



How Using a WMS Can Increase Your Amazon Seller Performance Rating



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Introduction

Imagine this: you're a seller on Amazon Marketplace making around \$500k a year and have five employees. You run the business out of your house, but store your inventory in a rented warehouse space. Everything is going well the first few years, but then you start to grow. \$500k a year turns into a couple million and you now employ multiple small teams instead of one. Your inventory is larger, but your warehouse structure isn't necessarily better. You start to accrue a few bad reviews saying your product arrived broken or even late.

Next thing you know Amazon is sending you an email saying your practices go against their Seller Performance Ratings policies and that you may no longer sell on their site. And just like that, the number one channel for sales for your business has been taken away. Bankruptcy is inevitable.

Sound familiar? Unfortunately, this is a tale all too familiar to some Amazon marketplace sellers and one the rest fear happening.

Situations like this send sellers scrambling for help. They try to get through to whoever can help them rectify the problem at Amazon, **but instead should be looking inward**. You can be angry at Amazon's Seller Performance Ratings all day long, but the problem starts with your own practices. Like that big warehouse you left a mess. That's a good place to start.

Don't cheap out on investing in a smart warehouse management software (WMS) platform. Spending money on an efficient software that can help you manage your inventory and clean up your warehouse processes can save your reputation, while saving a few extra bucks can cost you your business. The money you'd waste in labor costs alone to correct inventory mistakes vs. organizing your warehouse right the first time pays for the cost of a good WMS.

The goal of this eBook is to understand how a warehouse management software can be used to improve your Amazon Seller Performance Rating. Many customer service levels deemed acceptable by Amazon can be reached and exceeded by using an optimized and automated cloud-based WMS. Automated organizational processes greatly reduce the risk of human error. Adopting a process like this will not only improve your seller feedback rating, but could potentially save you hundreds of thousands of dollars.

This eBook will guide you on the key features and functions of a WMS and how to use them to turn a poor Seller Performance Rating around.

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CHAPTER 1

Evaluate Current Inventory Practices

The first step to any problem is to take a step back and evaluate the root of the problem.

Chapter 1: Evaluate Current Inventory Practices

The first step to any problem is to take a step back and evaluate the root of the problem. So, if you're kicked off Amazon for poor product information or bad reviews, instead of blaming the customer, take a look at your own practices.

- Are you still managing your business with an Excel spreadsheet?
- Are your warehouse shelves and aisles messy?
- Are you tracking the activity and location of your inventory from start to finish?

Let's break down each of those questions.

If you're still managing your growing business with an Excel spreadsheet **stop now**. Immediately. Tracking your inventory manually will lead to ultimate failure and will probably lend your seller profile to dangerous territory in the eyes of Amazon bigwigs. Using a spreadsheet to track the activity, location, and quantity of inventory leads to a multitude of inventory mistakes, including mis-shipments, overstocks, out of stocks, lost inventory, and late shipment arrivals. All of these negative factors contribute to a low seller performance grade.

An unorganized warehouse with faulty shelves and dirty aisles is a recipe for performance disaster. How can you expect a staff to perform to the best of their ability when their working conditions are less than ideal? Better yet, how can you expect your Seller Performance Rating to improve when

you're sending out dirty packages picked off the dirty shelves they came from?

A warehouse management software like SkuVault is equipped with optimized and customizable workflow options so you can design a warehouse layout that gets products out the door faster. Improve your product quality feedback rating with better picking pathways and cleaner shelves.

Warehouse managers should have a good sense on the whereabouts and count of all inventory at any given moment. This is obviously easier for a small company. A growing company that may still rely on a spreadsheet to know this information will never have an up to date report on the activity and location of each piece of inventory. And when you can't easily track the activity of your inventory it opens the floodgates to trouble. A warehouse should run smoothly and a warehouse manager should know his warehouse like the back of his hand. When you as a seller cannot deliver a product on time or at all because you read a spreadsheet count incorrectly, **your Seller Performance Rating will tank**.

Amazon doesn't have time to deal with sellers not taking their own businesses seriously. If you want to keep your business you have to play by their rules. Luckily, a smart warehouse management software can get you there.



CHAPTER 2

It's Time For A Better Solution

Using outdated practices like an Excel spreadsheet to manage inventory is no longer viable.

Chapter 2: It's Time for a Better Solution

The goal of a warehouse and inventory management software, in a nutshell, is to streamline the pick, pack, ship process through automated features, and to overall provide a cloud-based organizational structure for your inventory and warehouse. **The keyword here being automated.**

As explained in the previous chapter, using outdated practices like an Excel spreadsheet to manage inventory is no longer viable. It's extremely susceptible to human error. A WMS is equipped with automated features that keep track of your inventory for you. It's especially essential for Amazon sellers because it updates inventory quantities in real time. That means your risk of advertising false quantities and running into out of stocks is greatly decreased.

The following paragraphs will address Amazon customer metrics used to measure seller performance and how a WMS can help you meet and exceed those metrics.

First up on Amazon's strict list of seller performance metrics is **order defect rate**, which must be less than 1%.

Amazon states **order defect rate** as "the percentage of your orders for which you received a negative feedback, an A-to-Z Guarantee claim, or a service credit card chargeback." It doesn't take much to displease a customer enough for them to give you a one or two star rating - Amazon's minimum rating to hit the quality defect rate mark. Customers expect the best every time they make a purchase and Amazon expects sellers to deliver them the best products.

So how can a WMS help? Let's count the ways.

There's this little function called **Quality Control** that a WMS has mastered. Quality Control is not a new concept, but when performed in a line of automatic steps provided by a warehouse management system, it's success rate is amplified. Items are QC'ed before shipment and checked against the PO for correctness. If the item name or quantity doesn't match, SkuVault for example, will alert the picker and prompt them to try again. Quality Control prevents the wrong items or damaged items from being shipped, thus **reducing negative reviews and improving your marketplace ranking.**

When you don't have to manage your business from a spreadsheet, you can spend more time working *on* your business instead of *in* your business. A WMS allows business owners and/or warehouse managers alike to take a step back and let the software do the heavy lifting for them. With extra free time you can better resolve any customer order problems. Amazon rewards sellers who proactively work with customers to solve a problem. **The freedom to manage neglected parts of your business like this is something you wouldn't otherwise have.**

The second customer metric is **pre-fulfillment cancellation rate.**

Chapter 2: It's Time for a Better Solution

Amazon describes this metric as “the number of seller-fulfilled orders cancelled by a seller prior to ship-confirmation divided by the number of seller-fulfilled orders in the relevant time period.” All order cancellations initiated by the seller for any reason contribute to this metric and must be less than 2.5%.

In non-Amazon language, pre-fulfillment cancellation rate is due to not having a product you sold, or not being able to find it. Or maybe the condition was not as you described or out of date. In any of these cases you will have to source the product elsewhere (usually at a loss) or cancel the order.

Reporting is a big benefit of a WMS to improve your pre-fulfillment cancellation rate.

WMS reports are used to make better purchasing decisions for your business and better predictions to avoid things like out of stocks and oversells. The Replenishment Report in SkuVault, for example, is used to inform the user when inventory levels reach a low number. Use this report to reorder and replenish inventory at the right time and in the right quantities so that you can avoid lying to customers about products being in stock when they actually are not. Or listing a product that is, in reality, expired. **Smart reports like this will improve your pre-fulfillment cancellation rate, and overall, improve the likelihood of building repeat customers.**

The last customer metric is **late shipment rate** which, according to Amazon, is the number of seller-fulfilled orders with shipments that are not confirmed by the expected ship date divided by the number of seller-fulfilled orders in the relevant time period.

To put it simply, late shipment rate is how many shipments you do not get out on time. **This is a big deal and there is low tolerance for such behavior.**

Knowing you have the correct amount of inventory, and where it is, will eliminate this issue. Once again, reports can prevent headaches such as this. The SkuVault Replenishment Report can generate a ‘Create FBA Shipment’ report with the click of a button. Users no longer have to leave SkuVault and bounce back and forth between Amazon to replenish shipments. SkuVault sends the information to Amazon for what users want to ship, and Amazon sends back the order/pick list information.

This automatic transaction reduces late shipments and increases your Seller Performance Rating by eliminating the barrier of manual human error.

The background image shows a narrow aisle in a small, cluttered store. On the right, metal shelves are packed with various products, including boxes and bags. On the left, there are stacks of items, a calendar, and a framed picture. In the center, a doorway leads to a brighter area outside, with a broom leaning against the door frame. The ceiling is made of corrugated cardboard.

CHAPTER 3

Turn Poor Inventory Control Into Profit

Good reviews can make or break
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Chapter 3: Turn Poor Inventory Control Into Profit

Good reviews can make or break your business, especially on Amazon. Not enough reviews and you're seen as weak, too many good reviews and you're suspicious. **It's tough to find that happy medium.**

Amazon has outlined a few best practices to help improve seller's feedback rating. All of their suggested best practices stem from poor inventory control. Stock-outs, late shipments, poor customer service, the works. And, guess what? **A WMS can improve all of them.** With an optimized warehouse management software designed to streamline every step in the pick, pack, ship process, you can rest easy knowing your customer reviews won't ever be in the red.

Amazon lists **stock outs** as the first potential problem that can lead to negative feedback. Stock outs occur when:

- Inventory is not available
- Inventory quantity is not accurate
- Drop-shipper inventory isn't up to date

When inventory is not available it's because you don't have a precise way to track inventory quantities or reporting capabilities to order the right amount of inventory. Your business is only as good as your data. **If you're purchasing inventory quantities on a whim, you're bound to have stock out after stock out.**

A WMS like SkuVault is built with robust reporting features designed to help you

make purchasing decisions so you can know what you need to order, the quantity of those orders, and when they need to be delivered. **Instead of ending your fiscal year in debt due to incorrect purchases, end the year with a profit from the money you save using a WMS.**

That old spreadsheet is another reason inventory quantities aren't accurate across marketplace listings. A WMS can automatically sync inventory quantities across marketplaces every 5-10 minutes. So when someone buys socks on your eBay channel, the new quantity will reflect across your Amazon channel too to eliminate stock outs. A manual spreadsheet simply cannot do that.

Another problem that leads to bad reviews is late shipments. Late shipments not only anger customers, but cost you in both return costs and wasted time spent re-processing items. You literally cannot afford late shipments. **With a WMS, meet customer expectations with a consistent pick, pack, ship process.**

Customized picking workflows that are most optimized to your warehouse with paperless wave picking, for example. With paperless picking you can change picking course in real time to eliminate the risk of late shipments. The shipping component of a WMS is largely held together by shipping platform integrations such as ShipStation. This streamlined approach allows packages to arrive at the shipping stage faster reducing late shipments and increasing customer satisfaction

"When inventory is not available it's because you don't have a precise way to track inventory quantities or reporting capabilities to order the right amount of inventory. Your business is only as good as your data."

A photograph of a cluttered warehouse or storage room. The ceiling is made of corrugated cardboard. On the left, there is a calendar and a clock. The right side is filled with shelves of boxes and supplies. The floor is concrete and has some debris. A doorway in the background leads to another area.

CHAPTER 4

Transform the Customer Experience

Resolve negative reviews with a warehouse management software.

Chapter 4: Transform the Customer Experience

All of Amazon's suggested negative feedback problems revolve around solutions you can control and correct with a warehouse management software.

As a business, you have to be proactive in anticipating customer demands, not reactive when it's too late. **Amazon doesn't hand out sympathy cards after they've kicked you off for poor customer reviews.** Improve your seller performance rating and transform your customer experience with the help of a WMS.

Although businesses are coming up with ways to make online shopping faster and more user friendly everyday, returns are returns. If your **returns process is messy or complicated** you're less likely to gain repeat customers and more likely to earn a bad Seller Performance Rating. To counteract the risk, offer customers a 100% no questions asked refund policy, with shipping both ways included. On top of that, eliminate any complex return processes with a WMS.

A WMS makes it easy to put the item back in stock. Look up the original order and track the item back into inventory for resell. Every warehouse should have a return/damaged area for tax write-off purposes. If that location has all the items in it that are no longer sellable, then a tax write-off of that type of inventory is easy.

This should go without saying, but you have to be completely honest when listing products on Amazon.

Deceit is completely against the rules of Seller Performance Ratings. If you list royal blue shoes as navy, expect a customer complaint. It may seem like a small detail in the grand scheme of things, or even an honest mistake, but all it takes is one bad review to put you on the Amazon watchlist. **Incorrect product descriptions and poor product quality** can both be assisted with a WMS.

You can write detailed product listings that cover every scenario possible, but if you're picking products off dirty or dusty shelves and shipping them in that condition, you'll never escape the poor product quality race.

SkuVault makes it easy to know the shelf life of a product and when it's time to replenish stock with smart reports. To reduce invaluable inventory from being shipped, you can rotate stock using the FIFO method. FIFO, or First In, First Out method, guides pickers to put away new inventory in the back, old inventory in the front, and pick the oldest item first. This process ensures the best products are shipped first and the bad products don't reach your customers.

A small-mid level business may be so bogged down in their day-to-day that they don't have time to sit down and respond to a customer call or email right away. With a WMS, you can get back to customers while the software solution automates processes for you. **Save your Amazon Seller Performance Rating while the WMS syncs your inventory across marketplace channels in the background.**

Conclusion

It can't be emphasized enough how important it is to have accurate inventory counts. The benefits you can achieve as an Amazon seller by streamlining your warehouse processes to achieve optimal efficiency are outstanding.

An automated warehouse management software greatly reduces the risk of human error, which will always land you in hot water with Amazon. Additionally, a strong WMS will have an equally strong arsenal of Quality Control measures in place.

This deeper layer of checks and balances will ensure that your pick, pack, ship process is as tight as it can be. You will get the right products out the door every time and ultimately achieve better performance ratings and higher sales revenue to boot. What are you waiting for?

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To learn more about SkuVault inventory and warehouse management software, request a demo at www.skuvault.com/requestdemo or call a Sales Consultant directly at (502) 694-5210.

