

# THE WHOLESALE FORMULA

## Module 3 Bonus Video – Analyzing Variation Listings

Hey guys, welcome. In this video, we are going to cover variation listings. You'll learn what variation listings are and the strategy we use to make accurate sales projections based on the information we can gather from them.

By now, you should have a grasp on how to analyze a product and estimate its monthly sales. It's easy, right? While 90% of products are this easy, there are a couple categories where it's not as easy; Electronics and Clothing & Shoes. This video will help you to understand how you can still scout those two categories without having the same information available.

Let's take a close look at why these two categories do not allow us to interpret monthly sales based on their sales rank. The main problem with electronics is that the vast majority of items do not have a top-level category.

Let's take a look at an example so you understand what I mean. [Here](#), we have this pair of headphones. Now, scrolling down to find the rank, we see that the best sellers rank is #1 in computer headsets. Note that it doesn't say what its rank is in the main category of electronics. Again, this isn't always the case with electronics, just most of them.

Moving on to Clothing & Shoes, what you'll find is that these categories do provide sales ranks, and those ranks deliver estimated sales results. However, there is a *major* difference in estimated sales and actual sales. That's because most shoes and clothing fall under a parent-child listing, which does not function like other singular listings in the Amazon catalog. It's for that reason that we have to scout them differently. This holds true for ANY products that have a parent-child relationship, and you should use the methods presented in this video.

So, first, what is a parent-child listing?

A parent-child listing is a combination listing where different variations of the product are available on the same listing. The parent listing is the primary listing that contains all variations (or child listings). Let's take a look at the following [product](#), for an example:

The sales rank for this product is 545 in clothing, shoes, and jewelry. The reason that this is misleading is because this is the sales rank for the *entire* listing and all variations. At the time of recording this video, that translated to about 2,100 sales per month.

Let's look at this in context. This product has 10 colors, and a variety of sizes for each of those colors.

This equates to approximately 160 variations between all sizes and colors. The problem here is that those 2,100 sales are shared among all variations. Some variations may sell 10-15 times in a month, some may sell 150 times, and many will sell 1-2 times.

Since we won't know the breakdown for each variation, we have to look at something besides rank to estimate sales. We have developed a pretty reliable system for this, that will not only help, but will give you the ability to put together conservative test orders.

The information that we have available are the product reviews. To properly scan reviews, we first want to sort them by verified purchases, newest first. You can do this by selecting this option below the top reviews. The verified purchased tag denotes that this feedback has been left from someone who purchased the item on Amazon. We are ideally looking for reviews through the past 30 to 90 days. Reviews older than that will be less relevant and should carry less weight.

One thing to look for when scanning reviews are reviews from customers who received the product for free. You won't see these often, but these reviews should be ignored since those reviews are more likely to be bias. We want to scan the listing to look at the variations purchased by the customers. Bear in mind that customers leave reviews when they purchase products with roughly the same frequency as they do in any category. That gives us a comparable data point.

So, what we would do is tally the review for the variation we're interested in. Then, we can compare that tallied review frequency to a category we are familiar with. For example, let's say we were looking at these shoes and after scanning the feedback, we noted that this variation (black and white, size 10 D) had 3 reviews over the last 30 days. Now, we find another product that also has 3 reviews over the last 30 days. Being familiar with the Home & Kitchen category, I found this [item](#) that has 3 reviews in the last 30 days. Jungle Scout shows us that we can expect to sell around 167 units per month. We could use this estimate for the variation we were reviewing.

Creating this comparison point will allow you to analyze the expected sales for the product. While this is not perfect (in fact, far from it), it does create a data point to allow for comparison so we don't have to fly completely blind.

With this method, you have a gauge for how individual variations are performing OR how a product with an unreliable sales rank is performing. That data is not perfect, and our next suggestion is that you should proceed with caution. We generally suggest using a 14 day projection to place your initial order rather than a full 30 day order. This will allow you to build data points to re-order your products later with great accuracy. That wraps it up for this video. Thanks for watching!