

What Is Sales Rank and Why Is It Important?

Sales rank is the ever changing number that Amazon assigns to its products to signify how popular each item currently is. The lower the sales rank number, the more often that item sells. Amazon even has quick links to see all of the items currently in the Top 100 of each major category. While this may seem pretty simple to understand, the reality is that sales rank is one of the most misunderstood aspects of selling on Amazon.

When an Amazon seller is looking to add products to their inventory, they usually ask themselves two questions:

1. What is the return on investment, ROI? (Or will I make money on this item if it sells?)
2. What is the sales rank? (Or how fast does this item sell?)

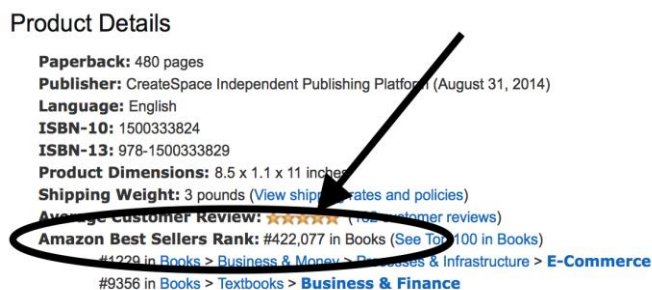
The question of ROI is simple enough. While you could do the math in your head, most Amazon selling apps (like Profit Bandit or Scoutify from [Inventory Lab](#)) can do the math for you and let you know if you sell that item what your ROI would be, but the question of how to understand sales rank is a subject worth dissecting. The better you understand sales rank, the better sourcing decisions you can make.

How to find sales rank

There are a few ways you can find the sales rank (also called Amazon Best Seller Rank):

1. On the Amazon product page

The sales rank can be found on most Amazon product pages in the Product Details section. Most of the time, you'll need to scroll down the product page in order to find the Product Details section and to see the sales rank. Here is a picture of the Product Details section with the sales rank circled:

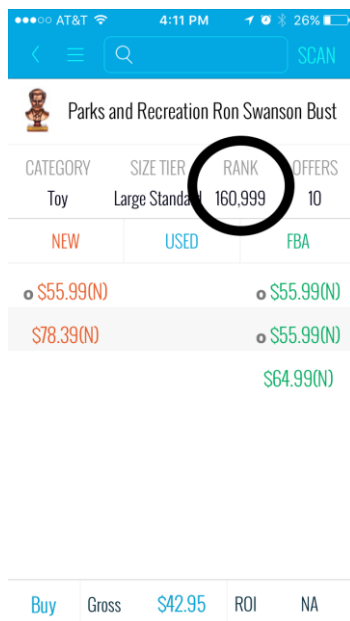


If there is no line that states the sales rank, then most likely it does not have a sales rank. We'll talk later in the course about how to deal with products that don't have a sales rank.

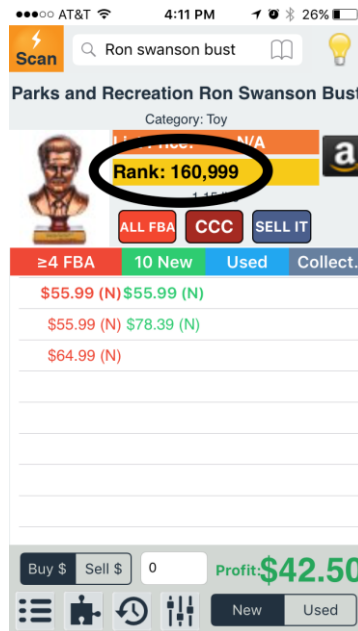
2. With an Amazon scanning app

All of the main Amazon sourcing apps provide you with the sales rank. Below are screen shots of both Profit Bandit and Scoutify in action. I'll circle the sales rank in both of these screen shots.

Scoutify by Inventory Lab:



Profit Bandit:



Understanding sales rank

The best way to understand sales rank is to pay attention. Unfortunately, Amazon does not publicize the algorithm it uses to calculate sales rank. The only way we can try to understand sales rank is to look at the limited data we have and then use that data to make the best decision possible.

Here are the basics of understanding sales rank:

1. Sales rank is like a snapshot in time telling how well an item has recently sold.
2. Amazon updates the sales rank of every item in their catalog about once every hour.
3. Just one sale can have a dramatic effect on the sales rank number.

4. The sales rank of an item can improve the same amount no matter if the sale is an Amazon sale, a 3rd party new sale, or a 3rd party used sale.
5. If an item has no sales rank then it either has never sold on Amazon (be it a newly listed item or an old item) or has not sold in a very, very long time (likely 2+ years).
6. For some reason Amazon doesn't provide a sales rank for electronic items, but does give a sub-sales rank in the Electronics category.
7. Just because an item has a "good" sales rank doesn't mean it is guaranteed to sell in the future.
8. Just because an item has a "bad" sales rank doesn't mean it is guaranteed to never sell again.

Let's break down all of the above basics of sales rank and go deeper.

1. Sales rank is like a snapshot in time telling how well an item has recently sold.

Imagine scanning two different books. The data for Book A shows you that it has a sales rank of 500,000 and Book B has a sales rank of 501,000. Even though both of these books have a similar sales rank, it doesn't mean that both books have the same amount of sales velocity. In fact, Book A could be consistently selling once a week, while Book B could have sold only once in the last year. The only thing the books have in common is that they have both sold somewhat recently. If this is confusing, don't worry... we'll break down all of these situations later in the course. I'll break down how you can tell which book sells often and which book doesn't.

2. Amazon updates the sales rank of every item in their catalog about once every hour.

About once an hour, Amazon takes all of the sales it has registered and incorporates that into the sales rank algorithm for every item in their product catalog. Getting the sales rank directly from Amazon gives you the most recent and most reliable information.

3. Just one sale can have a dramatic effect on the sales rank number.

Remember Book B from above? It had a sales rank of 501,000 but only averages about one sale per year. If Book B sold today and shows a sales rank of 501,000, it's possible that just yesterday Book B was ranked around 5 million. Wow! Did you catch that? Just one sale can cause an item to have a huge jump forward in sales rank.

4. The sales rank of an item can improve the same amount no matter if the sale is an Amazon sale, a 3rd party new sale, or a 3rd party used sale.

When it comes to updating sales rank, Amazon does not look at who the seller was (be it Amazon or a 3rd party seller) or the condition of the item (new, used, collectible) when it calculates sales rank.

5. If an item has no sales rank then it either has never sold on Amazon (be it a newly listed item or an old item) or has not sold in a very, very long time (likely 2+ years).

The only time a product will get a sales rank is if it has sold. Makes sense right? I mean it is called *sales* rank. No sales equal no sales rank. But just because an item doesn't have a sales rank doesn't mean you shouldn't consider buying it for resale. We'll get into that later on in the course too.

6. For some reason Amazon doesn't provide a sales rank for electronic items, but does give a sub-sales rank in the Electronics category.

Amazon does not explain why, but they will not provide a general sales rank for the Electronics category. They will, however, give out sub-sales ranks. Here is an example of a sub sales rank: Electronics -> Computers -> Desktop Computers -> Accessories -> Keyboards -> Wireless. After the sub-sales rank category breakdown, it will give you the sub-sales rank number. Note: Unless the sub-sales rank number is in the top 10, I usually use other methods of deciding if I will buy the item to resell on Amazon or not. We'll get into more details on that later too.

Here's an image of a sub-sales rank in the Computers & Accessories category:



Note that the above item is not ranked number 1 in the Computer & Accessories category, but rather it's ranked number 1 in the sub-category of Keyboard & Mouse Combos.

7. Just because an item has a "good" sales rank doesn't mean it is guaranteed to sell in the future.

While it's possible to use sales rank and sales rank history to predict future sales, it is no guarantee the item will sell again in the future. There are many random outside forces we have no control over that may cause an item to not ever sell again. While the chances are very small that the item will never sell again, it's at least

something I want you to be aware of. There is never a way to guarantee an item will sell again.

8. Just because an item has a “bad” sales rank doesn’t mean it is guaranteed to never sell again.

So many people pass over possible inventory items because they think the sales rank is so bad it will never sell again. Sure, there are times when it’s not a wise choice to buy a high ranking item to resell on Amazon, but there are many times that choosing to buy a high ranking item to resell is the best option. Again, we’ll dive deeper into that later on in the course.

Conclusion

I know I have teased a lot of information in this section of the book, but I did that for a reason. Right now, we’re building up a foundational understanding about sales rank. If I jumped into all of the above topics at full depth, then I’d be worried about giving you too much information to think about at once. Information overload is a real thing, and I only want to focus on the basics right now. Once we have a solid foundation, then we can begin to build up many layers of knowledge to help you make the absolute best decisions when you are sourcing for profitable inventory.