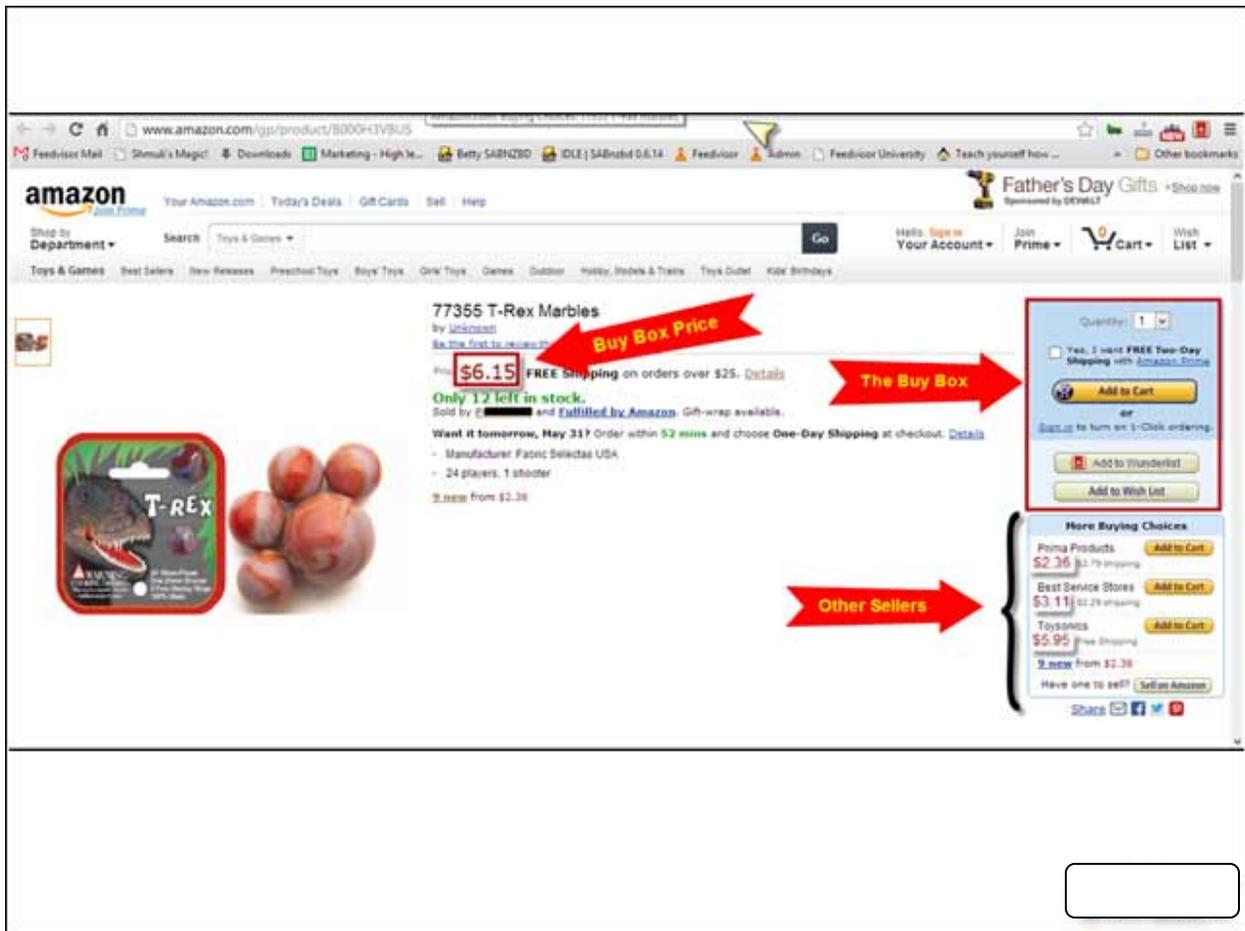


## The Buy Box

Before we can dive deep into competition analysis, it is vital that you understand the Amazon buy box. So let's go over what exactly the buy box is and how it works.

## Buy Box Explained



The name buy box is pretty literal. As you can see in the picture it is the area on a product detail page where a customer actually clicks to add a product to their cart.

So the question is, if there are multiple sellers on a given product, who gets the sale when a customer clicks "add to cart" using the buy box?

The answer is that Amazon automatically selects the seller using a set of metrics that for the most part they try to keep a secret. Fortunately, we have figured out most of those metrics and will be sharing them with you here.

First, let's look at the other areas we have highlighted here. Check out buy box price. When you search up a product, before you ever click add to cart, Amazon has already selected the seller that is in control of the buy box and it is that seller's price that will be displayed on the product detail page.

Now let's look at the other sellers area I have highlighted. This box shows a few of the other sellers for the product that do not currently have control of the buy box. You can see that it lists their price and shipping costs, along with an "add to cart" button for each of those individual sellers that do not currently have the buy box.

But that is still not all the sellers for the product. At the bottom of that other sellers box is an option to select "9 new from \$2.36" that will show you the rest of the sellers. That option is also located here (highlight with your mouse) under the key product features.

## **Q&A**

now for a couple questions and answers.

Why is the buy box so important?

Well, 82 percent of all sales on Amazon go through the buy box. That is somewhere right around 100 billion dollars. In a nutshell, you aren't likely to sell a product unless you control the buy box. This number is even further skewed by the fact that Amazon does not share control of the Buy Box in books - though they will in all other categories.

What is the purpose of the buy box? Why doesn't Amazon just make you pick from a list of sellers every time you make a purchase?

Well, three reasons. The first is for convenience. Automatically selecting the seller streamlines the buying process for the customer and makes the buying experience easier. Secondly, and this is important for understanding how the buy box chooses a seller, is that the buy box is setup to use an algorithm that tries to give the customer the best possible value. Lastly, this makes mobile purchasing a much easier option – due in combination to the two previously mentioned reasons. This makes the buy box an even more important sales point as mobile continues to become more prevalent.

## **How do I win the buy box?**

We have covered what the buy box is, how it works and why it is so important. Now take a look at how it selects a seller.

In the following list we have ranked what we believe to be the biggest factors for winning the buy box in order of importance.

(cont on next page)

| Amazon Buy Box Factor | How Important is it? |
|-----------------------|----------------------|
| Fulfillment Method    | Very Important       |
| Landed Price          | Very Important       |
| Seller Rating         | Very Important       |
| Shipping Time         | Very Important       |
| Feedback Score        | Important            |
| Order Defect Rate     | Important            |
| Late Shipment Rate    | Important            |
| On-Time Delivery      | Important            |
| Customer Response Tim | Important            |
| Tracked Delivery Rate | Important            |
| Feedback Count        | Somewhat Important   |
| Inventory Depth       | Somewhat Important   |
| Cancellation Rate     | Somewhat Important   |
| Amazon Buy Box Factor | How Important is it? |

Let's talk about the top 3 factors in order.

**Fulfillment Method.** This one is pretty simple. Amazon gives buy box priority to sellers that use the FBA system. If you are merchant fulfilled, life will be difficult if there are competitive FBA offers. As a seller utilizing Wholesale – you will want to make sure that you are exclusively using FBA to maximize your buy box percentage and capitalize on turnover and sales.

**Price -** There are a lot of different variables that make up this factor, but the most important is that your FBA price effectively includes shipping to your customers. We tend to only focus on FBA sellers as competitors as merchant fulfilled sellers are at such a disadvantage. It is important to remember that Amazon only rewards buy box contention to FBA sellers who are within 2% of the lowest FBA fulfilled price, and even that percentage is staggered if you are 2% higher than the cheapest offer. It is very important to remember that our goal is to maximize our buy box percentage – so we want to match the lowest FBA seller – whenever possible. We don't want to start a price war, which generally ends with a race to the bottom – by making our price cheaper than the lowest seller. So, for the most equitable buy box split – remember that you want to match the lowest FBA offer. This cannot be stressed enough – which is why we have been ultra-repetitive here.

**Pricing vs. Merchants** is much easier. The most important thing to remember is that their price is calculated with shipping – to get buy box eligibility. That means that an offer of \$2 + \$10 shipping – is

simply treated as a \$12 price vs. your FBA offer. Next, we want to take advantage of our FBA status, as Amazon does give a much larger preference to FBA sellers. In some instances Amazon allows FBA sellers to be a FULL 15% higher in price and retain 100% of the buy box allocation vs. a merchant fulfilled offer. If I were competing against the aforementioned Merchant Fulfilled seller – I would start my price at \$14.99 – and move down in \$.25 increments until I seized control of the buy box. This allows us to maximize our profit margins – and sales velocity.

Seller Rating. That one is a bit self explanatory, but there is a lot of weight on both your number of ratings and overall score. You really want to strive for 98% or above, ideally. It is also important to remember to protect your seller rating. If you receive a negative feedback – try your best to resolve it with the customer if possible. If you are unable to get them to remove it – contact Amazon via Seller Central and appeal to have it removed for whatever grounds makes the most sense among their options. If you have any reasonable claim to have it removed Amazon will generally remove it. Additionally, make sure that you answer customer requests in a timely fashion – as this can EASILY be done and make your metrics better, and thusly more likely to get a higher buy box percentage.

### **Optimal Factor Status**

For the rest of the factors you can see we have another chart here that actually lists the optimal status for each given factor. We have all these charts as a downloadable file below the video as well, so make sure to save that for your notes.

| <b>Amazon Buy Box Factor</b> | <b>Optimal Factor Status</b> |
|------------------------------|------------------------------|
| Fulfillment Method           | FBA                          |
| Landed Price                 | Lowest Price                 |
| Seller Rating                | Higher than 98%              |
| Shipping Time                | 2 days or less               |
| Feedback Score               | 100%                         |
| Order Defect Rate            | 0%                           |
| Late Shipment Rate           | 0%                           |
| On-Time Delivery             | 100%                         |
| Customer Response Time       | Less than 12 hours           |
| Tracked Delivery Rate        | 100%                         |
| Feedback Count               | The higher the better        |
| Refund Rate                  | 0%                           |
| Inventory Depth              | The lower the better         |
| Cancellation Rate            | 0%                           |
| Amazon Buy Box Factor        | Optimal Factor Status        |

**Minimum requirements**

And here are the bare minimum requirements you need to meet for each factor if you want to be routinely getting the buy box. Again, make sure to download these charts at the link below the video.

(image on next page)

| <b>Amazon Buy Box Factor</b> | <b>Bare Minimum Requirement</b>                  |
|------------------------------|--|
| Landed Price                 | Existing price                                   |
| Seller Rating                | Higher than 75%                                  |
| Shipping Time                | 14 days or less                                  |
| Feedback Score               | No minimum, Higher scores influence Buy Box more |
| Order Defect Rate            | Less than 1%                                     |
| Late Shipment Rate           | Less than 4%                                     |
| On-Time Delivery             | More than 97%                                    |
| Customer Response Time       | Less than 24 hours                               |
| Tracked Delivery Rate        | More than 98%                                    |
| Feedback Count               | The higher the better                            |
| Refund Rate                  | The lower the better                             |
| Inventory Depth              | The lower the better                             |
| Cancellation Rate            | Less than 2.5%                                   |
| Products                     | Must be new                                      |
| Amazon Buy Box Factor        | Bare Minimum Requirement                         |

