

Friggin' Idiot's Guide to Buying and Selling on eBay

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SELLING ON EBAY eBay: The First 10 Years.

Yes, you read that correctly: ten years. eBay was created in September 1995, by a man called Pierre Omidyar, who was living in San Jose. He wanted his site – then called ‘AuctionWeb’ – to be an online marketplace, and wrote the first code for it in one weekend. It was one of the first websites of its kind in the world. The name ‘eBay’ comes from the domain Omidyar used for his site. His company’s name was Echo Bay, and the ‘eBay AuctionWeb’ was originally just one part of Echo Bay’s website at ebay.com. The first thing ever sold on the site was Omidyar’s broken laser pointer, which he got \$14 for.

The site quickly became massively popular, as sellers came to list all sorts of odd things and buyers actually bought them. Relying on trust seemed to work remarkably well, and meant that the site could almost be left alone to run itself. The site had been designed from the start to collect a small fee on each sale, and it was this money that Omidyar used to pay for AuctionWeb’s expansion. The fees quickly added up to more than his current salary, and so he decided to quit his job and work on the site full-time. It was at this point, in 1996, that he added the feedback facilities, to let buyers and sellers rate each other and make buying and selling safer.

In 1997, Omidyar changed AuctionWeb’s – and his company’s – name to ‘eBay’, which is what people had been calling the site for a long time. He began to spend a lot of money on advertising, and had the eBay logo designed. It was in this year that the one-millionth item was sold (it was a toy version of Big Bird from Sesame Street).

Then, in 1998 – the peak of the dotcom boom – eBay became big business, and the investment in Internet businesses at the time allowed it to bring in senior managers and business strategists, who took in public on the stock market. It started to encourage people to sell more than just collectibles, and quickly became a massive site where you could sell anything, large or small. Unlike other sites, though, eBay survived the end of the boom, and is still going strong today.

1999 saw eBay go worldwide, launching sites in the UK, Australia and Germany. eBay bought half.com, an Amazon-like online retailer, in the year 2000 – the same year it introduced Buy it Now – and bought PayPal, an online payment service, in 2002.

Pierre Omidyar has now earned an estimated \$3 billion from eBay, and still serves as Chairman of the Board. Oddly enough, he keeps a personal weblog at <http://pierre.typepad.com>. There are now literally millions of items bought and sold every day on eBay, all over the world. For every \$100 spent online worldwide, it is estimated that \$14 is spent on eBay – that’s a lot of laser pointers.

Now that you know the history of eBay, perhaps you’d like to know how it could work for you? Our next email will give you an idea of the possibilities.

eBay Income Possibilities.

If you've ever read an article about eBay, you will have seen the kinds of incomes people make – it isn't unusual to hear of people making thousands of dollars per month on eBay.

Next time you're on eBay, take a look at how many PowerSellers there are: you'll find quite a few. Now consider that every single one of them must be making at least \$1,000 per month, as that's eBay's requirement for becoming a PowerSeller. Silver PowerSellers make at least \$3,000 each month, while Gold PowerSellers make more than \$10,000, and the Platinum level is \$25,000. The top ranking is Titanium PowerSeller, and to qualify you must make at least \$150,000 in sales every month!

The fact that these people exist gives you some idea of the income possibilities here. Most of them never set out to even set up a business on eBay – they simply started selling a few things, and then kept going. There are plenty of people whose full-time job is selling things on eBay, and some of them have been doing it for years now. Can you imagine that? Once they've bought the stock, everything else is pretty much pure profit for these people – they don't need to pay for any business premises, staff, or anything else. There are multi-million pound businesses making less in actual profit than eBay PowerSellers do.

Even if you don't want to quit your job and really go for it, you can still use eBay to make a significant second income. You can pack up orders during the week and take them down to the post office for delivery each Saturday. There are few other things you could be doing with your spare time that have anywhere near that kind of earning potential.

What's more, eBay doesn't care who you are, where you live, or what you look like: some PowerSellers are very old, or very young. Some live out in the middle of nowhere where selling on eBay is one of the few alternatives to farming or being very poor. eBay tears down the barriers to earning that the real world constantly puts up. There's no job interview and no commuting involved – if you can post things, you can do it.

Put it this way: if you know where to get something reasonably cheaply that you could sell, then you can sell it on eBay – and since you can always get discounts for bulk at wholesale, that's not exactly difficult. Buy a job lot of something in-demand cheaply, sell it on eBay, and you're making money already, with no set-up costs.

If you want to dip your toe in the water before you commit to actually buying anything, then you can just sell things that you've got lying around in the house. Search through that cupboard of stuff you never use, and you'll probably find you've got a few hundred dollars' worth of stuff lying around in there! This is the power of eBay: there is always someone who wants what you're selling, whatever it might be, and since they've come looking for you, you don't even need to do anything to get them to buy it.

So you want to get started on eBay? Well, that's great! There are only a few little things you need to learn to get started. Our next email will give you the lowdown.

What You Need to Know BEFORE You Get Started on eBay.

So you've decided that you want to get started as a seller on eBay. There are a few things that you really need to know before you go and throw yourself in at the deep end.

What to Sell.

First off, you need to know what it is you're going to sell: what's your speciality? You'll do far better on eBay if you become a great source for certain kind of products, as people who are interested in those products will come back to you again and again. You won't get any loyalty or real reputation if you just sell rubbish at random.

When you think about what to sell, there are a few things to consider. The most important of these is to always sell what you know. If you try to sell something that you just don't know anything about then you'll never write a good description and sell it for a good price.

You might think you're not especially interested in anything, but if you think about what kind of things you usually buy and which websites you go to most often, I'm sure you'll discover some kind of interest. If all else fails mention it to your friends and family: they'll almost certainly say "Oh, well why don't you sell...", and you'll slap your forehead.

Out of the things you know enough about, you should then consider which things you could actually get for a good enough price to resell, and how suitable they would be for posting. If you can think of something of that you're knowledgeable about and it's small and light enough for postage to be relatively cheap, then that's great!

Don't worry if you think the thing you're selling is too obscure – it isn't. There's a market for almost everything on eBay, even things that wouldn't sell once in a year if you stocked them in a shop. You'll probably do even better if you fill a niche than if you sell something common.

Tax and Legal Matters.

If you earn enough money, you should be aware that you're going to have to start paying tax – this won't be done for you. If you decide to sell on eBay on a full-time basis, you should probably register as a business.

Prepare Yourself.

There are going to be ups and downs when you sell on eBay. Don't pack it in if something goes a little wrong in your first few sales: the sellers who are successful on eBay are the ones who enjoy it, and stick at it whatever happens.

Anyone can sell on eBay, if they believe in themselves – and if you do decide it's not for you, then the start-up costs are so low that you won't really have lost anything.

If you're ready to start selling, then the next thing you need to know is the different auction types, so you can decide which ones you will use to sell your items. Our next email will give you a guide.

A Beginner's Guide to the Different eBay Auction Types.

Over the years, eBay has introduced all sorts of different auction types, in an effort to give people more options when they buy and sell their things on eBay.

For every seller who doesn't like the idea that their item might sell for a far lower price than they intend, there's another who wants to shift hundreds of the same item quickly. eBay tries to cater to all tastes. This email gives you an overview of the different kinds of auctions and their advantages for you.

Normal Auctions.

These are the bread-and-butter of eBay, the auctions everyone knows: buyers bid, others outbid them, they bid again, and the winner gets the item. Simple.

Reserve Auctions.

Reserve auctions are for sellers who don't want their items to sell for less than a certain price – a concept you'll know about if you're familiar with real auctions. They work just like normal auctions on eBay, except that the buyer will be told if their bid does not meet the reserve price you set, and they'll need to bid again if they want the item. If no-one is willing to meet your price, then the auction is cancelled, and you keep the item.

Fixed Price ('Buy it Now') Auctions.

Buy it Now auctions can work in one of two ways. You can add a Buy it Now button to a normal auction, meaning that buyers can choose either to bid normally or to simply pay the asking price and avoid the whole bidding process. Some sellers, though, now cut out the auction process altogether and simply list all their items at fixed price. This lets you avoid all the complications of the auction format and simply list your items for how much you want them to sell for.

Recently, eBay added a twist to fixed price auctions: the 'best offer'. This means that buyers can contact you to negotiate a price, which could be a good way to get sell some extra stock at a small discount. The only downside to reserve and fixed price auctions is that you pay a small extra fee to use these formats. In general, it is more worth using reserve auctions for higher-priced items and fixed price auctions for lower-priced ones – but remember that you can combine the two formats.

Multiple Item ('Dutch') Auctions.

These are auctions where you can sell more than one of a certain item. Dutch auctions can be done by bidding. Buyers bid a price and say how many items they want, and then everyone pays the lowest price that was bid by one of the winning bidders. If you have trouble getting your head around that, then don't worry – everyone else does too! These auctions are very rare.

What is more common is when a seller has a lot of one item, and lists it using a combination of two auction types: a multiple-item fixed price auction. This just means that you can just say how many of the item you they have, and offer them at a fixed price per unit. Buyers can enter how many they want and then just click Buy it Now to get them.

Now that you know about the different types of auctions, you should make sure that the items you plan to sell don't violate eBay's listing policies. The next email will let you know what's allowed and what is a big no-no.

Staying Out of Trouble with eBay's Listing Policies.

While you can sell most things on eBay, quite a few things are banned. If you try to sell any of these things then eBay will remove your auction and all bids will be void.

Here is eBay's full list of prohibited or questionable items:

Academic Software

Airline and Transit Related Items

Alcohol (also see Wine)

Animals and Wildlife Products

Anti-circumvention Policy

Artifacts

Authenticity Disclaimers

Autographed Items

Batteries

Beta Software Bootleg Recordings

Brand Name Misuse

Catalog Sales

Catalytic Converters and Test Pipes

Celebrity Material

Charity or Fundraising Listings

Comparison Policy

Compilation and Informational Media

Contracts and Tickets

Counterfeit Currency and Stamps

Counterfeit Items

Credit Cards

Downloadable Media

Drugs & Drug Paraphernalia

Electronics Equipment

Embargoed Goods and Prohibited Countries

Encouraging Infringement Policy

Event Tickets

Faces, Names and Signatures

Firearms, Ammunition, Replicas, and Militaria

Fireworks

Food

Freon and Other Refrigerants

Gift Cards

Government IDs and Licenses

Hazardous, Restricted, and Perishable Items

Human Parts and Remains

Importation of Goods into the United States

International Trading - Buyers

International Trading - Sellers

Lockpicking Devices

Lottery Tickets

Mailing Lists and Personal Information

Manufacturers' Coupons

Mature Audiences

Medical Devices

Misleading Titles

Mod Chips, Game Enhancers, and Boot Discs

Movie Prints

Multi-level Marketing, Pyramid and Matrix Programs

OEM Software

Offensive Material

Pesticides

Plants and Seeds

Police-Related Items

Political Memorabilia

Postage Meters

Pre-Sale Listings

Prescription Drugs and Devices

Promotional Items

Real Estate

Recalled Items

Recordable Media

Replica and Counterfeit Items

Satellite and Cable TV Descramblers

Slot Machines

Stocks and Other Securities

Stolen Property

Surveillance Equipment

Tobacco

Travel

Unauthorized Copies

Used Clothing

Warranties

Weapons & Knives

Wine (also see Alcohol)

Most of this is very obvious – of course you can't sell illegal things like drugs, pyramid schemes or

stolen goods. Almost everything that is on the list is there because there is law against selling it. Some of the reasons, though, are a little strange.

The 'autographed items' entry, for example, doesn't mean that you can't sell anything that's been autographed – it just means that you can only sell it if it comes with a certificate of authenticity. The 'artifacts' entry prohibits you from selling Native American graves; 'celebrity material' means you can't sell unauthorised pictures of celebrities; 'embargoed goods' means that you can't sell anything that comes from Cuba... on and on it goes, and most of it you never need to know.

If your chosen kind of item seems to be on the list, though, and you're concerned that you might not be able to sell it, then check the full list at <http://pages.ebay.com/help/policies/items-ov.html> to see whether the item is banned entirely or there are just a few restrictions.

eBay says it will remove any items that it believes violate copyright law, but in reality they don't have that many people to monitor the site. You will generally only find that your auction gets removed if someone decides to report you – and even then, they might not get around to it.

Really, buying and selling on eBay can sometimes feel more complicated than it really is, thanks to all the rules surrounding it – not to mention the jargon. Our next email is a 'jargon buster', to help you learn the language of eBay.

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