Understanding the Amazon marketplace environment (and competition) for specific items is important for sellers who are considering adding a new item to their inventory.

In a recent survey, the team at eComEngine, LLC, a leading software engineering company in the eCommerce industry, aimed to discover more about how merchants find competitive data and market information for their products.

By reading this summary report, you'll learn how 193 other eCommerce sellers find and use this information.

eComEngine

FINDINGS REPORT

Amazon Research Study

In this report, we summarize a survey recently taken by Amazon merchants. Discover how other sellers conduct Amazon research prior to including an item in their inventory.

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Study Overview

To stay profitable, intelligent Amazon merchants maintain close watch on market forces and the competition. Buy box information, pricing data and potential demand are key factors to consider when stocking up. This study provides a closer look at how merchants conduct product research and determine when (or when not to) stock an item.

The purpose of this study is to answer the following questions:

- How often do sellers check competitive and market information on Amazon when deciding to stock a new item?
- What processes do merchants favor when researching this information?
- Which factors are considered when evaluating a new product for inventory?
- Which data points do sellers routinely track after choosing to stock an item?

Sample Size

In total, 193 merchants participated in this study.

Demographics

Participants in the survey mostly represent small to mid-sized merchants. Most, if not all, are located in the United States.

Summary of Findings

As depicted in the following pages of this report, it is evident that Amazon merchants conduct careful research when determining which items to stock.
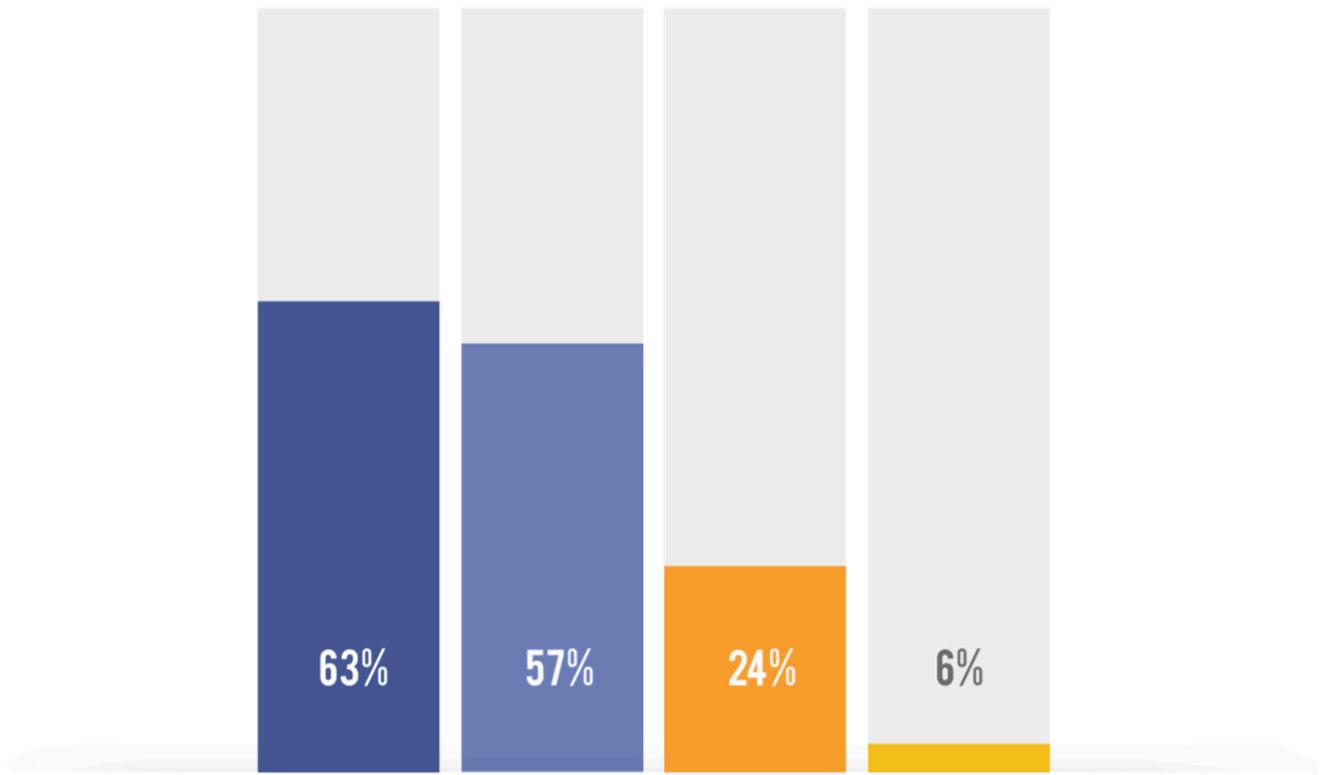
The following findings have been concluded from this study:

- **67%** of sellers check competitive and market information on Amazon multiple times before deciding to stock a new item.

- Most sellers **(65%)** continue to track product sales rank regularly after stocking an item.

- Researching competitive and market information typically falls to merchants, with **68%** personally performing the research by reviewing Amazon pages.

- Product sales rank **(89%)**, potential profit margin **(85%)** and pricing **(84%)** are the top three factors sellers consider when evaluating a new product for inventory.

Q1: Do you currently sell items on the Amazon marketplace (via FBM or the FBA service)?

YES
95%

NO
5%
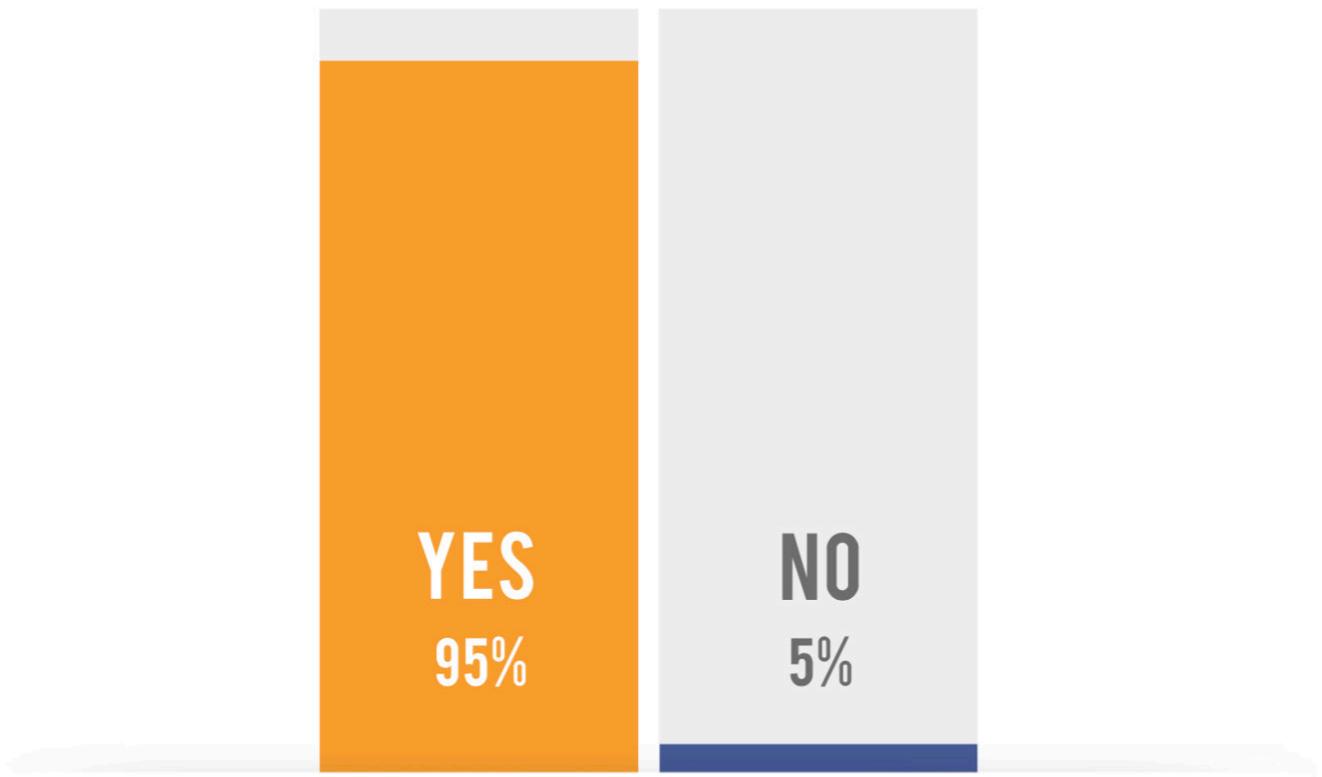
Q2: Which of the following best describes the items you sell? (select all that apply)

63% I purchase items in bulk/wholesale from suppliers
57% I purchase clearance items from other retailers
**24%** I offer my own (private label) items
6% Other

■ I purchase items in bulk/wholesale from suppliers
■ I purchase clearance items from other retailers
■ I offer my own (private label) items
■ Other

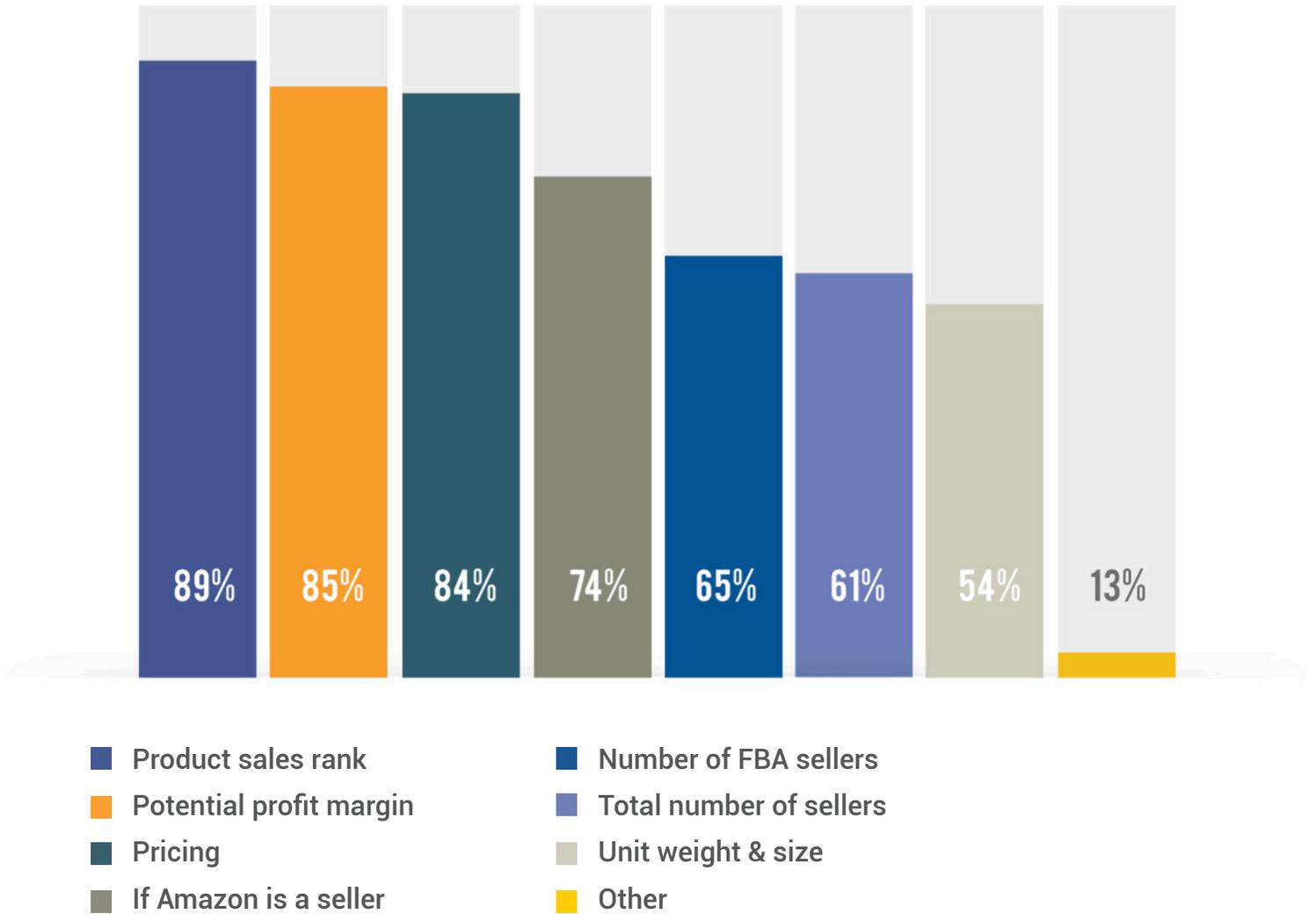## Q3: When deciding to stock a new item, how often do you check competitive and market information on Amazon?

67%

23%

10%
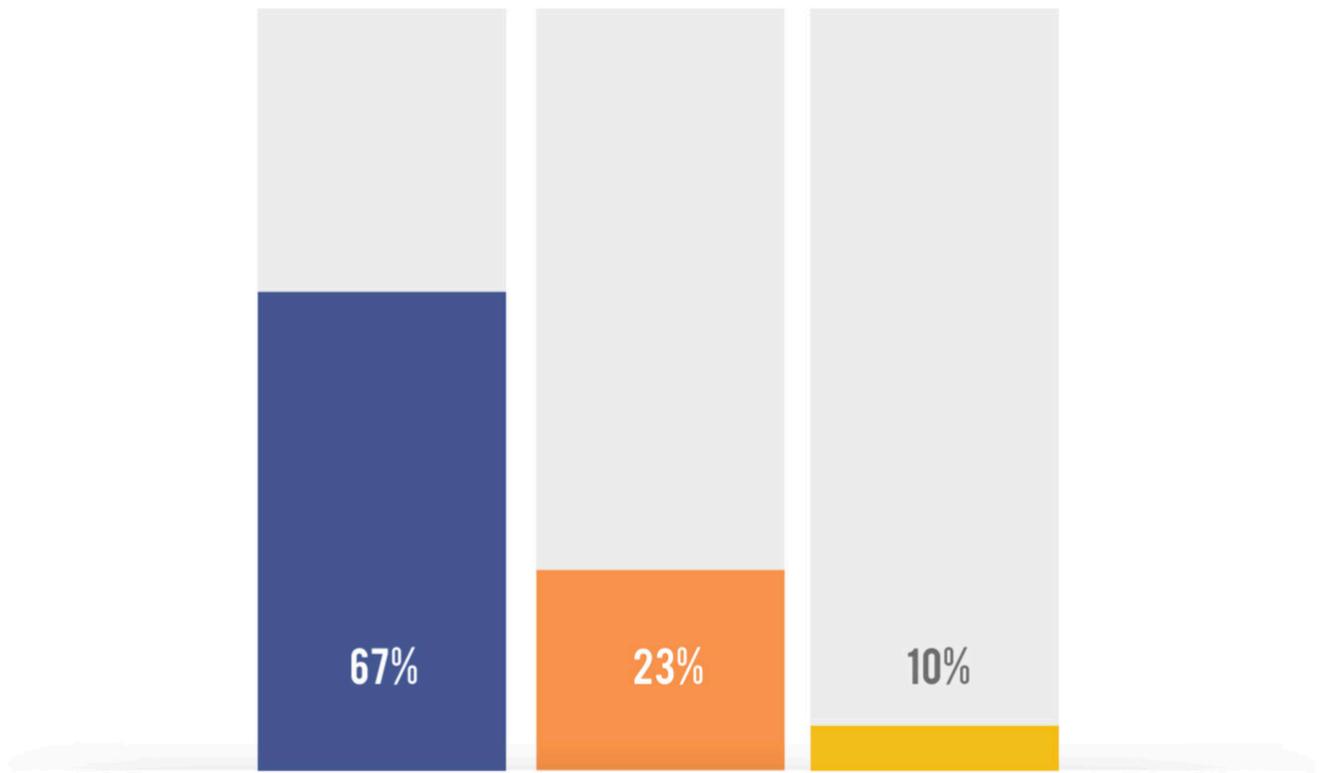
- ■ **Multiple times before making this type of decision**
- ■ **Just before I make a purchase**
- ■ **I typically don't check Amazon before making purchasing decisions**

Q4: When researching competitive and market information, which of the following best describes your process?

67%

20%

12%
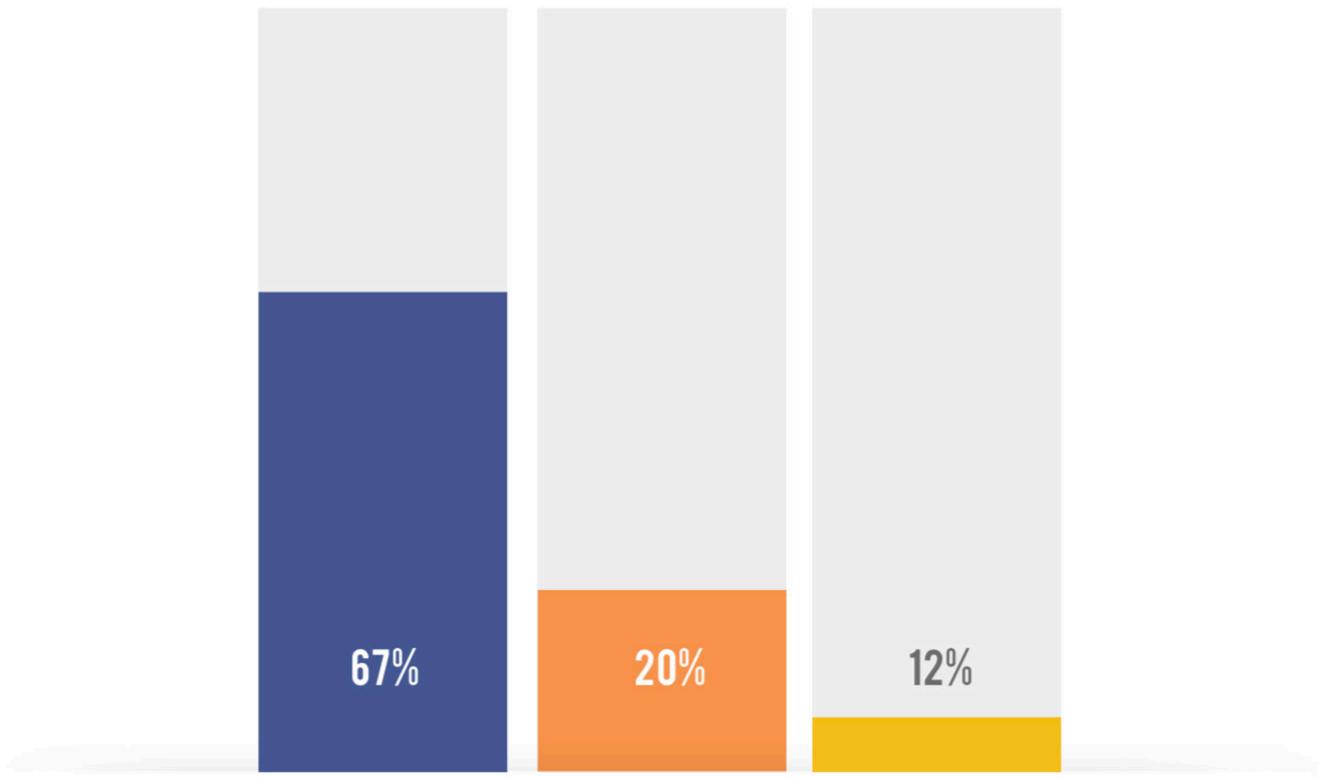
- ■ I personally perform the research by reviewing Amazon pages
- ■ I use a tool that automatically checks important data for me
- ■ My assistant or employee performs the research for me

Q5: When evaluating a new product for your inventory, which of the following factors do you consider? (select all that apply)

89% 85% 84% 74% 65% 61% 54% 13%

- ■ Product sales rank
- ■ Potential profit margin
- ■ Pricing
- ■ If Amazon is a seller

- ■ Number of FBA sellers
- ■ Total number of sellers
- ■ Unit weight & size
- ■ Other

Q6: After stocking up on an item, which of the following data points do you routinely track on an ongoing basis? (select all that apply)

Bar chart values:
- 79%
- 71%
- 65%
- 45%
- 37%
- 35%
- 11%
- 5%
- 4%
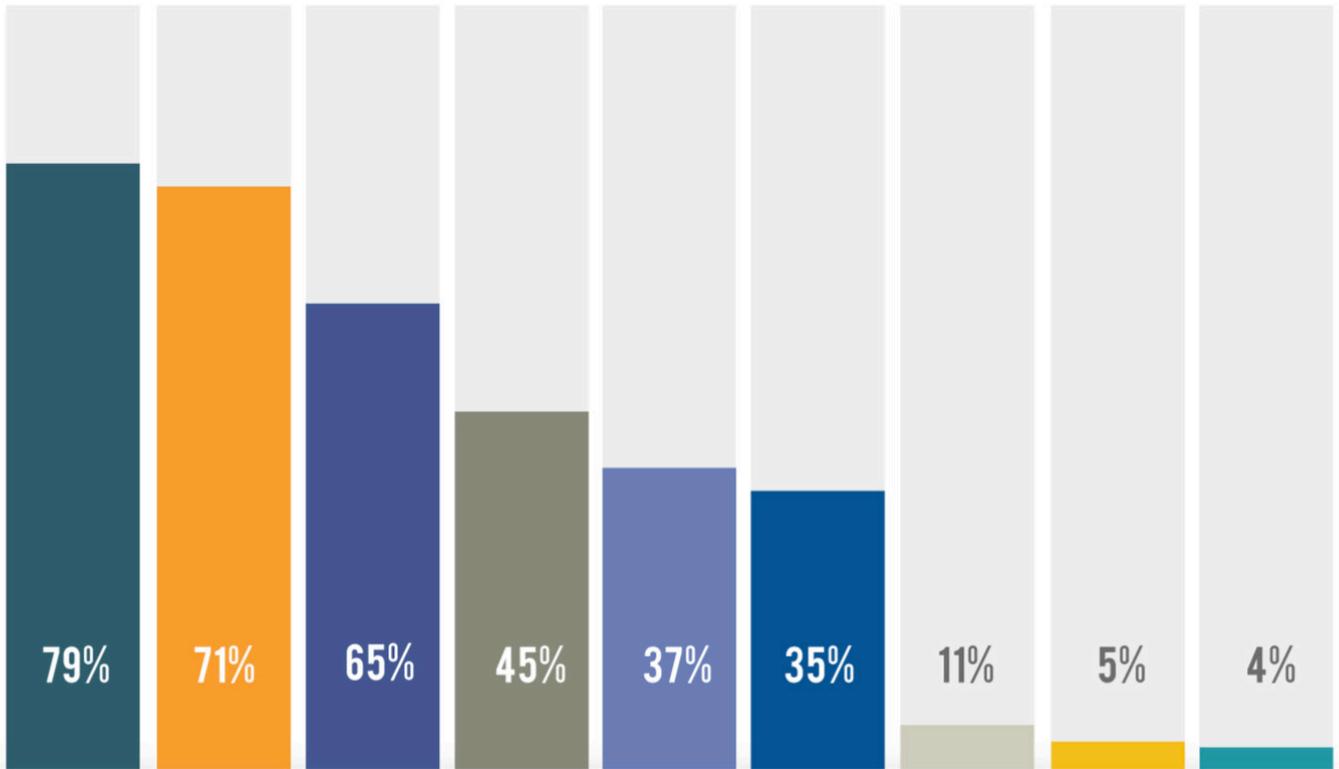
Legend:
- Pricing
- Profit margin
- Product sales rank
- If Amazon is a seller
- Total number of sellers
- Number of FBA sellers
- Oversize status
- Other
- I don't track any of these after stocking up on an item

Briefly describe your process for deciding to remove an item from your inventory.

- Lack of sales or poor product reviews.
- I check the inventory health report. If the long term storage fees are more than I am willing to pay, then I remove the item.
- I review ROI and compare overall inventory levels to value of needed real estate to determine if removal costs warrant the action.
- If margins move below profitability and historical prices are trending downward, we will
- remove our offer.
- Once a product becomes too competitive and the profit margin plummets, it's not worth our effort. If there are too many sellers competing for the Buy Box and I can't buy in volume in order to get discounts because sales velocity is too small, I call it quits. Or if a supplier has a MAP policy, but doesn't monitor it or doesn't punish violators.
- No sales after trying PPC, dropping price, coupons, etc.
- Customer complaints about quality of product. Unscrupulous competitors flooding the market with cheap knock-offs.
- Not profitable; too many damages/headaches.
- If the item has been below effective profit margins for more than a couple months, and it is not a seasonal item, then I consider permanent removal.

MarketScout
by eComEngine

Looking for an easier way to find competitive data for potential products?

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eComEngine has been providing intuitive enterprise-class software solutions for Internet retailers since 2007. Our innovative and cost-effective tools help Amazon third-party sellers of all sizes streamline operations and increase profits. For more information, please visit our website, eComEngine.com.

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Sign up for a new MarketScout account today and receive 100 bonus ASINs at no cost to you. You can quickly uploaded a list of ASINs, UPCs or SKUs to MarketScout and receive an in-depth report with all of the market information you need to make inventory decisions for your store.

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