

# The steep price of losing the Buy Box

Sales, search placement, content compliance and brand equity are all at risk when brands lose the Buy Box to 3P sellers



Marketplaces like Amazon and Walmart create a unique competitive environment where brands have to compete against other third-party (3P) sellers that are also selling their products. On Amazon, for example, the retailer will highlight either itself or another merchant (a 3P seller) as the default seller of the product. Ultimately, the party that actually sells the product a customer adds to their cart and purchases is labelled the “Buy Box winner.” Conversely, “losing the Buy Box” refers to products that lose first-party (1P) seller status to a 3P merchant.

Winning the Buy Box is foundational to eCommerce success — because if you don’t win the Buy Box, all your investment in search and content is actually funding 3P sellers. And with the number of Marketplace sellers increasing — worldwide Amazon marketplaces now have 6+ million 3P sellers with 2,000 new ones being added

daily, according to [Marketplace Pulse](#) — the risk of losing the Buy Box is getting larger.

**Just how common is it for Amazon 1P brands to lose the Buy Box to 3P sellers?**

**What are the main reasons for losing the Buy Box?**

**How much can it actually cost brands (in sales, search placement, etc.)?**

To address these questions, Profitero used our daily Amazon sales and digital shelf data to understand the impact of losing the Buy Box. Our research is based on studying 5,500 products in the U.S. and 2,000 products in the U.K. across seven categories during a five-month period from Jul - Nov 2020. The findings underscore how crucial it is for brands to routinely monitor their Buy Box win rates, and to keep a tight rein on supply chain and distribution networks.

## Research highlights



1 out of 5

Avg. number of conversion opportunities lost to 3P sellers on Amazon (U.S. and U.K.)



5 days

Avg. time it takes to regain search position after losing the Buy Box on Amazon



up to 21%

Avg. sales loss when brands lose the Buy Box on Amazon (12% in U.S.; 21% in U.K.)

## Here are 4 key findings from Profitero’s research:

### 1 Brands lose 1 out of 5 conversion opportunities to 3P sellers on Amazon

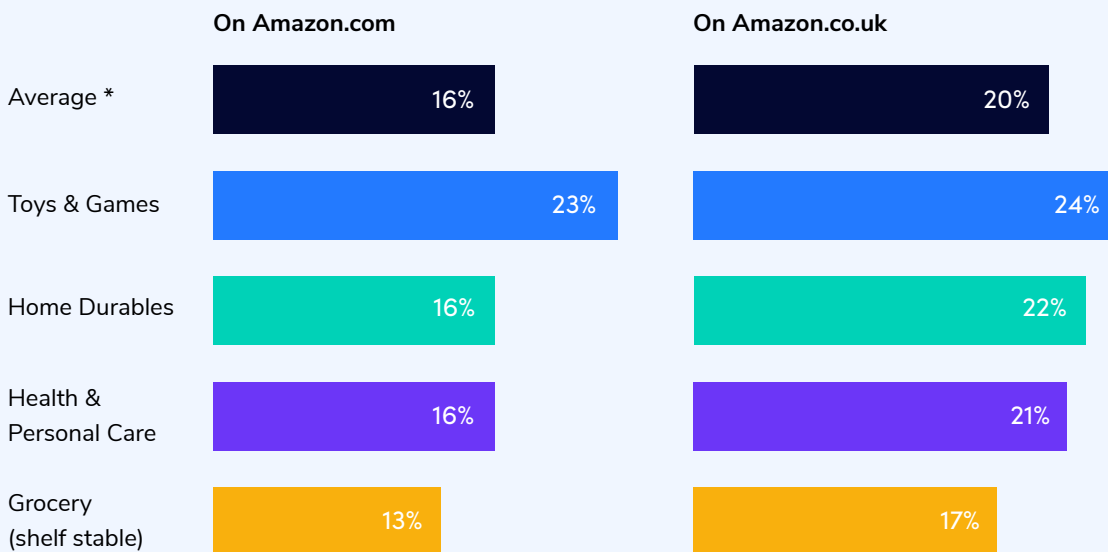
During 2020, the average Buy Box loss rate for brands selling on Amazon 1P in the U.S. was 16%. This figure skewed a slightly higher 20%, on average, in the U.K. — meaning brands lose one out of every five conversion opportunities to 3P sellers.

As with any other digital shelf metrics, it’s important to have benchmarks to know where you stand and to

help you prioritize which burning fires you need to put out. Consider a 16-20% Buy Box loss rate to be a good benchmark for comparison against your own performance. If your Buy Box loss rate is higher than this, then you need to move with urgency to analyze the issue and fix it. Since Amazon’s algorithm favors Buy Box winners, losing to competitors in this area means sustained losses in search placement.

### Average Amazon 1P “Lost the Buy Box” rates — by category, 2020

Source: Profitero; Time frame: Jan - Dec 2020



\* Note - Average of seven categories analyzed: Baby, DIY, Electronics, Grocery (shelf stable), Health & Personal Care, Pet, Toys & Games

## Research methodology

Using our daily item-level view of Amazon sales and digital shelf data, Profitero studied 5,499 products on Amazon.com in the U.S. and 2,004 products on Amazon in the U.K. across seven categories from Jul - Nov 2020. During the study, we controlled for: (1) data fluctuations associated with high-trafficked seasonal events, excluding the week before/after Prime Day and Cyber 5; and (2) low-performing products, excluding products with < 10 unit sales/day, fewer than 28 glance views/day, or conversion rates of < 0.1%.

## 2 Price is by far the top reason for losing the Buy Box

When it comes to losing the Buy Box, price — not going out of stock — is to blame most of the time (53% of the time in the U.S., 51% in the U.K.). And we’re not talking about huge differences in price either.

- About half the time the Buy Box is lost to 3P, the price difference is less than 10%.
- A third of the time (31% on Amazon.com; 38% on Amazon in the U.K.), the price difference is less than 5%.

This underscores how real the threat of unauthorized sellers is on Amazon. If you can lowball a 1P vendor, chances are you’re going to win the sale. All the more reason brands must tighten up their distribution network and work to eliminate unauthorized 3P sellers. In the U.S., putting a minimum advertising price (MAP) policy in place should also be considered.

“Lost Buy Box is a huge North Star metric for us, especially when viewed in combination with eroding Average Selling Price.”



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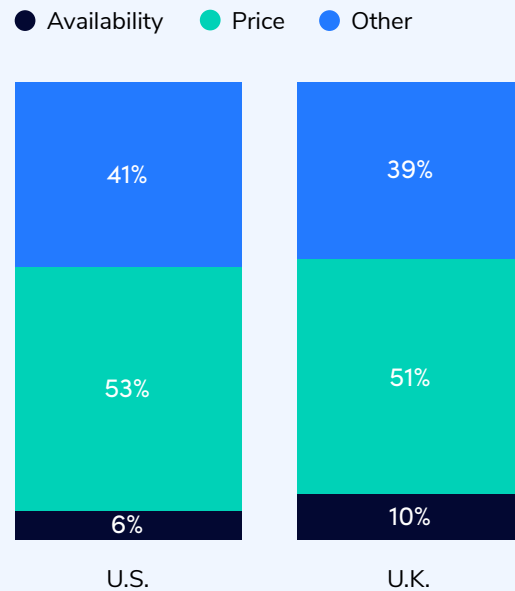
Group Manager of Amazon & eCommerce Strategy, Panasonic

Of course, there are other factors that can contribute to losing the Buy Box, such as:

- **Profitability** — i.e., if your item is not profitable (also known as Can’t Realize a Profit, or CRaP) or another seller is more profitable (due to size, weight, margin, sales velocity, etc.)
- **Delivery** — since Amazon’s Buy Box algorithm is geo-targeted, the vendor that can get a product to the customer’s location the fastest could get the primary listing
- **Convenience** — if another seller is able to offer quicker shipping or is Prime eligible

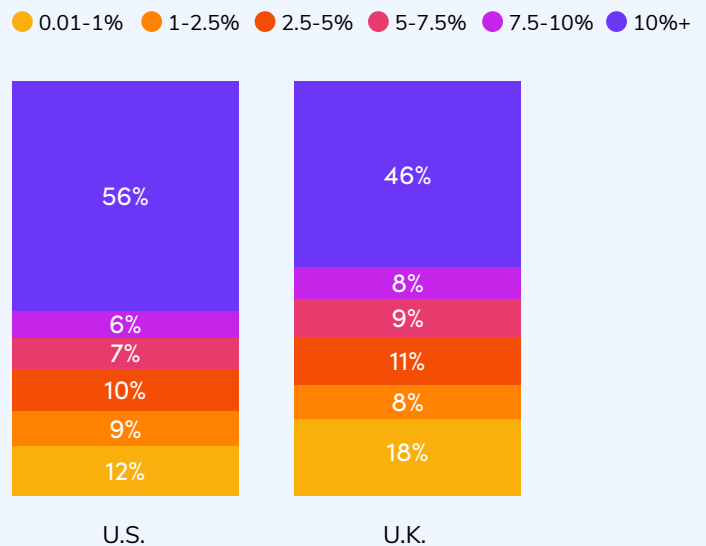
### Reasons for losing the Buy Box

Source: Profitero; Time frame: Jun - Nov 2020, excluding the weeks before/after Prime Day and Cyber 5



### Average price difference between Amazon 1P and 3P seller when 1P lost the Buy Box

Source: Profitero; Time frame: Jun - Nov 2020, excluding the weeks before/after Prime Day and Cyber 5



### 3 Losing the Buy Box impacts more than just sales

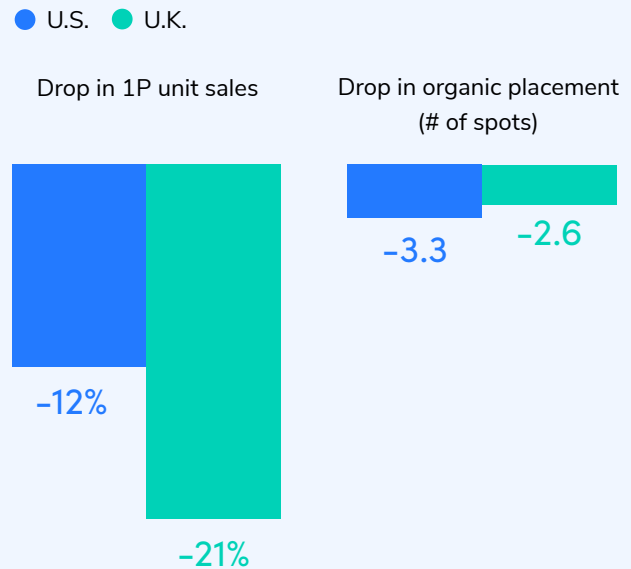
Our research shows that even a relatively incremental drop in a brand's Buy Box win rate — going from an 85+% win rate to 75-85% — can result in a sales loss of up to 21% (-12%, on average, on Amazon.com; -21%, on average, on Amazon in the U.K.).

But did you know search placement drops too? Brands drop about 3 organic spots, on average (3.3 spots on Amazon.com; 2.6 spots on Amazon in the U.K.) when their Buy Box win rate drops from 85%+ to 75-85%. Inevitably, a drop in search position can prevent your products from getting found online, especially if you fall from page 1 to page 2 — which our research shows could cause sales to drop by 33%, on average. Losing the Buy Box can also put your brand integrity in jeopardy, since the 3P seller winning the Buy Box often has the ability to overwrite content on your product detail pages (PDP).

#### How losing the Buy Box impacts sales and search placement — on Amazon

(average loss when monthly Buy Box win rate drops from 85%+ to 75-85%)

Source: Profitero; Time frame: Jun - Nov 2020, excluding the weeks before/after Prime Day and Cyber 5



### 4 Regaining sales and search placement after losing the Buy Box takes time

Losing sales and dropping in search results is bad enough. To add insult to injury, your sales and search position won't immediately bounce back once you win back the Buy Box. There will be some lag time.

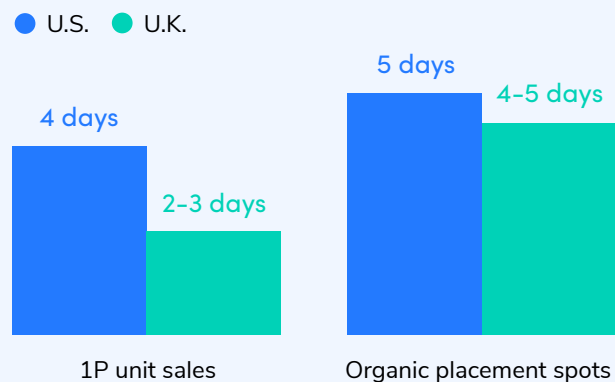
Profitero looked at a product's average sales and ranking in search results the week before losing the Buy Box. We then calculated how long it took on average for sales and placement to rebound once the Buy Box had been won back from a 3P seller.

Our research shows that it takes four days, on average, for sales to fully recover on Amazon.com (U.S.) after brands lose the Buy Box. In the U.K., it takes an average of 2-3 days. It takes even longer — up to five days, on average — for organic search rank to recover.

#### What the recovery time looks like winning back the Buy Box after losing it — on Amazon

(number of days it takes to regain full sales volume and original search placement)

Source: Profitero; Time frame: Jun - Nov 2020, excluding the weeks before/after Prime Day and Cyber 5



# How a grocery brand quickly detected and fixed product content changes after losing the Buy Box to an Amazon 3P seller

A grocery brand found its product going out of stock on Amazon early on in the pandemic (April 2020), and subsequently it began losing sales to 3P.

To make matters worse, a 3P seller that won the Buy Box during the brand's inventory outage commandeered the brand's 1P product content and replaced it with its own — for example: reducing the number of images from 5 to 1.

Using Profitero's platform, the brand was able to quickly detect the content compliance issues for the SKU in question. The manufacturer immediately began working with its Amazon vendor manager to regain control of all its product content before too much damage could be done. After fixing the non-compliant content, the brand saw a 31% increase in sales.

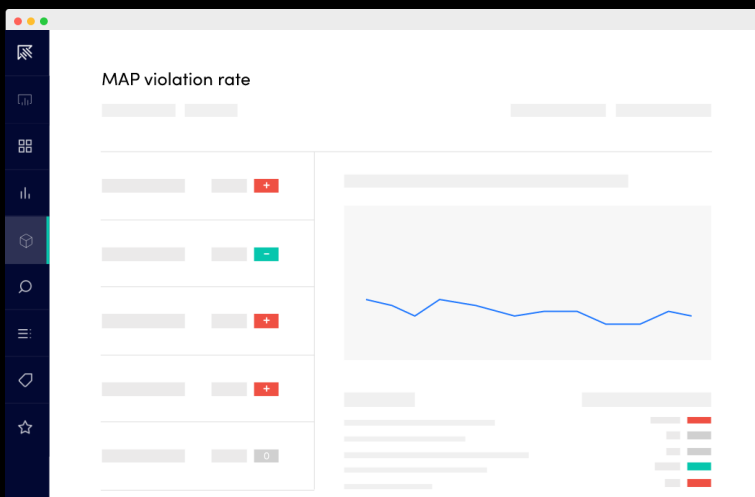
## Profitero's scheduled reports help detect changes to your content

Availability	Product Title	Content Field	Condition	Expected Content	Actual Content
In Stock	Traditional Tomato & Basil Pasta Sauce 24oz	Number of Images	Correct	5	6
Out of Stock	Traditional Tomato & Basil Pasta Sauce 24oz	Number of Images	Incorrect	5	1

## Your playbook for winning and retaining the Buy Box: How to action this research



### How Profitero's insights can help you manage your Buy Box strategy



- Get daily alerts to know immediately when you've lost the Buy Box
- Size your sales loss due to 3P sellers and identify 3P sellers winning the Buy Box
- Gain better visibility into unauthorized 3P sellers to clean up your distribution network
- Track product availability, pricing, and other digital shelf metrics that can help diagnose why you lost the Buy Box
- Detect MAP violations so you can enforce control with more confidence