



# Mining Gold From eBay

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The news has been full of stories of online auction riches! Category leader eBay has opened the world of auctions to anyone with an Internet connection, and a lot of regular people are making incredible money through the power of online auctions. The basic method of making money on eBay is the same as any kind of product sales – buy low, sell high. Online auctions make this easier than ever before, but becoming expert on eBay means starting with the basics, and that's what this report is all about. In just a few minutes, you'll know what the experts know, and will be ready to start making great money on eBay!

# Chapter 1: Introduction to Internet Auctions

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Internet auctions started as a hobby for a few computer people in the San Francisco area to have a “virtual swap meet” and get rid of some things they had, and find some things they wanted. In just ten years, this fun little idea has become a multi-billion-dollar enterprise and a global phenomenon, and amazingly, presents one of the best low-risk opportunities in history to start or grow a business! The potential is unlimited and still growing. Online auctions generate very high revenues for sellers and often, good deals for buyers, and the transaction costs are usually reasonable (we’ll help you keep them down a little later). The best part about this is that the marketplace is open to everyone. You can read this report today and be selling your old junk on eBay for profit tonight...but selling your old junk is only the beginning.

Recently, online auctions have been in the news for less optimistic reasons like scams and fraud. For the same reasons eBay enables speed, anonymity and a global marketplace to honest buyers and sellers, it also provides opportunities for the behavior of less honest members of the community, in particular, credit card scams in certain Third World locations. However, there are many millions of auctions every day, and like the majority of any community, the vast majority of these auctions are run fairly and more importantly, they are making the sellers a tremendous amount of money. Where there is opportunity there is risk. We’ll help you understand both, to maximize one and avoid the other.

Let’s get started!

## **How do online auctions work?**

An online auction is just like any traditional auction, fundamentally. Someone (a “seller”) offers something either at a set price, a minimum price, or on open bidding. Others (“bidders”) make offers on the item by stating what they will pay.

Upon successful completion there will generally be a “highest bidder,” who has now become the “buyer.”

There is one main difference between eBay and a traditional auction like you might have seen at Christie’s or Sotheby’s: eBay facilitates the auction but never takes possession of the goods, and makes no specific warranties about the item’s quality, the seller or buyer’s honesty, nor does it play any direct role in payments relating to buyer’s and seller’s, but rather, takes fees from buyers whether items are sold, paid for, delivered, or not, and essentially operates as a very complex bulletin board, not a true auction house in most cases. It is the responsibility of the person hosting the auction to deliver the item to the successful winner, while the winner needs to ensure he makes the payment and receives the shipment on time and in the expected condition.

Payment is through a variety of possible methods including checks, money orders, electronic transfer systems, credit cards, wires, and more. Generally the seller in an auction will state what kind of payment is acceptable, and the potential buyer can decide whether to bid with that, and sometimes other, restrictions in mind.

To make it more likely that buyers and sellers will provide quality service to each other and honest goods, a fundamental aspect of eBay and most of its copycat sites is called “feedback.” Feedback is basically a rating system that allows buyers and sellers to see what other buyers and sellers thought about doing business with a particular person/entity in the community.

What’s for sale? Pretty much everything except those categories eBay chooses to limit or ban (such as firearms, certain adult materials, and so on). Auctions are of many types and styles, ranging from items literally priced at 1 cent, to items worth millions of dollars, which will usually involve escrow payments and other special terms. In later sections we’ll look more closely at the kinds of auctions there are today.

First, since you want to make **money** on eBay, let’s talk about how you give and get that money.

## **1.2 What are the methods of payment?**

You can generally pay for an auction the same way you would pay for anything at a local business – cash, check, credit cards depending on the preferences of the business (in this case the seller). For many years before the broad-based establishment of online payment systems, money orders were the most popular form of payment on eBay because they are easier to get than a certified bank check -- they are also usually cheaper -- and they represent “guaranteed” money, which a personal or business check does not. There is a bias among sellers for fast and guaranteed payment. There is a bias among buyers for payment that can be traced back or investigated in the event of a problem with delivery. The evolution of online payment services like PayPal (which eBay now owns) answered both parties needs and is rapidly becoming the most popular method for auctions of typical values – say a few dollars up to a few thousand dollars. Beyond that it will be COD, cashier’s/bank checks or escrow services.

## **1.3 What are online Payment Services?**

Online payment services started as a “virtual” cash transaction system using “fake” digital money about 15 years ago. This quickly evolved into using real money, which was generally tied to a credit card transaction not very different than what you do for mail order. Stores and catalog retailers generally have “merchant accounts” with credit card processors. The online payment services enable anyone to “take” credit cards, for fees like most small business merchant account rates, around 1 to 4%. Online payment services have gotten more diverse as technology has evolved – you can now link multiple bank accounts as well as multiple credit cards to, for example, a PayPal account. Today, the online payment services function like banks, which some of them also actually are.

When you sell something on eBay, and you receive payment via PayPal, the buyer may have paid by cash or credit card, and the net amount, minus fees, is deposited into your PayPal account. From there you can pay for something yourself directly, withdraw the money on an ATM or credit card, transfer the money into another account, or have a check sent each month.

Most online payment services are very much like PayPal, with a fee structure aimed at the recipient of the money, but there are exceptions. BidPay, which is owned by Western Union, is a form of virtual money order and is also popular on eBay. Unlike PayPal and most other services which charge the receiver of the payment, BidPay, like its parent, charges the sender of the money.

## **1.4 What are Online Escrow Services?**

Escrow accounts protect auction participants from potential fraud. The way they work is the same as in, for example, a real estate or legal transaction, which is where most people would have dealt with escrow before. Money held in “escrow” by a third party had been received from the payer but is not released to the payee until something happens, usually, receipt of the goods in promised condition. Upon confirmation of the merchandise receipt the money is credited (forwarded) to the account of the seller. In such transactions the buyer, who benefits more in theory, generally pays the fee.

# Chapter 2: Get Rich with Auctions!

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## 2.1 The trend is on your side.

The Internet is exploding with growth! Within the next 3 years, experts predict Internet sales will reach an amazing **\$103 trillion dollars!** A larger portion of this than you may think will be generated by auctions run by success-minded marketers just like you.

The Internet is the hottest new way for the average person to get rich leveraging the Web in the shortest amount of time possible. It's amazing what an auction – a form of competition – does to people and their buying process. An ordinary gadget that would sit on the shelf at the local thrift shop for years at \$1.89 amazingly flies off the auction block for \$15.00 or even higher all day long! We won't go into the psychology behind this, other than to say it's something you can use to profit well.

1. More than **2.4 million** people have made at least one purchase from one of the more than 300 Internet Auctions sites last year. Out of these more than 1.5 Million people have used eBay, and that number is growing every hour.
2. Sales during a recent 3-month period (second quarter 2005) alone have topped \$541 million dollars from eBay alone.
3. There are over **four million** registered Internet auction users who have not bought anything yet! Millions of new users are coming online every single day! These people may as well buy something from you!

On eBay, one of the largest Internet Auction Sites, **more than 250,000** new items are listed every week. And a whopping **600 new bids** are made **every minute!**

There are a lot of “get rich quick” scams out there, but with a little discipline eBay is the real thing, a completely legitimate business you can start and run from your home. With all this buying and selling taking place, it's no wonder people are making money. Regardless of what you're selling, with a worldwide potential for over SIX MILLION people viewing your product at any one time, there's a good chance it will sell quickly and for a lot more than you could ever get in a local sale or regional newspaper.

According to the Wall Street Journal, an average couple from Wyoming is raking in a whopping \$600,000 a year, just from eBay.

A commercial fisherman from New Hampshire was browsing an antique shop when he found a copy of Edgar Alan Poe's first book. He quickly snatched it up for \$15. Three months later, he auctions it on eBay for an amazing \$198,000!

Ms. Echols, from just outside Milwaukee, sold an 1880 piece of porcelain from England, originally costing \$61, just 10 days after a starting bid of only \$295!

Aaron Shannon, of South Boston, happily paid \$25 for an old Union Pacific Poster. He quickly auctioned it off on eBay for a huge \$700 or 28-times what he paid for it!

The stories go on and on.

*Source: Online Research*

You can start selling on eBay by finding things around your house that you don't want – a garage sale in cyberspace. Once you're comfortable with a few of those transactions (and probably happily surprised at how much your auctions closed for) you can start looking to build a business, get inventory, and make real money online.

EBay has many benefits. You do not require any inventory to begin nor do you need to invest a lot. You can start today, literally, and grow the business as much as you want – or pull the plug on it the day after tomorrow and try again in a few

weeks or months. There has never been a marketplace like this before, and you can see why the founders of eBay have done incredibly well for themselves.

The main concern about any kind of financial transaction is security – as a buyer, will you get what you wanted, and as a seller, will you get paid?

eBay is an innovator in online transaction management and they have a lot of features that make the marketplace quite reliable and safe.

# Chapter 3: A little more about eBay

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## 3.1 Safety Features

### Feedback

As previously mentioned eBay has a unique feedback system, allowing buyers and sellers to post comments and feedback on their recent auction experience. Each transaction allows you to give a single rating to your trading partner – positive, negative, or neutral. You may also make comments (no foul language, abuse, racial comments, etc are allowed). Each user has a feedback score that serves as an indicator of their quality as buyers and sellers. It is effectively your online reputation. The more positive feedback you get, the higher your score, which also eventually is visually identifiable with a star system so experienced eBayers can tell something about you at a glance. Negative feedback lowers your score. There is also a running percentage of positive feedbacks. Some sellers will not allow buyers below a certain feedback level, as most fraud is committed by new, or fake, buyers who will generally have little or negative feedback ratings.

### Buyer Protection

Currently eBay offers buyers protection. Online payment service users, such as **PayPal** are assured a Buyer Protection shield covered up to \$500 (subject to change) at no additional cost. For users who are not using PayPal as their mode of transaction there is the eBay Standard Purchase Protection Program which provides up to \$200 coverage (less \$25 processing cost) for either items that are not received or items that are not as described in the listing. The resolution process can be slow and on many transactions that fee makes it not worth doing, so it is better to *caveat emptor* up front than hope to get money back on a bad deal later.

## Fraud Protection

There are a number of ways eBay works to minimize fraud, some of which are automatic. The website feature of eBay allows the users to keep a constant track of which sites they visit. Whenever a user leaves eBay by clicking on a link, or when are transacting on PayPal, the system warns them of potential frauds. In addition, eBay helps users prevent and combat fraud by conducting online tutorials on fraud emails – such as those requesting personal or financial data no legitimate company would request – and educating members on how to report such issues to the eBay authorities.

## 3.2 Registration on eBay

Registration on eBay is absolutely free – it is also free to bid and buy, they make their money on sellers and advertising – and it only takes about five minutes to open an account. There are three requirements for registration.

1. You must be 18 years old.
2. You must provide valid credit card number. There is no cost for browsing on eBay listings, yet to participate in any way requires a number. Buyers pay nothing to the auction sites and the credit card is used for security purposes mainly. Charges are applicable only for sellers.
3. You must have a valid e-mail address.

You'll select a username and password.

Upon completing the registration process, you will be asked if you want a personal page. Whether you should have one is a matter of personal preference, style, and whether the kinds of auctions you are thinking about will benefit from it. Most people on eBay opt not to have the page, but there is some evidence sellers who do have it, sell more.

On browsing eBay categories, you will see that very few people take advantage of this option. Privacy seems to be a crucial issue to many and this complimentary page is viewed as a contradictory idea. You can use this personal

page as an excellent marketing tool as it is for free. EBay urges its trading community to check feedback, to check the reputation of the seller and this is where this page may prove to be an immense help to you. When you auction your products or services, the buyers are most likely to visit your page to see a little more about you. It is a great opportunity to build trust.

The best kind of information reinforces your expertise. Perhaps you sell cars, own a garage and can personally verify the condition of everything you sell. Or you teach classes on pottery and ceramics, which you also auction. Finally, showcase the items you have successfully sold in the past using eBay auctions. It is also a good idea to take feedback from buyers and post their experiences and testimonials upon delivery of merchandise. This is especially useful if you have “newbie” buyers who may not know how, or where, to look for the feedback ratings.

### **3.3 A Few Thoughts on the Power of eBay**

If you’ve ever thought about starting a sales-oriented business, now is the time and eBay is the place. Here’s why.

**You can sell to anyone connected to the Internet.**

**Your geographic location does not need to be fixed.**

Like many other Internet businesses, with auctions geography has become irrelevant. You really can live anywhere you want as long as you can manage your auctions and fulfillment from there. For some successful eBayers, that “dream” home that was too far to commute to work is suddenly doable – since their commute is now downstairs every day and to the Post Office twice a week!

**Your computer is the only “employee” you need.**

**You can choose to start part-time, or any time you want to.**

**You can “quit” without penalty.**

Starting most businesses requires a lot of time. Not eBay. You can work on eBay for one hour one time, for a few hours a day, or a few days a week. It is the best

part-time business you can have with your full time job or other business. There is almost no “barrier to entry” and the risks of “trying” online auctions are basically none. That cannot be said for almost any other mode of start-up.

**You can research in advance.**

**There are no feelings of rejection.**

Selling is a challenge. Aside from the complexities of doing it is the emotional aspect of rejection – any salesman will tell you hearing “no” (or worse) all day long can be very depressing. With online auctions, this is all removed. First, you can do historical and current research and see what the current buying and selling trends are like for your products. Second, except for occasional emails, you are never in contact with your prospects until they choose to buy – so there is no rejection possible.

**You can buy and sell your merchandise in the same “place.”**

Which is what the next section is all about.

# Chapter 4: Buying Strategies

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There are buying strategies for buying if that is your end goal, but we're assuming you're here to learn how to buy to sell at a profit.

Obviously, in order to sell, you need to have things *to* sell – which in general you will have bought not too long ago. It is important to purchase early (ahead of your planned sales) and wait for the right time to auction merchandise. For example, don't purchase an item and put it up on auction before it reaches you, for obvious reasons. For another example, unless it was a one-time deal, don't put items up on eBay that you just bought. Your potential buyers can see what you paid, and that will disadvantage your pricing strategy.

## What to buy?

You need to decide what kinds of items to sell, before you can buy them. Fundamentally, whatever you choose should meet these requirements:

- Something with a consistent predictable demand
- Something that you know a lot about – or want to know a lot about
- Something that can routinely be sold at a profit
- Something that is not available to most people locally for a similar price
- Something that you have room to store and will not lose value over time

Once you start thinking about the categories of items you want to sell – and there are more or less unlimited categories on eBay – you'll have a good idea of what you should look at buying for your "inventory."

## How much to buy?

Think carefully before jumping into large volume purchases, even if the price seems good. Also research the specific type of item by searching past auctions. For example, we know one woman who had started a successful clothing business on eBay. She scoured the auction sites for odd lot deals on brand name

merchandise in bulk, then she would sell them one at a time for a nice profit, in some cases 300% or more per item. One time she purchased an “amazing” deal on LaCoste (alligator) polo-style shirts, acquiring 144 – a gross – of them at a low price, around \$8 each. Considering her local high-end retailer sold similar shirts for \$48, this seemed too good to be true.

And it was. First, the lot was mixed colors and sizes. For example, the gross included 12 size smalls in bright yellow, and 12 size XXL in pink. These would be very hard to move. Second, these particular LaCoste shirts, while the genuine article, were made under license in Peru, not at the LaCoste factories in Europe. Some additional research showed that web discount shops sold these same shirts for about \$20 all the time. So right there the profit was shrinking fast. And then you factor in the shipping on the 144 shirts, which was a couple hundred dollars, and the whole thing was basically a break-even pain in the rear.

The point is, first, know the market for your product and to the extent possible what you’re actually getting, and second, test the market with a few items to see how they do. Don’t buy 144 of anything unless you really know what you’re doing!

# Chapter 5: Bidding Strategies

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Bidding on eBay is easy to do, and hard to do well.

Here are the basics. Every auction item states a minimum bid. Bidding does not cost you anything.

## Bid Increments

You can bid whatever amount you want, but as the price of any item rises, the minimum bid increment rises also. Here are the current (7/05) eBay bid increments. Note that these are *minimum* increments, and you do *not* need to bid in round numbers – in fact we advise against doing that when we discussing bidding strategies below.

Item Price (\$)	Bid Increment (\$)	Item Price (\$)	Bid increment (\$)
0.1 – 0.99	0.05	1.00 – 4.99	0.25
5.00 – 24.99	0.50	25.00 – 99.99	1.00
100- 249.99	2.50	250.00 – 499.99	5.00
500- 999.99	10.00	1000.00- 2499.99	25.00
2500 – 4999.99	50.00	5000 and up	100.00

## Automatic aka “Proxy” Bidding

Most online auctions including eBay use a “proxy” bidding system for non-fixed price auctions. You can approach auction bidding with two philosophies. First you can bid the maximum you are willing to bid right now then check the auction, or your email, to see if you are outbid and may want to bid again. Alternatively, you can bid the maximum you think you will ever be willing to bid on the auction. Here’s the difference.

Say you are bidding on a Movado watch with a retail value of \$695. The auction starts at \$50 and has no reserve price.

Currently, with three days to go, the bidding is up to \$135. You are willing to pay \$400 but you only want to bid \$150 today, so you do.

There are two possibilities. If someone had previously placed a higher “proxy” bid, their bid will increase automatically to beat yours even though you bid more than the current displayed price. If nobody did this, the bid will go to your price, or, the lowest price needed to beat any remaining proxy amount.

On the other hand, you can bid your maximum right now of \$400. As the bids go up, your bid will automatically go up to your maximum, at which point you will be the high bidder and win, or you will not, and lose.

### **Reserve Auction Bidding**

Many auctions have a “reserve” price. A reserve is a price below which the seller does not agree to sell. As a matter of practice and tradition reserve prices are not known to the bidders, but some sellers will reveal the price, or a range, if you ask. Reserves are usually used on items that have a strong intrinsic value but an unknown likely price on eBay, or where the seller may have paid too much in buying the item and wants to be sure to get his money back if and when it sells.

### **Buy It Now and eBay Stores**

eBay has recently expanded its “non auction” elements to include a wide variety of fixed-price auction types, which generally are known as “Buy It Now” or BIN. A BIN is similar to how you shop in a store – things cost what they cost, and you buy it or you don’t! Increasingly eBay is distinguishing between true “auctions” and store-type listings, though BIN remains an optional feature in regular auctions as well.

## Additional Auction Formats

### Dutch Auctions

A “Dutch” auction is one in which multiples of the same item are available. You can bid on as many multiples as you wish, all at the same price, and all winners of the auction will pay the lowest of the winning bid prices.

This sounds mildly confusing, and it is, which is why new eBayers are actually not allowed to participate in them. On eBay, you must be a member for 60 days and have at least 50 feedback points in order to participate in them.

The way it works is that if a seller has items in high quantity say 25 in numbers (similar to wholesale) he will take the top 25 bids and award it all of them at the lowest bidder price to all. If the starting bid was \$290 for a digital camera (25 in number) and the lowest was \$120 at position number 25 out of total 80 bidders than, all the top 25 bidders get a camera each at \$120. Its simple but can get confusing initially. Dutch auctions work the best for people who have merchandise in bulk and are not aware of the price it will go at. Since selling them individually incurs high insertion fee, they are auctioned with one Dutch auction.

### Reverse Dutch Auctions

Reverse Dutch auctions are unusual but be can very profitable for a skilled buyer. Basically rather than a price incrementally going up, it incrementally drops. When you’ve been trading on eBay a while, look into the format!

### Restricted Auctions

Restricted auctions are for adult items, in general. Check the eBay regulations at any given time, as the auctions requiring age verification have been increasing, and certain adult materials are no longer allowed on eBay at all.

## **Private Auctions**

Private auctions are used when a seller wishes to let (or indeed force) the bidders to remain anonymous. This format was developed earlier in eBay history when there was more unrestricted communication between members – someone would see twenty people bid on something and contact them directly to offer the same item for less than the auction price. Today such communication is not possible, and can get you suspended in any case, yet the private auction remains popular for either controversial or adult items where buyers might prefer privacy or certain very expensive items where buyers might prefer to be unknown.

## **5.1 Bidding Strategies**

Really serious auction players and collectors use strategies that make sure they win the majority of desired items. They buy items that they can then resell for a profit. The first step is to know what you are buying, but the next is to actually get the items you want by bidding well.

Mastering effective bidding strategies will help you maximize your profits in the reseller marketplace at eBay. A few basic strategies are discussed below.

### **Strategy #1: Bid non-round amounts**

Buyers on eBay tend to bid in easy to think of amounts like \$7.50 or \$99.25.

Our strategy is to calculate your top/best price for an item. Then add a few cents to it. Bidding a few cents more often makes a difference. Try bidding \$7.54 or \$99.28 instead and see how it makes a whole lot of difference – regardless of the minimum bid increment you can win any auction by a penny.

Avoid using this strategy at the very beginning of an auction. Wait until near the end of the bidding. This way you will keep the edge over your competitors without exposing your bidding strategy. In your final bid increments add few cents more,

or if you are planning on a proxy approach, bid the maximum with odd cents tossed in.

### **Strategy #2: Last minute “Sniping”**

You will observe on eBay that there are several last minute winners – in fact, many. Waiting until the last moments of an auction, never having bid until then will keep the final price lower and increase your chances of winning. There are even software programs to help you do this. Many consider this as unfair practice but in reality it is not since it falls within the stipulated regulations.

### **Strategy #3: Use two windows in the final moments**

If you are watching the end of an auction, open a second browser window. On eBay you can use this two window strategy in the final moments where one window is for you to bid while the other is for watching the flurry of other bids. To keep up with the bids, keep hitting the **reload or refresh** button on the browser. If you use this method, be aware that it takes seconds to fill in your ID and password before submitting a revised bid so have that part of your screen filled in to save time, and just wait to fill in the new bid amount and click the submit button. Also you should have a broadband connection if you can, as dial-up will be too slow to take advantage of this.

### **Strategy #4: Do not bid too high too early**

Hot items are eyed by others too. You know you have competition as a buyer, not just as a seller. Assess it early. Devise a master strategy for such products or items. If there are several people who are determined to acquire the item that you want, you will only be forcing the price higher every time. Whether you truly going to snipe or not, bidding later is usually better for smart buyers.

### **Strategy #5: Don't get emotional**

Auctions are similar to gambling for buyers and can be very emotional. We've seen some crazy prices for fairly common items! As a seller that's great but as a buyer, stay calm. Keep in mind that if you lose, there will probably be many more items available at a later date.

There are several other advanced strategies that you can use and more you can devise on eBay auctions. However, the above basic strategies should be plenty to get you started...and bear in mind in many cases a bid can be withdrawn if made in error.

## Chapter 6: Selling

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Now that you've started using eBay, know what you want to sell, have started researching and buying it and are comfortable with the whole process, it's time to start making money!

Unlike most "markets" where research is hard to come by or expensive, eBay makes it incredibly easy to see how the market for your particular products is doing – you can watch other auctions live, and more importantly, you can see everything that happened on eBay for the last 90 days.

If you wanted to open a bakery on the main street of your town and wondered "How many muffins get bought in this town every weekday morning" you'd almost certainly not get a good answer to that.

If you want to sell, for example, dehumidifiers on eBay, you can easily do a search of completed auctions for items like yours and see all kinds of incredible information like how many sold, how quickly, and at what prices.

So that is the most important aspect of selling on eBay – doing a little legwork to understand your market.

Also keep in mind that if a relatively obscure item sells for a high price to one person, everyone who has one of those to sell will list it, trying to get the high price. Outrageously high prices for relatively obscure items are often because one collector of something decides in one moment they "need" it – which may or may not influence the general pricing trend.

Also, as a seller, your main concern is problematic, fake, or non-paying bidders.

Ebay allows you to control who can bid on your auctions both through automatic rule-making (you can require bidders to have a PayPal account, for example) or through simply stating your own policies – no bidders with less than a feedback rating of 10, for instance.

You'll find your own strategy but our general advice is this:

- Check the range of pricing your item or items like it have sold for, and you're your price/reserve in that range
- Start with low opening required bids, like 99 cents or \$1
- Consider avoiding zero-feedback bidders
- Consider avoiding bidders with more than 1 or 2 negatives
- Consider avoiding bidders from foreign countries with a lot of financial fraud, such as Indonesia and parts of Africa (international shipping can be a hassle also, we'd recommend starting with US only auctions)
- Consider requiring a PayPal account for bidders even if you accept or prefer other forms of payment (it means they have a credit card and bank account, at minimum!)
- Use the standard auction lengths, typically one week – unless you have a reason to have a shorter or longer auction.
- You can set your auctions to automatically begin at a specific time (currently this will cost you 10 cents per auction) – the advantage is if you have many listings it may easier to have them all close at once each week.

# Chapter 7: Marketing Skills

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Marketing items on eBay is just like marketing anywhere else – you need to get the attention of your audience, demonstrate value of what you're selling, and create a sense of trust in you as the seller. All this requires you to acquire marketing skills that will make you succeed in auctions.

## Attention

Marketing your item begins with getting attention. The title or the headline is the first thing that catches attention. Take a look at what auctions with items like yours are saying – don't be afraid to be similar to the more successful sellers at first. Just don't copy their ads directly, as you can be banned from eBay for doing so.

The headlines have a limit of 45 letters on eBay. Find a way to use "sales" words such as 'Hard to find', 'Rare', 'Only', 'Prestige', 'Vintage', etc. attracting the hidden needs of a buyer in your auction headline. This will get the maximum attention. Think about Coke. There was Coke, then there was the disaster of New Coke, then they brought back the old Coke. Which is now called Coca-Cola Classic. That word, "classic" has become an incredible marketing tool and not just for soft-drinks – pretty much anything old can be called classic!

## Writing for Auctions

Following are a few pointers that you should follow while writing a strong and attention grabbing auction content.

1. Do not to use only Capital Letters for your ad, even though many auction sellers do use them. This comes across as shouting and pushy, and unless you are marketing to people who react well to that, skip it.
2. Maximize your word content and make every word count. If you are running multiple auctions for similar items, try a few different titles, and go with the ones that get more views and bids.

3. Make sure you run a spell check on your content. Many headlines are misspelled and indicate a sloppy seller – this is your business, be professional about it!
4. Avoid the use of well-known brands without a purpose. It is not very important to stress on the brand than the condition or core description of the item itself. Also keep in mind that using brands to describe non-branded merchandise is illegal on eBay and will get your auctions cancelled. (For example, you can call a guitar that is like a Fender Stratocaster “S Style” but you can not say it a “Fender Strat copy”)

### Focus on content

Headlines are limited but actual ads are effectively unlimited. Be as descriptive as you need, and no more.

**Use specific words and language to describe your item:** It is crucial to display details that matter the most. Make sure to include everything that accounts for high bid price such as item description, specifications, manufacturer, model, make, year of purchase, functionality, and any other piece of information that raises its value or clarifies what you are selling.

**Sound positive and mention any negatives:** Knowledge is power and attitude is grace. To build trust in your customers, make sure that the item you are auctioning has potential value to you if not to them. Buyers are merciless in using negative feedback if they feel misled, so don't give them reason to. If an item has problems, say what they are – even err on the side of overstating problems, and understating condition.

### Marketing tips

**Friendly professionalism** helps built trust. Welcome questions and answer them promptly. A twenty four hour turn-around should be the minimum time on the Internet to respond. Responding within a few hours is even better.

**Use pictures** of the items whenever possible. You should use pictures of the actual items. If you need to use so-called 'stock' photos, say that that is what they are. Do not steal pictures from other people's auctions, that is illegal.

**Remember you can change your 'live' auctions** under certain conditions (no bids, reserve not met, more than 12 hours to go, etc). This is helpful if during the auction it turns out a particular item may be more, or less, valuable than you originally assumed.

# Chapter 8: The Rest of the Story

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## 8.1 Record keeping

Be organized. Because eBay is all electronic, record-keeping is fairly simple and there are a number of ways to do it, including various custom software packages. However you choose to do it, do it!

You can have your record book on a simple computer spreadsheet such as Microsoft Excel if using windows. Do not bother to remember every record, just enter the details whenever they are made available to you and let your computer do the rest. Record keeping has several advantages, and zero flip sides. Below are few reasons why you might want to maintain accurate records.

**Service your customers better:** Accurate records assure prompt and no-hassle service. You tend to make fewer mistakes about everything from bidding to auction details to shipping.

**Tax Purpose:** Laws are currently relaxed for Internet business, which makes eBay all the more attractive; however, you are still liable to income tax on your net earnings from sales, whether those sales are made online or elsewhere. You certainly want to claim every single legitimate deduction. You need good records to do this, so that you will have a complete list of every transaction you have made.

**Customer database:** By maintaining records you are creating your own customer list, as well. You can notify people when you will have certain items going on sale, and so on, making certain they buy from you instead of someone else on eBay.

## 8.2 Shipping & Handling products

### Shipping

All those millions of items need to get from one place to another!

Amazingly eBay claims that between 5% -10% of all the packages being shipped in the United States are their auction items. Most auction items are shipped through one of three primary carriers i.e. the *United States Postal Service (USPS)*, *United Parcel Service (UPS)* and *Federal Express (FedEx)*. Which service is best for your needs will depend on many factors. For small packages Priority Mail is a safe, fast and cheap choice. For larger packages, you should get rate quotes from all three:

[www.usps.gov](http://www.usps.gov)

[www.ups.com](http://www.ups.com)

[www.fedex.com](http://www.fedex.com)

### Handling

Use good shipping materials – which are not that cheap depending, and of course, are all for sale on eBay also – and keep in mind you are allowed to charge a “handling” fee along with your auctions as long as this is stated up front.

## 8.3 When things go wrong...

There are the inevitable disputes that happen.

**Your buyer does not respond:** What if your auction is over but the buyer doesn't respond? Try to re-establish contact. Don't rush out and give negative feedback about the buyer right away until you have assessed the situation. Begin by sending a gentle reminder, and look into eBay's non-paying bidder programs.

**Receive a bad check:** Payment method is crucial as we have discussed earlier. We don't like checks, we like money orders, PayPal or other certified funds. If

you get a bad check, there really isn't much you can do except leave bad feedback.

**Damage or condition on arrival:** You should insure any item that is likely to get damaged. Without insurance you will either be stuck refunding the auction price and taking a loss, or not refunding it and taking negative feedback or both.

**Merchandise may not be as expected:** Sometimes buyers complain that the merchandise they received does not match auction description or it looks different from the picture that was posted or in fact is not even what you said it was. Be specific in your "returns" policy in your auction listing. If you do not accept returns, say so, and instruct bidders to ask all questions before they bid. Also, do not misrepresent items. If you are not sure, say you are not sure.

**Buyer's remorse:** For some reason, there are people who just like to bid, and who never plan on buying anything. Their participation is short-lived as their reputation gets around but they can be very annoying. Pay attention to feedback. You can also block bidders who have received above a certain number of non-payment notices.

Here are a few more things to think about as you start buying and selling on eBay:

- **Feedback** is designed as a protection for honest buyers and sellers, a way to solve problems and keep all the players honest. There are unscrupulous people who take advantage of the system – we won't even explain the tricks. Avoiding people with very low or no feedback is a good way to steer clear of most feedback-related scams.
- **Shill feedback** is used by one person who runs multiple accounts to give positive feedback to his own accounts. If someone has a number of only very small transactions, and incredibly good ratings on them, be wary. It's illegal but it happens.
- **Feedback extortion:** Buyers tend to force someone into a certain action by threatening negative feedback. If such a thing happens forward the

threat to eBay immediately. If they leave you negative feedback you can get it erased.

- **Auction interference** occurs when someone e-mails the bidders in an open auction and warns them away from the seller or a particular item or offers the same item themselves. Recent advances in eBay's contact system have made this much less likely.

In spite of these potential pitfalls, eBay remains an amazing way to make money, either as a side business for supplemental income, or, for more and more entrepreneurs, as their main job.

We think with a little strategy and thought, eBay remains your best bet for financial success on the Internet!