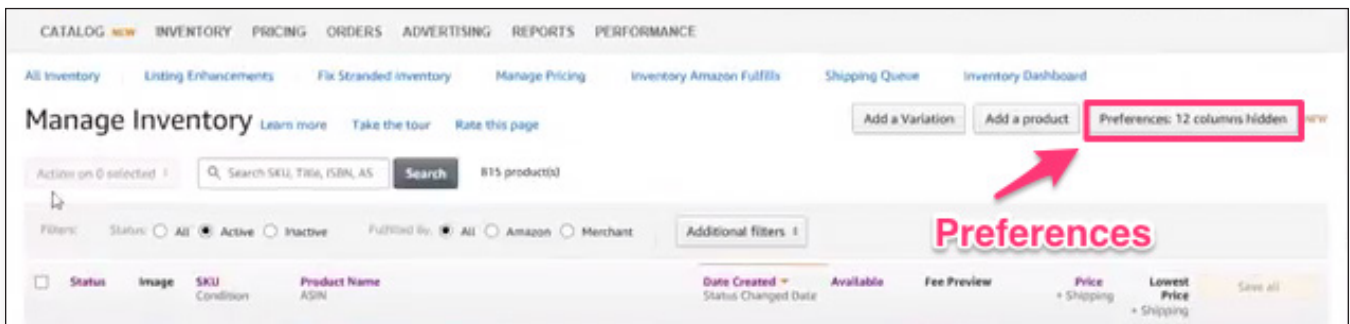
[Source]

Winning the Buy Box, according to Amazon, mainly depends on product pricing and availability. While there isn't an Amazon metric for price competitiveness, sellers can view the **Buy Box percentage metric** to see the percentage of times their product was placed in the Buy Box. Sellers can also improve their chances of winning by reviewing **inventory metrics** since availability is considered.

Product reviews and seller ratings

Since online shoppers don't have the opportunity to meet sellers face-to-face, they seek out product reviews and seller ratings to assess merchant credibility. Buyers rely on social proof and use the experiences and opinions of others to validate their own purchases.

Buyers, however, won't be convinced by a single five-star review. According to MarketingProfs, 67% of customers read at least 6 reviews before they trust a merchant enough to purchase their product. Sellers need to present a large amount of positive feedback to earn buyers' trust and encourage them to purchase.

To get a high number of positive product reviews and seller ratings, merchants need to receive a high number of orders. To obtain more feedback, sellers should assess their number of orders by checking their **unit session percentage (conversion) rate** and **units ordered** amount. To avoid negative feedback, sellers should frequently check their **seller rating** and **performance metrics** to ensure that they're providing excellent customer service.

Tracking Data and Adhering to Benchmarks

Tracking data and adhering to benchmarks
Sellers have to know where to find the metrics that impact product ranking, Buy Box placement, and product reviews in order to improve customer engagement and acquisition on Amazon.

This data can be found in three types of Amazon reporting:

1. The **Business report** includes the:
   - Unit session percentage rate
   - Units ordered amount
   - Sessions amount
   - Buy Box percentage rate
2. **Inventory reporting** includes the:
   - Stock status of products
3. **Seller performance reporting** includes the:
   - Seller rating
   - Performance metrics
     - Order defect rate
     - Pre-fulfillment cancel rate
     - Late shipment rate

We'll explain where to find these reports and metrics, and identify healthy benchmarks for this data to help sellers win new customers and keep repeat buyers loyal.

Business report

As mentioned earlier, the Business report is only available to Professional Amazon sellers, not Individual sellers. Merchants with a professional account can access their Business Report by logging into Seller Central, going to the Reports tab at the top, and clicking Business Reports.
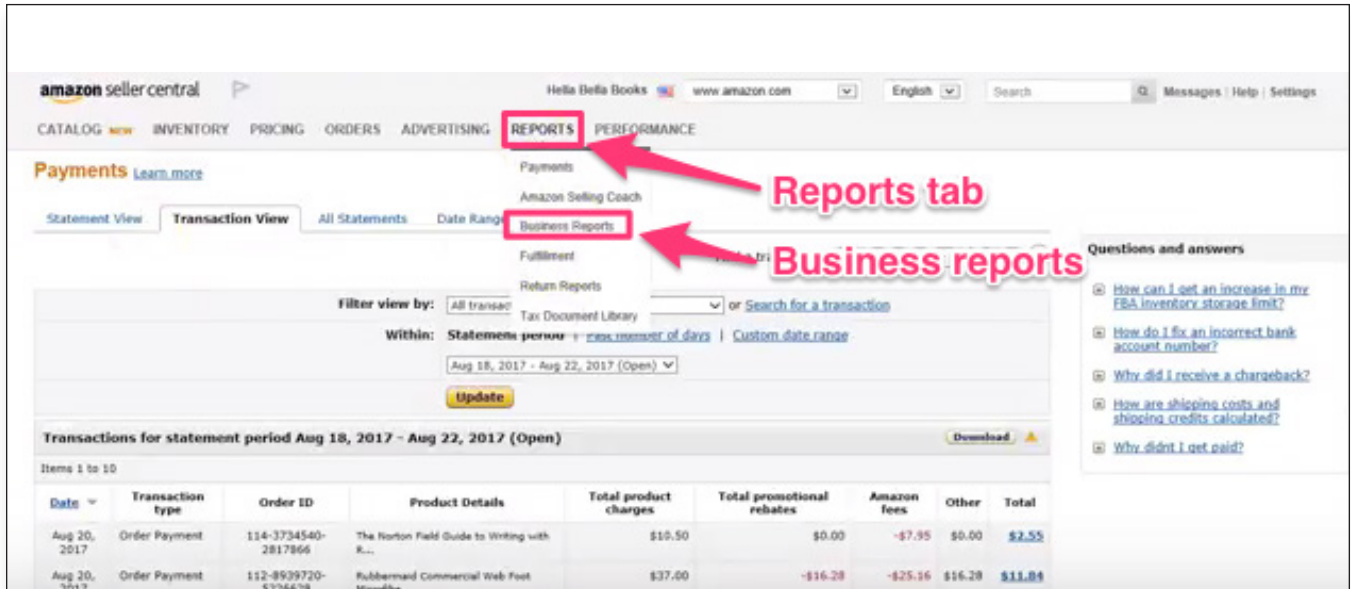
[Source]

From Business Reports, sellers can view the growth metrics for each of their products by clicking on "Sales and traffic by ASIN."
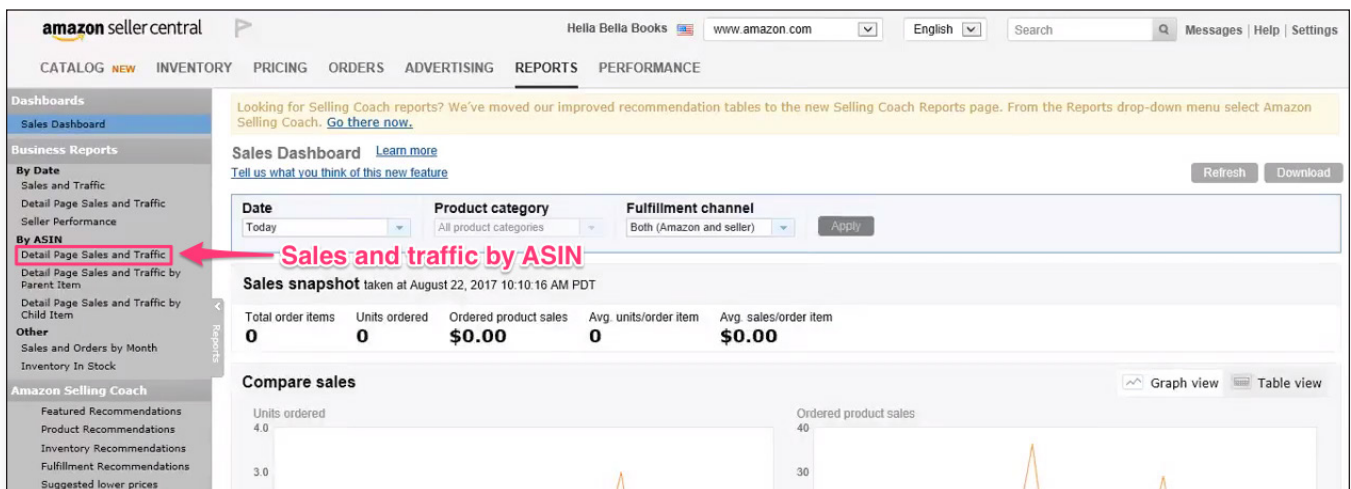
[Source]

From this page, sellers can view the metrics discussed earlier: unit session percentage rates, units ordered, sessions, and Buy Box percentage rates.

[Source]

Healthy benchmarks for sales and traffic are difficult to pinpoint since they're pretty relative to the individual seller and their products. For example, $10,000 in monthly Amazon revenue with 2,000 sessions may be great for one merchant and disappointing for another. Instead, it makes sense to start with conversion rate benchmarks and use those reference points to understand your sales and traffic.

The average **unit session percentage (conversion) rate** on Amazon is 12.3%.

$$unit\ session\ percentage\ rate = \frac{units\ ordered}{\#\ of\ sessions}$$

This rate shouldn't be viewed as a strict conversion benchmark since it does vary by category, but it's a good starting point for assessing your own rate. If your conversion rate is low, you need to increase your sales, or number of units ordered.

Alternatively, your conversion rate could be low due to low traffic, or a low **sessions metric**. With less listing visitors, a seller is less likely to receive orders. If the order rate drops at a steeper rate than the traffic, the conversion rate will also decrease

$$\frac{1000 \; units \; ordered}{100 \; sessions} = 10\% \; unit \; session \; percentage$$

$$\downarrow (units \; decreases \; by \; half, \\ sessions \; decreases \; by \; a \; fifth)$$

$$\frac{500 \; units \; ordered}{80 \; sessions} = 6.25\% \; unit \; session \; percentage$$

In the example above, notice how the conversion rate decreases when the number of units ordered decreases by half, and the number of sessions decreases slightly less by a fifth.

For a **Buy Box percentage** benchmark, this rate should ideally be as close to 100% as possible. However, the level of competition in a listing can make it impossible to get a Buy Box rating this high. If multiple sellers are offering competitive pricing, they may each only win the Buy Box 15-30% of the time. Instead of only aiming to reach 100%, sellers should also evaluate their Buy Box percentage over time to determine average levels for the rate, whether it's improving or weakening, and what a healthy benchmark might be for the specific listing.

Inventory report

Like the Business Report, the Inventory Report is also only available to Professional Amazon sellers. Merchants with a Professional account can access their Inventory report by logging into Seller Central, going to the Inventory tab at the top, and clicking Manage Inventory.
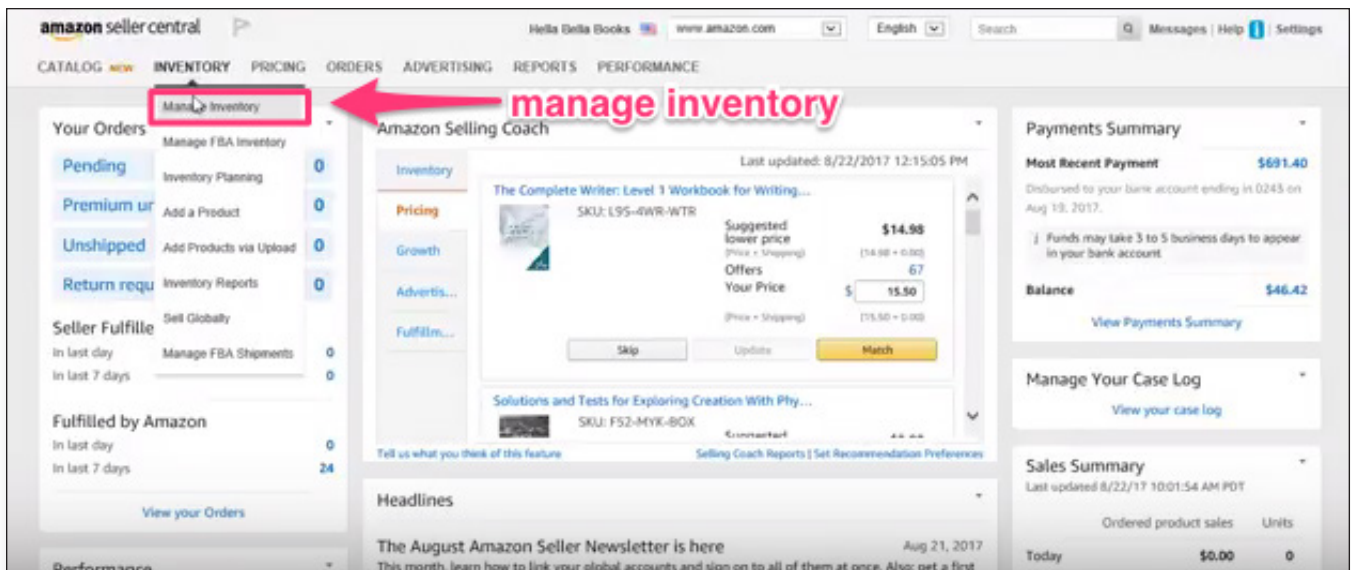
[Source]

Once you've clicked Manage Inventory, you can easily check the **stock status** of your products. Check off Active Listings and review the Available column to make sure all of your current products are stocked.
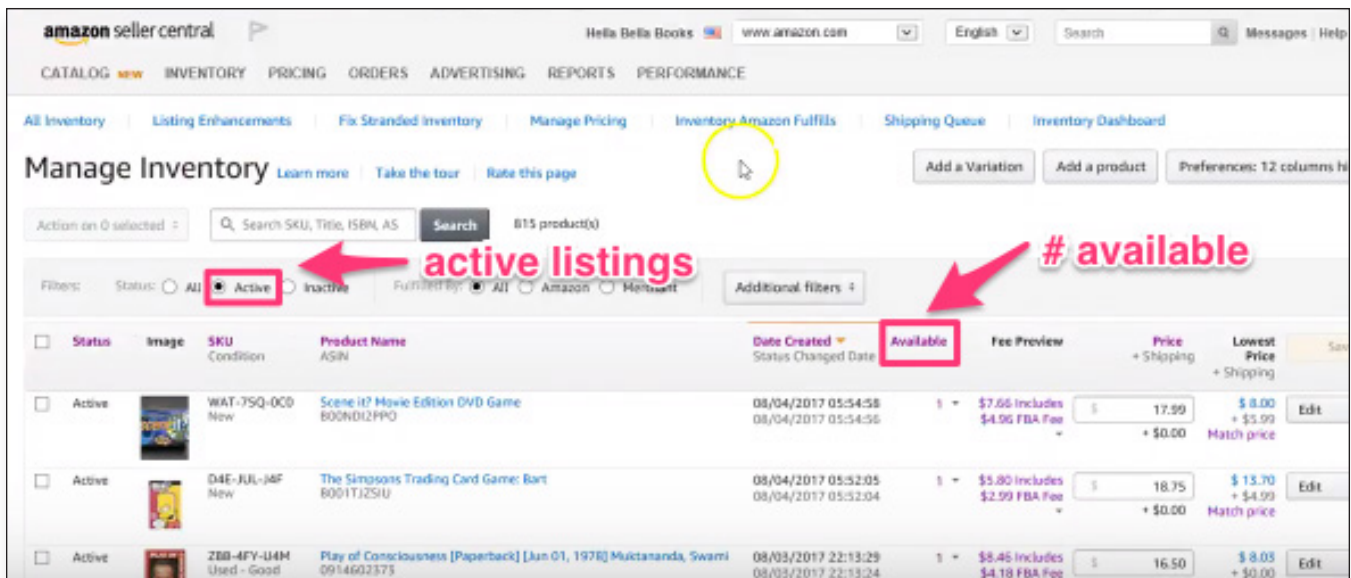
[Source]

For healthy restocking benchmarks, don't wait until your inventory drops to zero to restock your item. Pick a higher number to check for when you review the Available column so that you have time to restock the item.

Seller Performance report

Performance metrics and seller ratings are accessible to all Amazon seller account types. This data can be accessed by logging into Seller Central, clicking the Performance tab at the top, and clicking Performance Metrics to view the ODR, late shipment, and pre-fulfillment cancellation rate.

Amazon provides the following benchmarks for their three main performance metrics:

- **Order defect rate <1%**
- **Pre-fulfillment cancel rate < 2.5%**
- **Late shipment rate < 4%**

Your Seller Rating can also be viewed by clicking the Performance tab and then clicking Customer Feedback.

The healthy benchmark for seller ratings is 4 stars or above. Ratings that are lower are considered neutral or poor by Amazon, which can cause you to become ineligible to win the Buy Box.

What if You're Not Meeting These Benchmarks...

If you're not meeting the benchmarks for these metrics, there are steps you can take to improve your stats for greater customer engagement and acquisition.

Low conversion rate

When your conversion rate is too low, it often means your sales are too low. Here are a few tips to boost your number of orders:

- **Evaluate your pricing. You may need to lower your price in order to win the Buy Box more and increase your sales. Check your competitors' rates to see how your prices compare and whether they need to be decreased.**
- **Consider offering free shipping. Free shipping not only makes your order more attractive to buyers, but it also makes you more likely to win the Buy Box. Amazon considers shipping as a part of the order price, so offering free shipping will make your price more competitive.**
- **Improve your Amazon seller reputation. Whether it's soliciting more product reviews or making your customer service transparent,** boosting your seller reputation **will make buyers more likely to trust you and buy your products.**
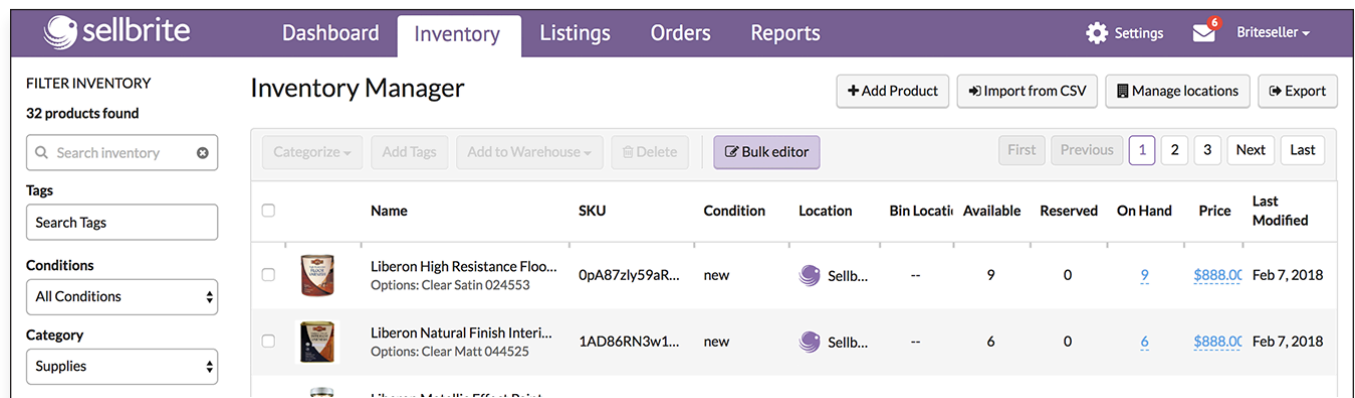
A low conversion rate could also mean your traffic isn't high enough. The fewer visitors you have, the more likely your orders will drop. Here are a few tips to increase your listing traffic:

- **Use SEO keywords in your listing. Using terms and phrases that are frequently searched will drive traffic to your listing.**
- **Use high-quality, clear images. When buyers are going through search listings, they'll be much more likely to buy your product if they see a good-looking photo.**
- **Advertise your listing. Consider using** Amazon's advertising solutions **to make it easier for customers to discover your listings and buy your products.**
- **Whether it's increasing your orders or increasing your traffic, finding a way to boost your conversion rate is critical in encouraging more sales from old and new customers.**

Low product availability

If a seller's active listings are consistently running out of stock, they need to improve their inventory management plan to ensure that their products are always available to order and ship.

For all types of Amazon sellers, FBA or not, inventory management is the merchant's responsibility. Sellers who don't feel confident in handling their own inventory management should consider using a tool like Sellbrite.

Poor performance metrics

Poor performance metrics can make you ineligible to win the Buy Box and are also usually paired with negative reviews from customers. To avoid these damaging effects, here are a few strategies for improving each metric.

Lower a high order defect rate by:

- **Providing excellent customer service to avoid receiving negative order feedback. If you've already received negative order feedback, resolve the customer's issue and they may [potentially remove their feedback](#).**
- **Accurately describing your products on your listings. If you deliver a product that's not as it was described, a buyer can file an A-to-Z guarantee claim, causing your ODR to increase.**
- **Delivering your products on time. Buyers can also file A-to-Z guarantee claims if their orders aren't delivered on-time, so avoid increasing your ODR with late shipments.**

Decrease a high pre-fulfillment cancel rate and a high late shipment rate by:

- **Making sure your items are in-stock and ready to ship. With this preparation, sellers can avoid canceling orders prior to ship-confirmation and sending late shipments. Tools, like Sellbrite, can also assist with inventory management.**

Sellers who use these strategies to keep their performance metrics at healthy levels will enjoy the benefit of maintaining Buy Box eligibility.

Low seller rating

A low seller rating can hurt your customer engagement and acquisition efforts by making you ineligible to win the Buy Box. To increase your seller rating, you need to make sure you're providing excellent [customer service](#) by:

- **Responding to all buyer messages and solving all customer issues as they arise.**
- **Having an inventory management plan to ensure product availability and on-time deliveries.**
- **Working with buyers to [remove negative feedback](#).**

Maintaining a high seller rating gives you peace-of-mind in knowing that you're keeping customers happy and encouraging them to continue engaging with your business.

Metrics and Benchmarks Wrap-up

Can't remember each metric and benchmark? Here's a wrap-up to help you out.

Metric	Benchmark	Reporting
Units ordered	n/a	Business
Sessions	n/a	Business
Unit session percentage	Amazon average =12.3%	Business
Buy Box percentage	Ideally close to 100% but varies depending on seller and product circumstances	Business
Stock status	The amount available should always be greater than zero for active listings	Inventory
Order defect rate	<1%	Performance
Pre-fulfillment cancel rate	<2.5%	Performance
Late shipment rate	<4%	Performance
Seller rating	4 stars or above	Performance

Using Numbers to Grow Your Amazon Business

Amazon merchants can't interact with their customers because they sell online. Unable to give memorable, in-person customer service, these sellers have to monitor and improve their engagement and acquisition efforts with data. By tracking metrics, merchants are able to assess their position in the Amazon environment and encourage both old and new customers to continue doing business. With buyer behavior constantly changing over time, sellers who continuously monitor their data and iterate on their engagement and acquisition efforts will stay successful on the marketplace.

We hope you enjoyed going through this ebook!

Still have questions? Ask us on Twitter.

sellbrite

Sellbrite is a leading multichannel inventory and order control solution that helps retailers build, manage and grow their multichannel ecommerce businesses. The intuitive Sellbrite platform enables retailers to list and control their inventory on multiple online channels, such as Amazon, eBay, Etsy, Walmart, Jet, Shopify, BigCommerce and others, all from one simple interface. In addition, powerful automation and order fulfillment capabilities free up time and accelerate growth. And, with its wide-reaching data and reporting features, the platform delivers valuable cross-channel insights to make smarter decisions.

To start your 14-day free trial of Sellbrite, visit us at sellbrite.com.

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