How short term Stockouts on Amazon can have a long-term impact on your eCommerce business

30th Jun, 2022

BY JEEVANANTHAM

It's common knowledge that upward of 70% of Amazon customers never scroll past the first page of search results. And that the first 3 products garner **64% of business generated**. This is why it is critical for brands and businesses to make sure they rank well on Amazon. A good search ranking **helps customers find your product with ease**. And findability is fundamental! Having a better ranking is also a driver of the "flywheel effect" at online retailers. According to this effect, products that sell more tend to rank better in search results, and products that rank well in search results tend to sell more.
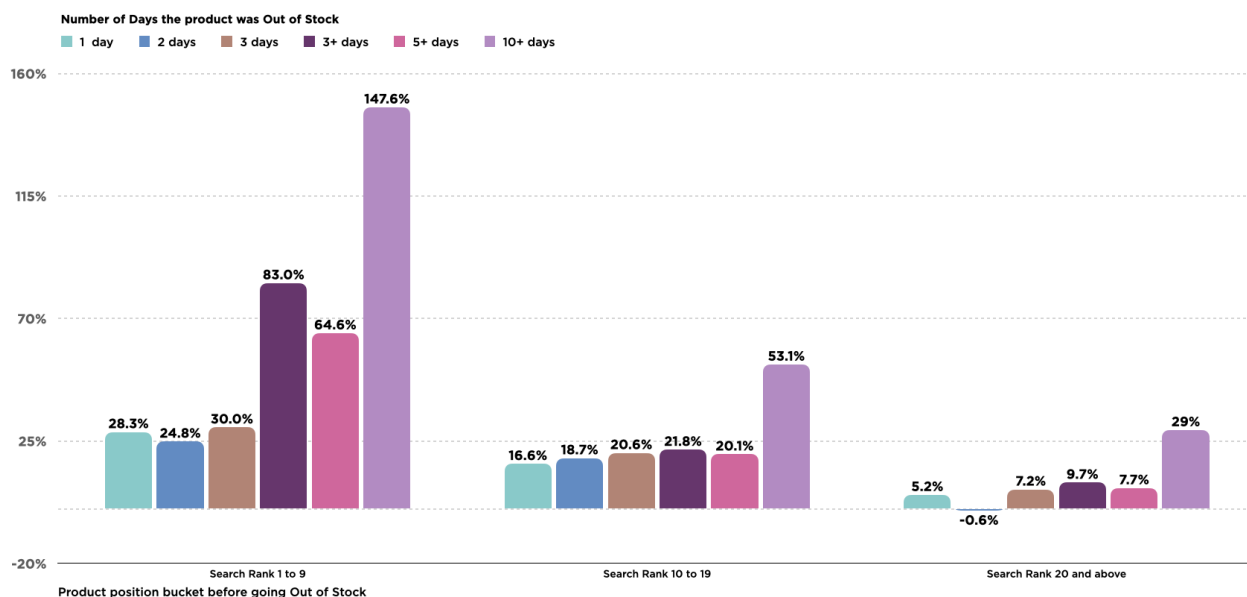
Negative impact on Sales Ranking due to Stockouts

If you want to stay on top of search rankings on Amazon, one of the things you need to keep an eye out for is your product stock availability. It's not the ideal customer experience to have to click on a product listing only to find out it's currently out of stock. This is why Amazon will not rank products at the top if they're not available & customers cannot buy them immediately. Not only does this lead to a lost sale for a brand, to make things worse, but customers also end up buying a competitor's product instead.

We were tracking product availability on Amazon for one of our customers in the CPG space. We tracked availability for products across varying ranks & looked at how going out of stock impacted their search rankings.

Drop in Search Ranking v/s the number of days the product was out of stock

Number of Days the product was Out of Stock
■ 1 day ■ 2 days ■ 3 days ■ 3+ days ■ 5+ days ■ 10+ days

Product position bucket before going Out of Stock

Source: DataWeave Product Availability

DATAWEAVE

Product Availability

Impact on products with a Search Rank between 1 to 10:

→ Our data showed that when products that ranked between 1-10 went out of stock for just 1 day, their rank fell by over 28%. After 3+ days of being out of stock, their rank fell by 83% and after being out of stock for over 10 days their rank fell by close to 150%!

→ This clearly illustrates that when the longer top-ranking products are out of stock, the greater the impact on search rank and product discoverability.

Impact on products with a Search Rank between 10 to 20:

→ The impact of being out of stock on products that ranked lower, i.e. between 10 to 20 was much lower. After being stocked out for 1 day, the ranking fell 17% compared to the 28% dip for products in the top 10 ranks.

→ Incremental change was minimal, too. After 3+ days of being OOS, search rank dropped by 22% and by 53% after 10+ days v/s close to 150% for higher-ranked products.

Impact on products with a Search Rank between 20 to 30:

→ These products had the least impact but there was an impact nonetheless.

→ After being OOS for 5+ days, search ranking fell by close to 8% and to close to 30% after 10 days of product unavailability.

Avoiding Stockouts with better Inventory Management

Customers can buy your product only when it is available. Failing to provide products at the right time will lead to losing sales to your competitors. If your products become unavailable, you'll notice a drop in customers' overall satisfaction and shopping experience too in addition to a lost sales rank on Amazon. In fact, your reputation and sales will take a beating long term in case of consistent product unavailability. Moreover, once the product is back in stock, the climb back to the top ranking is a slow and not-so-easy process. This is why brands need to **maximize conversions by tracking product availability** on a constant basis.

Conclusion

Stockout is a critical issue that has a significant impact on sales, brand image, and customer loyalty. Items ranking higher on eCommerce platforms take the biggest hit when they get out of stock. Brands can **recapture their search share** after restocking their inventory.

Want to maximize sales by reducing latency periods between stock replenishment? Reach out to our **Digital Shelf Experts** to know how!

- Jeevanantham Kailasam
*Jeeva is Manager - Business Analytics at Dataweave working with Brands to help them improve their discoverability and inturn revenue across eCommerce Platforms. He can be reached at jeeva.kailasam@dataweave.com**, 30th Jun, 2022*

AMAZON	BRANDS	E COMMERCE	OUT-OF-STOCK	PRODUCT AVAILABILITY
STOCK REPLENISHMENT	STOCKOUTS			