

# The Long-Term Impact of Automated Pricing on Amazon Sales

Published  
September 2016

An analysis of an Amazon Repricer's effect on sales over a 30-week period

**xsellco**

## ◇ Introduction

Online sellers who automate pricing on Amazon experience an increase of 145 percent in weekly sales over a 30-week period - according to an XSellco report.

This report, which sought to demonstrate the benefits of automated pricing on Amazon marketplaces, analyzed a sample of over 300 Amazon sellers using XSellco Repricer.com.

The analysis revealed the real impact of automated pricing on sales volume. Sellers could scale Amazon sales at a rapid rate in a short period, while also maintaining this increase in sales volume over a sustained period by using repricing software.

The long-term impact of using a repricer is measured against sales generated in the first week of repricing. As a result, this report does not measure against sales volume from prior to using a repricer.

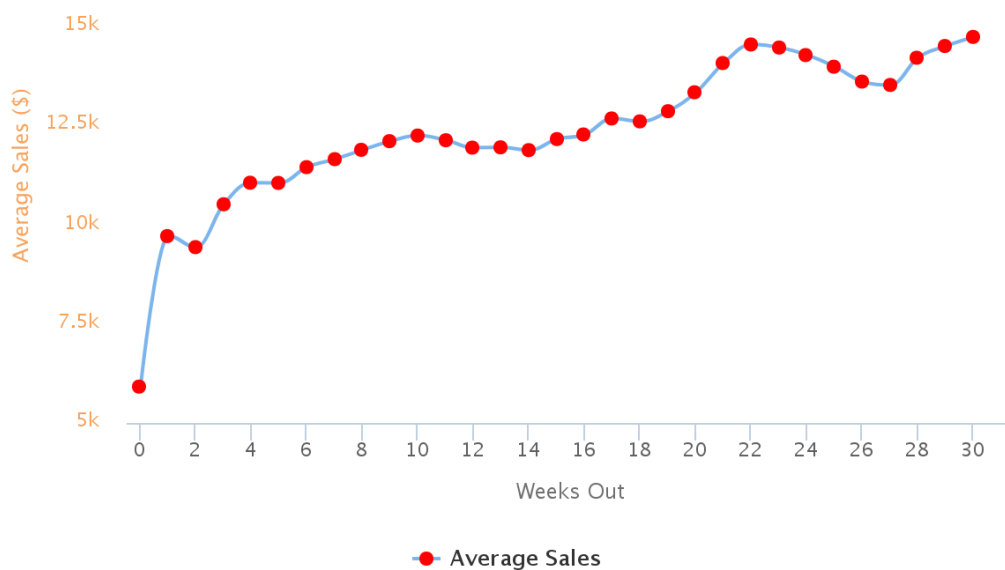
The revenue growth experienced immediately after repricing software is introduced is often considerably higher, so actual growth would in fact be understated in this report.



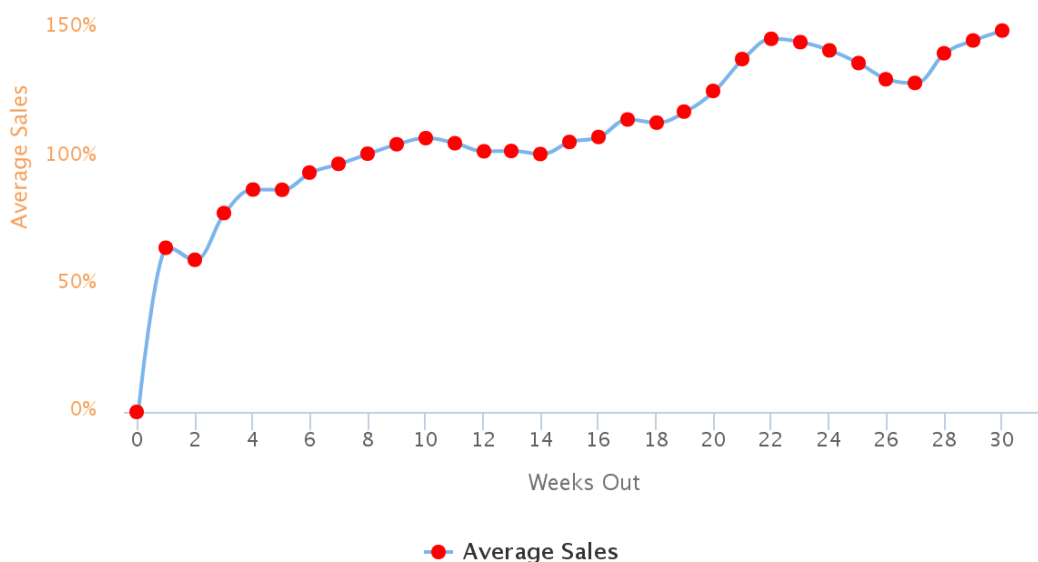
## ◇ Extra \$200k in Amazon sales

The average weekly sales volume for the sample of Amazon sellers stood at \$5,936 in the first week of using repricing software. The study showed a significant increase of 64 percent in average sales from the first week to the second week of using a repricing tool.

After 30 weeks, the average weekly sales volume rose to over \$14,500, representing a 145 percent increase in just over six months of using repricing tool XSellco Repricer.com.



This growth amounts to an average increase in revenue of \$203,000 for each seller over the 30-week period. The small decline in sales volume in week 2 is the result of a short period of repricing inactivity caused by the 14-day trial expiry and a short delay in reactivation of the repricer.

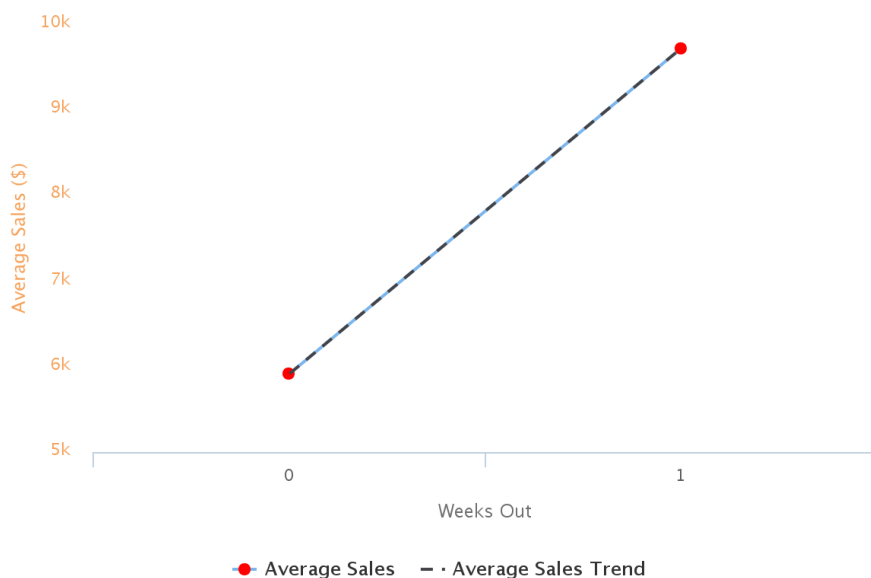


# ◇ Automated pricing - the four stages of revenue growth

Over the course of the 30-week period, we analyzed four key stages of revenue growth - Immediate Impact, Accelerated Sales, Sustained Growth and Longevity.

## ◇ **Immediate Impact - Week 1**

In the second week of using XSellco Repricer.com, Amazon sellers experience a rapid increase in sales of 64 percent as automated pricing optimizes product prices on the hyper-competitive Amazon marketplace.



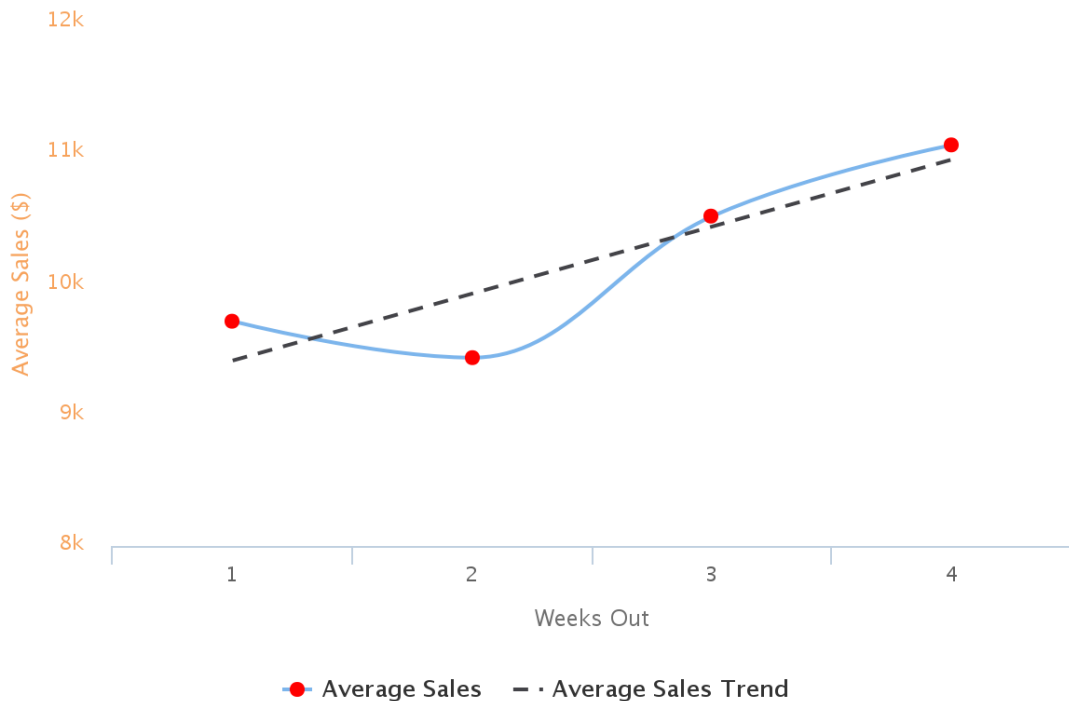
In this period, online sellers will typically start by adding pricing rules to a portion of their SKUs.

After they experience a growth in sales, sellers then usually add rules to more products and optimize pricing strategy across all products.

The majority of sellers in this case study used automated repricing on multiple Amazon marketplaces, including the US, UK, Canada, Japan, Germany, Italy, France and Spain.

## ◇ Accelerated Sales - Week 1 to 4

By week four, this increase in sales reaches 87 percent in comparison to sales volumes in their first week of using a repricer.



Sellers are regularly adding new rules, with 58 percent of these rules focused on fulfillment method. The other 42 percent of rules used include:

- Buy Box ownership
- Free shipping
- A competitor's location
- Stock levels
- Excluding certain merchants
- If there are no competitors, and much more.

These specific rules empower you to sell your products at the optimum level. As previously noted in this report, the small decline in sales volume in Week 2 is due to a short period of repricing inactivity during the trial-to-customer transition period when the 14-day trial ends.

## ◇ Sustained Growth - Week 4 - 20

In this period, sellers have developed a refined repricing strategy across the majority of their products on multiple marketplaces.



Sellers also start to reap the benefits of XSellco Price Manager's powerful analytics to inform repricing strategy.

Some of the high-impact features include Buy Box competitor targeting, price movement tracking and sales performance analysis.

Sellers continue to add repricing rules, allowing them to maintain a healthy growth in sales. Repricing strategies become more tailored for each product in this period too.

In comparison to the Accelerated Sales period (Week 1-4), the focus on targeting competitors by fulfillment method reduces.

FBA-related scenarios now only account for 39 percent of active repricing rules.

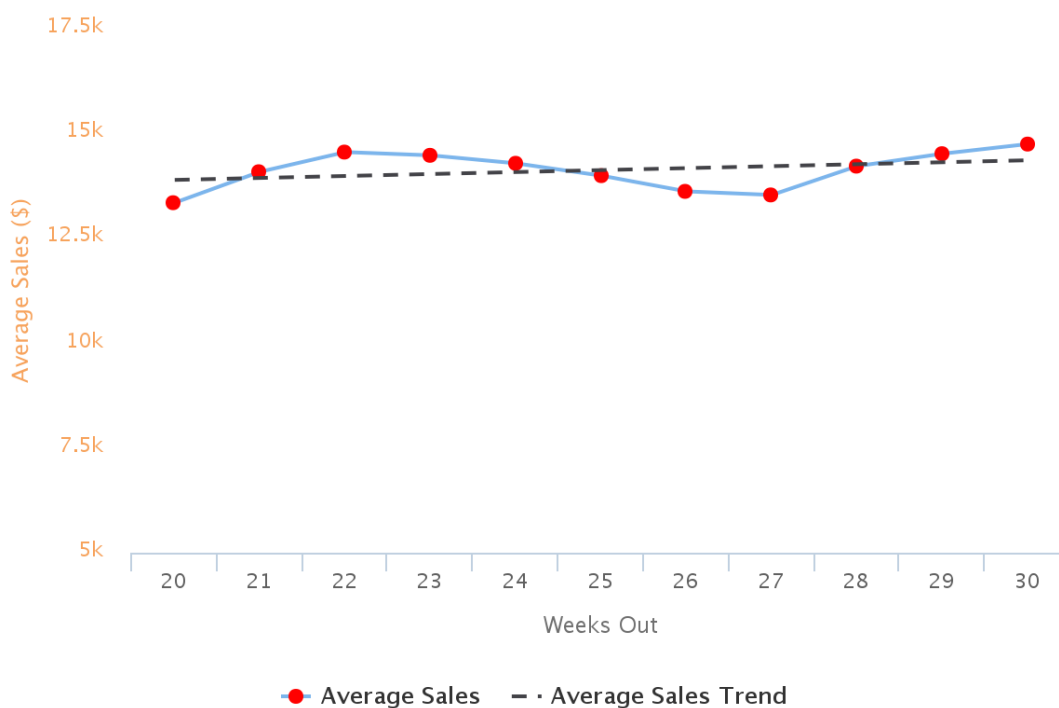
As sellers improve their understanding of the competitive landscape, the development of more targeted repricing rules drives this sustained period of sales growth.

By week 20, sellers see a 143 percent increase compared to when they began using XSellco Repricer.com.

### ◇ Longevity - Week 21 - 30

The data also shows that the impact of repricing isn't just a short-term boost in revenue. Amazon sellers are able to sustain this new level of sales in the long run.

XSellco Repricer.com has allowed sellers to maintain a significantly higher volume of sales after 30 weeks of automating prices.



XSellco Repricer.com has allowed sellers to maintain a higher volume of sales after 30 weeks of automating prices.

Sellers have grown their Amazon businesses and now have the capacity to make more sales, identify and sell more products, and become consistent top performers in their niche.

With an average revenue increase per seller of \$203,000 over the 30 weeks of the study, XSellco Repricer.com customers have the capacity to invest more in their business, expand internationally and become major players on multiple Amazon marketplaces.

Automated Pricing - 4 Stages of Growth			
Stage 1 - Immediate impact	Stage 2 - Accelerated sales	Stage 3 - Sustained growth	Stage 4 - Longevity
<ul style="list-style-type: none"> <li>- 64 percent sales growth</li> <li>- Repricing rules applied to SKUs</li> <li>- Popular rule 1: FBA vs FBM</li> <li>- Popular rule 2: Free shipping</li> </ul>	<ul style="list-style-type: none"> <li>- 87 percent growth on week 1</li> <li>- Tailoring repricing strategy</li> <li>Other rule use increases:               <ul style="list-style-type: none"> <li>- Rule 1: Buy Box owner</li> <li>- Rule 2: Domestic vs abroad</li> <li>- Rule 3: Merchant exclusion</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- 143 percent sales growth on week 1</li> <li>- Informed repricing strategy with powerful features</li> <li>- Price movement tracking</li> <li>- Competitor analytics and targeting</li> </ul>	<ul style="list-style-type: none"> <li>- Extra \$203k per seller</li> <li>- Repricing rules on most SKUs</li> <li>- Repricing performance analysis</li> <li>- Invest in more products with new revenue</li> </ul> <p style="color: purple; font-size: small;">Source: <a href="http://xselco.com">xselco.com</a></p>





## ◇ **Methodology**

This report is based on a sample of 368 customers of XSellco Repricer.com who began automating Amazon pricing during 2015.

The period analyzed is the first 30 weeks of their tenure as a customer.

The baseline period used for measuring sales growth is the sales volume in the first week of using XSellco Repricer.com. Sales revenue growth in each subsequent week was measured in comparison to that first week baseline period.

In order to measure the performance of the entire group of customers, this study has focused on the median sales value for the group: the middle customer.

This approach was taken as it represents accurate measurement of collective sales growth, rather than taking the mean value.

The median approach excludes outliers and focuses on the sales movement of the group of online sellers as a whole.

## ◇ **Experience the benefits of Automated Pricing**

Interested in seeing what automated Amazon pricing can do for your business?

Try a **Free 14-day trial** of XSellco Repricer.com today

**Start your free trial**

No credit card required