

# Small Business: Discover the Secrets of Selling Your Products on eBay

By Steven Presar

Thousands of people are making a solid income from selling products on eBay and other online auctions.

As a small business owner can you take advantage of this online marketplace? Can you use these online auction websites as a new method of clearing your inventory and distributing your products?

A few years ago when Internet online retailing first appeared, the popular notion was that every one could setup a website online and sell their products world wide through the Internet.

That concept did not work out too well for some businesses. The details of creating and maintaining a site, attracting paying customers to their site, shipping and handling of products sold proved too much for some small businesses. Many businesses found that they just can't install an Internet website and successfully sell products.

Many businesses were discouraged by their new sites and as a result, many neglected or dropped their Internet sites.

However, during this same period, an Internet online auction site, eBay, other online auction sites thrived. Many of those same small business retailers that were having difficulty selling products through there own site, returned to the Internet. But they returned in a different form – selling their products through online auction sites.

Many small business merchants realize that it might not be profitable to have their own site but may instead use an online auction sites as a new retail selling channel. For some these online auction sites provide new channel for selling main product lines as well as overstocked merchandise. In some cases these successes are fueling activity within these businesses' retail stores or Internet sites.

In addition, to eBay some of the other online auction sites are:

- 4Sale-or-Auction
- MSN Auctions
- Onsale
- UBid
- Yahoo! Auctions
- First Auction
- Amazon Auctions
- Auction Port
- Auctionet
- Auction-Warehouse
- AuctionWorks

## Discover the Secrets of Selling Your Products on eBay

According to the National Retail Federation, in 2003, online retailing grew to \$114 billion, a 51 percent increase in the United States. A good portion of this growth was online auctions aspect of this online retail market.

With online retailing growing into this profitable of an industry, are online auctions a new method of distributing your products? Just about any business with a product inventory may be a candidate for selling within online auctions. Some of the products currently being sold through online auctions are:

- Antiques
- Apparel
- Art
- Automobiles
- Beauty Products
- Books - Fiction and Non-Fiction
- Cameras
- Cell Phone
- Children's Wear
- Coins
- Computers
- Crafts
- Dolls
- DVDs
- Garden Products
- Glass Products
- Health Products
- Home Electronics
- Home Products
- Infant's Wear
- Jewelry
- Memorabilia
- Motorcycles
- Music
- Musical Instruments
- Photographs
- Pickup Trucks
- Pottery
- Power Sports Vehicles
- Real Estate
- Sporting Goods
- Sports Memorabilia
- Sports Tickets
- Toys
- Toys Bears
- Trading Cards
- Travel Packages
- Video Games
- Watches

## Discover the Secrets of Selling Your Products on eBay

### What can you sell on eBay?

What can you sell -- anything from collectibles or antiques to electronics, tools, or automobiles? I personally have sold golf clubs, crafts, posters, concert programs, maps, tableware, ceramics, toys, cameras, and books! A good portion of my business is selling non-fiction books on eBay. My selling experience is a mix of consumer collectibles and consumer consumables.

Certain products sell better than others on eBay and the purpose of this report is to help you determine if your product or products are one of them. This report will give you a snapshot of how eBay works the type of business people who are making a profit through it now, and to help you determine if this online distribution channel will work for your products.

When eBay started a few years ago, collectibles carried eBay and showed the biggest profit margins for sellers. Today, consumer consumables are strong within eBay. Does your product line fit into this eBay mix?

Some of the best business models for business-to-consumer selling through online auctions are antique shops, jewelry shops, or sports memorabilia shops. Where a small one or two person shops like these are finding a much larger customer market for their products through online auctions.

Your business may not be selling antiques or collectibles but their business model may apply to your small business as you start to use online auctions. No matter if you are a business-to-business or a business-to-consumer operation, take a look at how other small businesses are moving products through online auctions, then try to determine how their business model apply to you and your small business.

These online auction sites are enormously popular. They are high-traffic web sites where you can begin selling your products almost immediately. Online auctions have a ready made marketplace for many small business professionals to buy, sell, or trade products.

Within this online auction marketplace, the big guy on the block is eBay. It's among the most visited sites on the Internet. Its closest competitor, Yahoo! Auctions is about only half its size, and Amazon Auctions, is at a distant third. There are a number of other specialized online auctions that you find a ready-made marketplace for your products.

In addition, the major online auctions sites have a "storefront" option for you to setup a virtual store to sell your products. These storefront listings are generally online longer at a better price. More about this store front option latter in this report.

A growing group of business is turning to eBay, the most popular online auction site, as a way to extend their business. Some use it as a way to sell their main product line, sell overstock products or buy new products to resell in their physical or online stores. Others use the eBay site to find resources and source for wholesale supply.

Thus there are a number of ways to use the eBay site to expand your business. If you are a collector, manufacturer, wholesaler, or retailer: you may become a buyer, sell, or both to build your business.

The some of the most popular categories within eBay are: autos, consumer electronics, clothing, jewelry, toys, home and garden items.

As stated before, there are a number of online auction sites on the Internet, but for this report I will be concentration on eBay and how other businesses are using it to improve their bottom line.

## Discover the Secrets of Selling Your Products on eBay

### How does eBay Work?

Basically, eBay ([www.ebay.com](http://www.ebay.com)) provides a person-to-person trading community on the Internet where buyers and sellers are brought together to buy and sell items such as antiques, coins, collectibles, computers, memorabilia, stamps and toys.

Just about everyone has heard of eBay, but still many people have never actually bought or sold anything via this online auction site.

First, not everything is an auction in which people bid against each other. Some items have set prices, and anyone willing to pay the amount listed can purchase it. This may be a key to a business person who may have exact selling margins for their product line.

A seller pays about 30 cents to list a product within a regular eBay auction. You the seller will write the listing, take a digital photo of the item and post it on the eBay site. You can spice up your listing with added features that cost a few more cents.

A bidder can search for a specific item or just browse categories of the 25 million items available at any given time. Let's say you find a remote controlled whoopee cushion that you are interested in.

You can register as an eBay "user" and make a bid or simply ask the seller a question. You can enter a low bid to start with, and the site will ask you if you want to be notified if someone outbids you. You can also tell eBay the highest you're willing to go, and eBay will automatically bid for you if someone tops your original offer. Auctions last for a fixed amount of time, say, 10 days, and bids often pile up in the final minutes.

If you enter the top bid for that remote controlled whoopee cushion. eBay will send you an email informing you of your success. You'll be directed to the site to complete the transaction. Sellers can set their own payment policies. Many online traders prefer PayPal, the secure method that can link to your bank account or credit card. PayPal ([www.paypal.com](http://www.paypal.com)) is a payment service allows users to send money and bills to anyone with e-mail. Other sellers will accept a money order or a personal check but will wait for the check to clear before mailing your item.

Don't overlook that last part, because it can add a few dollars to your total. This part is called "shipping and handling". The seller of your item has to pay for envelopes, packaging materials, postage and the gas to drive to the post office - all the work that goes into making sure your remote controlled whoopee cushion gets to you safely and promptly.

Once the transaction is completed, you may provide a feedback comment about the quality of your seller's service.

## Discover the Secrets of Selling Your Products on eBay

### Will Your Product Line Sell?

eBay claims about 90 million registered users. The eBay site claims more than 10 Pez candy dispensers and more than 600 coins are sold every hour.

The fact is that almost anything can be sold through an eBay auction. In the world of collectibles, the best-conditioned items, the rarest items, the most sought-after items sell the best. Antiques and collectible sales, on which eBay was launched, are being now replaced by autos, consumer electronics, clothing, jewelry, toys, home and garden items. These practical items now account for about 85 percent of all eBay listings.

How does that apply to your small business products? You may have a lot of competition locally selling your products. However, your products may be hard to find or sought after outside of your geographic area.

You know your product line better than anyone. There is a basic fact that people shopping online auctions are looking for bargains and deep discounts. You know your products' costs and know their market value. Is there enough profit for you if you sell your products through an online auction at a deep discount? Can you cover your cost and make a profit by using this channel to move your products out of your inventory?

With an online auction, geography does not matter, you can ship anywhere in the world. If your products are only available in a rural area (i.e. - Vermont hand-crafts), would your products do well with people living in an urban area? The reverse may be true if your products are not available in rural areas.

### Getting Started

Whether you're interested in buying or selling on eBay, you have to become a registered user. This requires going to [www.ebay.com](http://www.ebay.com) and clicking on the REGISTER link at the top of the page. The site requires the usual background information (name, address, phone number) and asks for a user ID. Some folks keep it simple, while others get creative.

Registration is free, but a verifiable credit card number and checking account are required to set up a selling account.

### Do your Homework

No matter what you're looking to sell, doing your online research is the key to setting a fair opening bid price. There are a number of resources available to you to help you determine a fair opening bid price for your products. You can always use an Internet search engine like Google to help you determine the online (vs. retail store) fair market value of your products. However, one of the best resources available to you to help you set this price – is eBay itself.

Generally for every product you are thinking about selling within eBay, someone has sold a same or similar product within eBay within the past few months.

This helps you determine the health of the current market for your product before you list it.

## Discover the Secrets of Selling Your Products on eBay

To find out how well similar items have done on eBay, click on the **ADVANCED SEARCH** button at the top of the eBay opening page. Then click on **COMPLETED LISTINGS ONLY** box. Generally, you will want to search "all (eBay) categories" and type in your product in the "Enter keyword or item number" field.

When your results display on the next screen, sort the results by "Price: highest first" to better view your results. This "Completed Items" list displays titles only, no item descriptions, thus you will want to use simple and broad search terms to do your research. You may refine your search as you go along.

You are looking for pricing guidelines for your products, thus the closing prices of successfully completed auctions are the prices of interest to you. Don't be fooled by completed auction that had no bids and never even got the seller's asking price. Look at not only the auctions' selling closing prices but the amount of bidding activity. This information will help you determine the level of interest in your products.

Realize that some product markets will be more stable than others. Due to the number of retail electronics stores in eBay, the product market for popular consumer electronics, like digital cameras, DVD players, etc., may be viewed as stable. Because of the volume of their products listed week after week, they establish a stable price within eBay for these products.

On the other hand, because of newly discovered items coming to auction, the pulp fiction and comic book market is more dynamic.

Regardless of your product market, the "Completed Items" list within eBay is one of the best ways to gauge the value and the sale probability of your products.

### Listing Options

How do you sell your products? eBay offers a variety of listing options for you to choose from, including:

#### 1. Regular Listings:

With the basic listing, you pick a category and your product is listed there. While this is the most common (and really the least effective) way to list your products, you should definitely start with this option. You want to see the level of interest in your products before you decide to spend money on featured listings.

eBay charges sellers 30 cents to \$4.80 to post an item on the site. Once the sale is made, it also gets a fee that's a percentage of the total sale. The selling fee is 5.25 percent for items up to \$25 in selling value. For more expensive items, there's a formula based on the item's final sale price.

#### 2. Reserve Price Auctions:

If you place a "reserved price" on your item, it means that you have specified the amount for which it should sell. This is done to prevent "auction sniping," which happens when bidders lay low until the very last moment, then grab your item without starting a bidding competition. Reserved Price Auctions can be to your benefit, but they may discourage bidders who are looking for bargains.

#### 3. Dutch Auctions:

These are one of the best ways for people selling in quantity to place their products, because you can list multiple identical items at once in each auction. However, on eBay you must have a "feedback rating" of 50+ and you must have been registered for more than 60 days before you can choose this option.

## Discover the Secrets of Selling Your Products on eBay

### 4. Featured Items:

In most of the larger auction sites, you can get your item rotated through the site's homepage as well as listed in the "featured items" section for about \$20. For about \$15, you can have your item appear in your category's "featured items" section, or simply at the top of the list. You can also have your photos displayed in a gallery for only about 25 cents, or featured as a large photo at the top of a gallery for about \$20. You also have the choice of listing for 3, 5, 7, or 10 days -- and, of course, you always have the option to re-list at the end of this time. The standard option is a 7-day listing with an automatic re-listing for a specified period of time.

### Choosing Your Category

Explore the product categories on the auction site to broaden your perspective of what goes where -- you definitely want to be specific, but you don't want to limit yourself.

While you are doing this, check out the competition in different categories and have a look at how much bidding is going on. The very best way to decide which category your products should be listed under is to do a search on similar and related products, determine which ones sell best, and see which categories they are in. You will usually be able to pick one main category and one sub-category -- use this method for both. Check to see how easily your products can be found using the site's search tools before you settle on a category.

Do not try to gain more exposure by placing your products in unrelated categories. EBay may close your account if you do.

### Creating Your Listing

Once you've decided how and where to list your products, you need to turn your attention toward selling. That means you must be able to write a strong ad for your products.

Think about your targeted bidding market. Who is going to buy your product and more importantly -- why? You'll need to grab their attention and motivate them to bid and buy your product.

Start with a good title. It's really important that you're specific, instead of saying just "Flashlight" in your title, say "Maglite Solitaire Flashlight."

Don't assume that your bidders will understand the value of your product, make everything as clear as possible for them. And make it as exciting as possible. You'll probably have to pay a bit more for special formatting like bolding or highlighting (one to two dollars), but these can be a good way to grab the attention of potential buyers. Use exciting and convincing words that draw the buyer to your product: "Unique Slim-Line Travel Alarm Clock."

The same technique applies to your product description. Expand as it much as possible on your product. There's only so much you can say about a digital camera, however before listing the camera's capabilities, let the prospective buyer know that the camera, "Makes Digital Photography Simple" or that it "Takes Perfect Photos Every Time".

If you use the product, add your own personal story about your product. Include your specific motivations for using your product. Think about other ways you can motivate your bidders -- can you provide money-back guarantees, free shipping, or a bonus product? Tell them what you have to offer!

## Discover the Secrets of Selling Your Products on eBay

Don't forget about photos! People don't want to buy what they can't see, on average, listings that include a photo sell for about 10% more for the same item that is not accompanied by a photo.

Make sure that you are never dishonest in your product descriptions. You will never have any repeat buyers and you may get kicked off the auction site.

### Shipping and Handling

It is to your advantage to add information regarding shipping and handling within your product listing. You want to point out that shipping and handling is the responsibility of the buyer. You should avoid quoting a single fixed shipping cost that may scare away some bidders. But you do not want to be answering emails from all potential bidders who have questions regarding shipping.

The easiest way to provide shipping cost information to your potential bidders is to include your zip code and the weight of your product right in your auction listing. Your bidders may then use that shipping information within one of the courier sites (ups.com or fedex.com) and get an accurate cost to ship to their doorstep.

eBay also offers its own shipping calculator option. When listing your product, just choose the eBay's CALCULATED SHIPPING option. Specify your zip code, the weight and dimensions of your product, and a shipping method. eBay will then allow your potential bidders to determine the shipping cost on their own.

There are disadvantages to using this eBay option:

1. The shipping information is provided by United Parcel Service (UPS), thus only UPS and U.S. Postal Service rates are quoted.
2. It only works for buyers and sellers within the continental United States.
3. The calculated shipping cost is automatically inserted into the bidder's invoice at checkout. Thus the bidder may send you the payment for your product without any of your input or double checking that the shipping quote is correct.

Overall, you may want to pass on using this eBay option within your auction listing.

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### Getting Help

Selling on eBay isn't as complicated as you may think, although certain techniques will ease your entry into the eBay selling cycle. Here are four ways to get more detailed information regarding profiting from eBay auctions that will provide more detail information so that you may more quickly profit from your online auction experience.

1. View the online tutorial within eBay's learning center ([www.ebay.com/education](http://www.ebay.com/education)).
2. Use guidebooks, such as The Official eBay Bible, by Jim Griffith, eBay for Dummies, by Marsha Collier, or eBay, The Smart Way, by Joseph T. Sinclair.
3. Attend an eBay seminar at a trade show. Check out [www.ebay.com/education](http://www.ebay.com/education) click on EBAY UNIVERSITY, then ATTEND CLASSES for a calendar.
4. Use a "trading assistant", who help you write your listing or will act as your agent and sell your merchandise for you.

Trading assistants don't own or buy any of the merchandise they sell but instead charge a flat fee, an hourly rate, or take a percentage off the top to sell on your behalf.

The eBay site provides listings of Trading Assistants who may help you refine your product ad listing or act as an agent for you if you do not want to do the selling yourself. There are about 34,000 trading assistants listed within the eBay site.

### Why to Sell on eBay

Don't let the sheer volume of offerings overwhelm you. While the days of listing a watch for \$5 and selling it for \$150 are over, there is plenty of money to be made for retailers who are patient, persistent and armed with the basic information of who, what, when, where and how to excel on eBay.

If you already have a successful retail store, why sell on eBay? Is it really worth the trouble? Some retailers start selling of eBay only to find that their eBay operation or online eBay store grows faster than their retail operation, or that the two are fueling each other.

### Your eBay Store

If you find success selling individual products on eBay, you may want to go a step further. You may want to setup your own virtual online store within the eBay auction site.

If you have an online store, you can list your entire inventory and / or catalog within on eBay. It costs 2 cents per listing and a listing can remain on the site for up to 30 days.

One of the important things for you to remember is to use your online store to highlight your retail operation. You can use an ABOUT THE SELLER link that allows you to discuss your history, expertise and past trades. In the same section, you can also provide a link to your business site for further information and a direct link to your product line.

## Discover the Secrets of Selling Your Products on eBay

### Power Selling

Regardless, if you do setup an eBay online store or not, more than 350,000 people worldwide have started online businesses using eBay. They state that their major source of income is from their trades within eBay. eBay even offers these people health insurance.

These people are referred to as "power sellers". An eBay power seller sells in higher volumes and receives certain benefits from eBay. It doesn't necessarily mean a power seller is to be trusted more than the average seller. However, power sellers are required to sustain a 98 percent positive feedback rating.

### Carving Your Niche

To create an online store on eBay, your first step is to buy a quality digital camera. You might try your hand at purchasing them on eBay.

A digital camera will accurately depict your merchandise. [The Official eBay Bible](#) recommends using a tripod to avoid blurring.

Next, be sure to post images of your store and provide information about your company, such as your areas of expertise, how long you've been in business, etc.

As you would in your store, be honest. If an item is scratched or damaged, make that clear in your description of it. You don't want a buyer leaving negative feedback, via eBay's internal ratings system, because your item was misrepresented.

It is also important to properly identify your merchandise properly. When in doubt, get someone else involved to clearly state what you are selling.

You should also be prepared to respond to email questions from buyers. Make sure everything you sell can be tracked. Store all email correspondence with buyers. Your online auction may have ended on the eBay site, but you still may have a need to refer to past auction documentation.

You should also make sure that your products are insured properly. Read the disclaimers for FedEx and UPS.

### Bidding Wisely

Bidding on eBay can be serious business, some people buy items that they find on eBay and "flipping" them back online through eBay for a profit, or selling them in their retail store to supplement their inventory.

Be sure and check eBay's "Completed Items" lists (click on the SEARCH button at the top of the eBay opening page, and look for "completed items only") before you begin your bidding process for an item.

But all buyers should beware and know the person from whom they are purchasing. On eBay, that means checking feedback ratings for evidence that the seller is trustworthy. You should also check transaction listings for customer loyalty. Repeat customers are also vital on eBay, where they serve as a good indication of which buyers and sellers can be trusted.

## **Discover the Secrets of Selling Your Products on eBay**

Before making a purchase from anyone within eBay, check the seller's feedback rating.

You can do this by going to the SELLER INFORMATION section on an auction page and clicking on the number in parentheses next to the seller's ID. It will take you to a page listing the seller's feedback score and responses from customers.

When buying, look for sellers who accept PayPal. When you buy via PayPal, you're insured up to \$500 for that purchase if it is misrepresented to you the buyer.

One of the most common eBay buying mistakes is not asking enough questions. If a seller has omitted information in their item description (shipping costs, delivery times, payment options, etc.), contact the seller via email (their email address should always be provided) before you bid or buy.

### **Establishing Trust**

Likewise, in selling your products on eBay, the best way to establish yourself as a trustworthy, reliable seller within eBay is by having a good feedback rating. eBay's feedback system is the way buyers and sellers keep tabs on each one another. In many ways it is the key to the success of eBay and your success as an eBay buyer and seller.

Within eBay, people are trading goods and money and for the most part have never met each other. Trust is built through the eBay feedback system.

A feedback rating is a listing of customer comments, rated as positive (+1), neutral (0), or negative (-1). If you are not trustworthy, your feedback rating will warn other buyers to stay away from you. According to one source, if you have a positive rating, you can increase your online sales by as much as 7-9%.

Ask for feedback from your buyers whenever possible. The eBay site makes it easy for buyers to rate and offer comments on your service. Not only do you want to build a positive rating, you also want to show a large number of responses in order to establish yourself as an experienced seller.

People usually do not shy away from someone new to online auction selling. To ensure that you get a good feedback rating, make sure you always: list shipping costs (or additional costs) up front, deliver your products right away, deliver exactly what you've advertised, answer all buyers' questions immediately, and always follow up with great customer service.

## Discover the Secrets of Selling Your Products on eBay

### Successfully Selling

Here is a secret to successfully selling products within online auctions and probably no one else will tell you – that selling on eBay is a lot of trial and error.

If you feel that you are ready to start selling your products on eBay. Here are some tips:

1. Find your niche for you product or products and become knowledgeable about your auction niche. Check out your competition. Know what sells, how quickly, for how much, and shipping costs.

Many people still think of eBay and other online auctions as something fun that you can do out of a back bedroom. But you are a professional and for you selling via online auctions is now part of your business.

2. Pay an experienced eBay trading assistant, to provide feedback on your first few online ad listings or to sell your product for you.

3. Plan to attend one of eBay's trade shows. They are great opportunities to find out what is new with eBay, attend useful 'how to ...' seminars, and meet other members of the eBay trading community. These trade shows are offered throughout the year at various locations. Check the eBay site for the date and location for their next trade show.

4. Look into opening your own online eBay store. EBay stores are classified just like the categories within the general eBay listings. But a listings within your store cost a tenth of what the typical auction listing.

However, you must meet a certain level of experience on eBay before you are able to open a store. You must be a registered as an eBay seller with a credit card on file, a feed back rating of 20 or more, and you must be able to accept credit card payments either through PayPal or a merchant account.

I would suggest trading within the general eBay auction categories first and then as you become more comfortable with the eBay trading process, then look into opening a virtual store within their site.

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### Diving into eBay

As with any business, there are pitfalls. Sometimes online auction winners do not pay, researching and monitoring of you online auction may be very time consuming, and calculating and handling shipping costs are not always simple. However, more than 430,000 people reported that eBay is their main source of income in a recent survey.

Antiques and collectible sales, on which eBay was launched, have been replaced by things that are useful, such as autos, consumer electronics, clothing, jewelry, toys, home and garden items. These practical items now account for most of eBay's sales listings.

If you try to sell your products through your local retail store you might have an audience of 30 potential customers viewing your products. On eBay you have the potential of millions potential customers viewing your products. In addition, with eBay, you will find that there is a potential buyer for just about product that you may have to sell.

Best of luck in selling your products through eBay!

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