

## Chapter Six – Web-Based Business/E-Bay

**Business:** Selling Goods via the Internet

**Startup Cost:** \$0 to \$100+ (depends on what you decide to sell and whether or not you have a computer)

### Overview:

Web-based sales is one of the biggest opportunities available to the entrepreneur. Selling products online has become extremely popular in recent years. Auctions such as E-bay makes selling products online very easy. People now work full time selling on E-bay, while others use E-bay as a source of additional income.

**Amount of time necessary to run business:** Flexible, when you make a sale, you will need to complete the transaction by sending the customer what they ordered. It is important to contact the customer in a short amount of time, ideally sending them an email or phone call stating that their product has been shipped, and where to check for tracking information.

**Overall Difficulty:** Low

**Earning Potential:** Medium

### What You Need:

- A product to sell – something you can get cheaply, or something you can make
- A place to sell – E-bay, Amazon, website, etc.
- Computer
- Modem and internet service
- An account with E-bay, Amazon, etc.
- Online payment processing – PayPal, merchant account
- Shipping materials to ship your products to customers

### Startup Equipment List:

Computer w/ modem
Resale items

## ***Decide What to Sell***

This is arguably the most important step in starting your web resale business. If you choose the right product and advertise that product, with a little luck you will be receiving orders daily. A large determining factor is going to be financial. The key is getting a product that you have some sort of exceptional access to. If you can get a certain item at incredibly low costs, then you will be able to sell that item at a competitive price and still make money. Making your own product is an option for creative and skilled people. Creating a product from scratch is often much less expensive than buying a product and reselling it.

If you decide to sell on E-bay, then you won't have to decide on a single item to sell. The key to selling on E-bay is getting your items at a low-enough cost to be able to make good profit and still offer the product at a reduced price. E-bay has a feature that enables you to set the minimum bid for an item. This way if only a couple of people bid on your item, you won't have to sell the item for ten cents, or whatever the bid happens to be.

## ***Where to Sell***

If you decide to sell a product that you can get large numbers of, you may want to look past E-bay and start your own website to sell your product. If you are computer knowledgeable, you may be able to make your own simple website to help increase sales. Ideally, you would be selling from different places, including E-bay, E-bay stores, other online auctions, your own website, and sales websites that integrate people into the sales machine (Amazon). The more places you are selling from, the greater the visibility and exposure you will be getting for your products.

It's a good idea to start with something simple, and then expand your business as you gain experience and money. A great place to start is E-bay. Most people have heard of and used E-bay, but for anyone who hasn't, E-bay is an online auction site. The items being sold at E-bay come from a multitude of E-bay users. Joining E-bay is a simple process, after which you sell your items in auctions. E-bay sales is astronomical. The format of E-bay, being composed of random people selling random stuff, has made it a forum where one can find just about anything. Part of E-bay's popularity comes from the huge discounts that can be found. E-bay has a system of accountability that helps ensure

potential purchasers that the seller is trust worthy. With the information for each item being sold, there is detailed feedback information on the seller. You can see how many transactions the seller has made. A new seller with 1 or 2 sales is somewhat of an unknown while a seller who has made thousands of transactions ensures the buyer they are dealing with a reputable seller. The other feedback information that is crucial to judging the seller is the feedback. For every transaction, sellers and buyers can leave feedback with E-bay about the seller or buyer, as well as the transaction, customer service, etc. When viewing items for sale on E-bay, you can instantly see each seller's composite feedback score, which averages the ratings of all transactions. A seller with 99.7% positive feedback probably does great business – good products, low prices, fast service. The number of transactions is crucial to compare with the feedback. A seller with 98% positive feedback who has made 899 transactions should be trusted more than a seller with 100% positive feedback who has made 2 sales transactions.

E-bay stores is another way to sell on E-bay. E-bay stores is for sellers with large amounts of items to sell, particularly if the seller has multiples of a particular item. The stores format allows sellers to keep their items up for sale, instead of having to worry about selling the item in the usual sales window of a few days. Searches will reveal normal auction items first, followed by listings that match the search from E-bay stores. Your E-bay store is promoted in other ways by E-bay, and you can supplement advertising your store in other ways. Selling on E-bay will be covered extensively later in this chapter.

While E-bay has the auction market on the lock down, there are other sites that are attempting to compete and having some success. Some of these sites offer free and low-cost listing fees to attract sellers. One auction site, [www.ibidfree.com](http://www.ibidfree.com) , has promotions occasionally to get more sellers. At the time of writing, they were offering a \$15 credit just for opening an account with them. Other auction sites include [www.tradergator.com](http://www.tradergator.com), [www.efreemarket.com](http://www.efreemarket.com), and [www.heyclick.com](http://www.heyclick.com). Heyclick.com appears to have considerably more traffic and items for sale than other E-bay wannabes.

Another option is [www.ubid.com](http://www.ubid.com), although the downside of this site is that it is only for businesses and not consumers. Don't let this stop you however. All that you need is a

business bank account, and several business references from sources like your suppliers, clients, etc. Basically they are screening out individuals to prevent fraud and other problems.

Yahoo Shopping is another great outlet for selling items. Yahoo Shopping was made a completely free site in 2005. This is great news for sellers. Sellers can create their own web pages through a Yahoo store builder, and receive many benefits such as search engine submissions, shopping cart setup, and receiving credit cards, debit cards, and PayPal payments. They have an auctions site, which attracts many buyers. This auction site does not charge for its use. The search feature of Yahoo's auction site is very effective, making selling your items all the easier.

Yahoo Auctions does offer seller ratings, giving it the sense of security that E-bay is known for.

Amazon is another place to sell items. Amazon is known as an outlet for CD's, DVD's, books, and other media. While this is Amazon's largest area of business, they now sell a variety of items ranging from clothing to computers to electronics to toys. Becoming a seller with Amazon is not a difficult process, and can be a great source of income, particularly if you have multiples of an item that you are selling.

### **E-bay**

E-bay is arguably the most popular of all auctions sites and user-supplied sales sites. Regardless of what someone is looking for, there is a very high chance that he or she will be able to find exactly what they are looking for on E-bay. The main benefit of people shopping on E-bay is saving money. Even when buying an unused, new item, huge savings can be had on E-bay. This is because people selling items on E-bay are usually selling either items that they have owned for some time (either having used the item or not), or items that they have a cheap source for. E-bay sellers are experts at finding discounted products. So buyers benefit from E-bay by getting what they want at huge discounts. Sellers benefit from E-bay by selling unwanted merchandise, or selling merchandise that they can get at prices low enough to be able to sell on E-bay and still make a profit. Other sellers are people making their own products, whether it is jewelry

or art. E-bay's accountability system prevents most problems with fraudulent buyers or sellers, as well as problems with people who don't want to pay for an item.

### ***How it works***

How E-bay works for buyers is simple. Users simply type in what they are looking for, and E-bay's search engine returns the items that match the search. This search function is highly accurate, probably one of the reasons for E-bay's success. If you are searching for an item, you won't have to wade through a dozen irrelevant links like you would have to do if searching from a search engine. Users see a list of items that match their search, some being displayed with a thumbnail sized photograph of the object, a brief description, the current bid on the item, the cost of buying the item outright, and a brief synopsis on the seller. Users can sort their searches by different criteria to find exactly what they are looking for. Once a user finds what they want, they make a bid. To make a bid, you have to be registered with E-bay. Registering with E-bay is a simple process and does not cost anything. Millions of people are registered E-bay users. Even people who are not registered users often sign up for E-bay when they find an item that is exactly what they want. Once signed in, users determine how much they want to bid for an item. The user with the highest bid at the time of the auction closing will win the auction and get the item, assuming that it is paid for in a timely manner. Auctions last from one to ten days, most lasting seven days. Users have their own strategy on bidding – some wait until the item auction time limit has almost expired to prevent being outbid by other buyers. Others bid immediately when they see what they want. Bidders can also enter a maximum bid where E-bay will automatically increase the bid if the initial bid is overcome by someone else, up to the maximum bid. This is useful for people who don't have time to keep a constant watch on the items they are trying to buy. Once a user reaches the end of the auction with the highest bid, then the auction has been won. It is now the responsibility of the E-bay buyer to complete the purchase by paying for the item. Repercussions from E-bay keep most people honest, encouraging them to pay, but most sellers have stories of people who win auctions and do not pay. This is an annoyance, but at least the seller still has their item, and hasn't lost any money. The

second-highest bidder is normally contacted in these situations, and this bidder can decide if he or she wants to buy the item at their final bid price.

There are different ways to buy from E-bay. Some sellers offer a 'buy it now' option, where the item can be purchased outright. While this is convenient, the price is going to be more expensive than if you used the second method of purchasing from E-bay, placing bids. The bidding function of E-bay involves potential purchasers to place a bid on an item they are interested in. To bid, you must bid higher than any previous bids, or higher than the starting bid if no one has bid on the item yet. Whoever has the highest bid when the auction closes is the winner. E-bay sends out notification to the winner, after which communication between the seller and buyer commence. Buyers must make payment within a couple of days to avoid negative feedback from sellers. Once payment is made, the seller will make sure that the payment is clear and complete, and then ship out the item to the buyer.

Lot's more details on how to start your E-bay or web based business...Buy the printed book or e-book today!