

# THE WHOLES<sup>A</sup>LE FORMULA

## **Sales Rank Analysis (AKA Amazon Best Sellers Rank)**

Sales rank is the top factor we take into account when sourcing products . It is sometimes called Amazon Best sellers rank.

Unlike in retail and online arbitrage business models, sales rank is not particularly difficult or complicated, because we only consider products with high sales volumes. The more often an item sales, the lower it's sales rank and while it is true that sales rank can vary quite a bit day to day for items with higher sales ranks, it takes a large volumes of sales, maintained over time, to achieve a very low sales ranks. Therefore, the products that we target with low sales ranks can be relied upon to be an accurate gauge on product sell through.

Take notes and do your best to understand the points we cover in this video. Rewatch it as many times as it takes.

## **How to Find a Products Sales Rank**

You likely already know, but just to be safe, let's go over how to find a product's Sales Rank.

It can be found on an item's listing about  $\frac{3}{4}$  of the way down the page under product details. As you can see in this slide.

## **What is sales rank?**

Now that you can find a product's sales rank on Amazon, let's talk about what sales rank actually is.

Sales Rank is a numerical value given to a product by Amazon, that indicates how many and how often a product sells in its primary category.

It is a linear ranking system where a lower number means more sales, so a product with a sales rank of 1 would be the best selling product in its main category. A product with a sales rank of 2,000 would be the 2,000th best selling product and would sell more units than a product with 4,000 sales rank, and so on.

## **Important Sales Rank Facts to Know**

Products are assigned their ranks within their main category/department.

You will also find that products are ranked for their sub categories. For all intents and purposes, you should ignore sales rank for sub-categories. This is important. We only care about a products rank in its main category. The reason for this is because there are many weak sub categories on Amazon where a product can rank #1 in them with only 2 or 3 sales a month.

In this example, you can see this product is the #82 in the sub-category 'Playmats' which sounds pretty good but you can see that it's sales rank in the main category of Toys & Games, it has a sales rank of over 100k, which is terrible. There are many niche sub-categories on Amazon, so be sure to disregard a products ranking, as it relates to sub-categories, and focus only on the main category rank.

## **Important Sales Rank Facts to Know Continued**

Sales rank is dynamic and changes throughout the day...and even hour to hour.

Realistically, though, the products you should be targeting for wholesale will have a low sales rank and therefore historical proof that the product has had sustained demand for an extended period of time. The only time a 'red flag' goes up for me when deciding to purchase a product that has a low sales rank, is if it has a low number of reviews. In this case, I would try to take a smaller 'test' order of the product and maintain a close eye on it. Otherwise, I would have full confidence that a product with a low sales rank to have a reliably high volume of sales.

The most important factor when assessing sales rank is that the ranks vary drastically from category to category. A sales rank of 1,000 in the Baby category is VERY, VERY different than a sales rank of 1,000 in the Health and Personal Care category. So be aware that sales rank figures DO NOT translate across categories in terms of number of sales.

These are made up numbers, but I will give you an example. A 1,000 rank in baby could mean 15 units per day, while a 1,000 rank in Health and Personal Care could mean 100 units per day.

## **How we use Sales Rank data when Sourcing**

Now we will go over how we use sales rank data to help us with sourcing products. As we do , keep in mind that Sales rank data is just 1 piece of the puzzle when we are sourcing products along with factors such as competition analysis.

Our business model designed to move a high volume of products at lower margins we generally look for items that rank very well and sell fast.

Our goal is for a product to sell an average of 3 times per day , minimum

So what do we consider a product that ranks highly? You may have been taught by others in the past to target the top 1%. We believe you should set your sights for even better ranks than that, in the top ¼ % range.

Now this isn't a rule. There are a lot of bad products in this range and a lot of good ones outside of it. We personally sell lots of products outside this range, but that is because we know how to determine what is a good product and what isn't, regardless of its sales rank. As you become more comfortable and gain experience with wholesale, you too will be able to analyze products holistically, to fully maximize your wholesale business.

The reason we believe looking around the top range is a good idea at first is because there is little less risk involved. The better a product sells, the less effect competition will have on you in your goal of selling 3 units per day, minimum.

here is a logical tip we can make from that. The better a product ranks, there can be a relatively high number of other sellers on it and you can still meet your goals. The worse a product ranks, there needs to be fewer sellers for you to reach your goal. We will delve deeper into this concept in the competition analysis video.

### **Our Product Range Recommendations for Beginners**

This chart we have compiled demonstrates the sales rank ranges you should try and target to achieve the goal of a 3 sales per day minimum.

The number displayed for each category is the approximate maximum sales rank for a product to sell 90 times.. total... among all sellers over the period of a month.

This chart serves only as a guide. you should never make product sourcing decisions based on the sales rank factor alone. You need to be taking into account all 5 of our factors the we teach throughout The Wholesale Formula, specifically competition analysis, which we will be covering in the next video.

This chart is also attached below the video in PDF form, so make sure to download it and print it out.

<b>Amazon Category</b>	<b> </b>	<b>Threshold for 90 sales per month (3 per day)</b>
Home and Kitchen:		23,000
Kitchen & Dining:		9,000
Sports & Outdoors:		10,000
Toys & Games:		11,000
Beauty:		11,000
Baby:		5,200
Pet Supplies:		9,000
Grocery & Gourmet Food:		10,000
Health and Personal Care:		28,000
Industrial & Scientific:		3,500
Patio, Lawn and Garden:		4,500
Home Improvement:		8,000
Cell Phone & Accessories:		7,000
Clothing:		18,000

## **OUTRO**

Getting started in wholesale with low ranking products affords experience while minimizing risk. At some point in acquisitions, you will be able to clearly identify an opportunity that may not be “by the numbers”, as laid out in this video but having started with the fundamental techniques of this module, the experience garnered will allow you to capitalize where others will not.

