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Insider's Guide: Selling books on Amazon

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Chapter 1 Introduction

I wrote this book to help you earn anywhere from a few hundred dollars a month in extra spending cash to running a full-time business out of your home. Due to the tremendous flexibility in online bookselling, you can easily run this business on a part-time basis. Customers shop, and order, your books 24 hours a day, seven days a week from all around the world even if you aren't physically at the "store".

I'll show you how to set up and operate a profitable bookselling business, but I offer no guarantees as to the income you'll make, since the amount of profitability is left entirely up to your own choices and your own work ethic.

This book discusses the strategy and techniques of selling books on Amazon. It is a blueprint of how to set up and operate an online bookstore, not a User's Guide for the software that is used. Obviously, there are many, many different ways to go about selling books online. I'm showing you the methods that I currently employ to operate my business and I'll try to give you an idea of other options you might explore.

You will notice that throughout this book I recommend certain companies for products and services you may need. Due to the fact that the Internet changes so fast, I sometimes find better products or services. If I publish the URL for a particular company, you would not know that I now recommend a *different* company – that's why I want you to stop by www.tipsonbookselling.com to get the latest updates.

1.01 Why sell books?

If you enjoy the solitude of working by yourself, then selling books online may be just the business for you. Your day starts whenever you awake – no alarm clocks involved. You get the coffee brewing, read the newspaper (I read mine online), and maybe eat a little breakfast. You log in to your email and see what orders were placed since the last time you logged in. You answer a couple of emails that ask for information about a specific book – what condition it's in, what edition it is, etc. You take a shower, get dressed and “get to work”.

When, and how much you want to work, is entirely up to you. I like to fill my book orders first thing in the morning and get them in the mail. I can run over to a mailbox at the local shopping center and send out orders by 10 A.M. When I get new orders during the day, I get them packed up and put them in my home mailbox for a 2 P.M. pickup. If I want, I can even go back to the mailbox in the shopping center for a 4:30 P.M. pickup. Total time to process orders is usually less than an hour a day.

Most people choose to become booksellers because books are something they are intimately familiar with. You won't make a fortune selling books online, but with moderate perseverance you should be able to build your business to a point where you can provide a livable income without ever having to leave your house.

I was looking over my operation the other day, and it hit me that if I chose, I could completely run my business out of the house without ever having to leave! I order my inventory and supplies online. I order my postage online. I sell all my books online. I correspond via email.

I have chosen NOT to do that however. I chose to sell internationally, which means I must make a trip over to the post office occasionally in order to fill out the correct customs slips and make sure the packages get sent to the right countries. If I feel like getting out of the house for a while, I go to a few estate sales to look for book inventory and to see what other treasures I might find.

1.02 Minimum Start-Up Investment

This business can be started with very little capital. As a matter of fact, I started my business with only a credit card.

Here's a quick breakdown of estimated minimal startup costs:

- \$39 -Amazon (Monthly fee in addition to their commission)
- \$100 – 125 paperback books (Win an auction for bulk books at eBay and pay with your credit card at PayPal)
- \$21 – Small box of shipping envelopes
- \$20 – Big box of bubble wrap
- \$10 – Shipping Tape

There you have it, for about \$190 you have everything you need to start this business. If you went to estate sales to look for books, you could probably lower your startup costs. The problem with estate sales is they usually don't take credit cards.

This book explains how to run a more automated business so if you elect to go with this minimalist investment, you will have to do everything manually until you can upgrade to the system I use which is more like \$1500 in start-up investment.

1.03 On-line Store vs. Auctions

I'm going to show you how to set up and operate a bookstore, not how to set up and run eBay-style auctions. I'll explain how to locate books and price them, manage inventory, handle customer transactions, etc.

There are times when you may want to auction items off. Those times usually occur after you purchase a book lot (a large batch of books is called a book lot) and find some that you can't list on Amazon. Other times, you may discover that competitors' prices for particular books are unusually high – a signal that the book may be a valuable collectible and more research is required on your part.

1.04 Who Are The Competition?

As with virtually any business, you are competing with other booksellers for the same customers. So who are these other booksellers?

(1) Full Time Booksellers

These people are in business to earn a living. They monitor their costs and compete with you in securing customers. They usually work hard to provide quality merchandise at reasonable prices. They strive to keep customers happy since they know that repeat sales are their bread and butter, and that happy customers will come back to buy from them time and again. I've found that these people are usually ethical and very competitive.

(2) Part Time Booksellers

These are, by far, the majority of the online booksellers. They are comprised of students, stay at home parents, retirees or people who are in business because they enjoy books and want to make a few extra bucks without spending too much energy. They price their books with the sole purpose of getting them to move off their shelves – whether or not they are making much money on the deal.

(3) Book Selling Groups

There are several bookselling groups on the Internet, groups like ABE and Alibris. These are generally large groups of part-timers that sell through a common online interface. These groups operate a lot like the “Antique Malls” you see all over the place. Those malls charge part-timers a monthly rental fee, plus they take a percent of any sale that is made.

These groups make books available to several different storefronts (Amazon, Half, Barnes & Noble, etc.) at the same time. If a book sells at one storefront, it is the responsibility of the group to remove the book from the other storefronts that also displayed it for sale.

(4) People Unloading Their Books

These people are hard to understand. They love their books but they want to get rid of them. Many times these people are downsizing and just don't have the physical space to store them any longer.

The books they are selling are generally very nice, but not necessarily collector-type books. They don't want to give them away. It seems they are looking for a home for their personal effects.

A lot of times they cause pricing problems because they are just unloading their books and set the prices unrealistically low so that real booksellers can't possibly compete – sometimes they will price their item at 1 cent, hoping to make a small profit with the shipping fees. More on these “Penny Sellers” later.

Chapter 2 How Do I Start?

There are many ways to set up an online bookstore. This chapter describes why I chose to sell primarily on Amazon.com, and how to duplicate my operation.

2.01 Types Of Online Bookselling

“Brick and mortar” stores, those that have a physical presence like Barnes and Noble or Waldenbooks, chose to invest major dollars to develop their own online presence. They wanted to make sure they got every dollar from any customer that came into their online store. They also wanted to be able to do follow-on sales by following up with those customers with special Internet offers delivered via their email. Customers began to remember their URL’s so that they could get back to their website again.

Partnering with an existing online bookstore, like Amazon.com, lets you sell *your* books to *their* customers. You operate like a wholesale book supplier to them, even to the point of drop-shipping books to their customers. Our goal is to convert *their* customers into being *our* customers, and the only way to effectively do that is to have our own online bookstore where we can direct them for future purchases.

There are also small, and/or specialized, booksellers that prefer to use online auction sites such as eBay or Yahoo. When you know what you’re doing, these sites allow you to earn top dollar for unique items – items that are rare, signed, or just hot items.

I chose to use eBay for running my auctions because they have the largest customer base. The biggest problem I found when selling routine books is that it’s very hard to make money due to the exorbitant fee structure on eBay. A single listing for one book on eBay costs 30 cents for one week of selling exposure. If it “sits on the shelf” (you have to relist the auction over and over) for 6 months before it sells, then your base overhead for that one book would be \$7.80 (30 cents times 26 weeks) – and that’s before you pay eBay their “Final Auction Value Fee”!

Do yourself a favor and sell only unique items using eBay as your storefront – they are just too darned expensive.

2.02 Background For My choices

Here's a little background on why I chose to sell the way I have.

I sold my 13-year-old business in 1999 and was looking for a new business opportunity. I started to develop a website design business in late 1999. By early summer of 2000 the Internet market had started to collapse and it was next to impossible to sell website development services using Flash animation. At first we thought it was just a minor downturn in the economy, so my business partner and I began looking for other sources of income “until the economy recovered”.

My partner had a highly collectible Campbell's Soup sign from the early 1900's that he had in his basement for a couple of decades. He did some research and decided to sell it using James D. Julia, an east coast auction house. They auctioned his sign off for over \$40,000 and, of course, he was extremely happy. That sign got us pointed in looking at the collectibles' market.

We began going to estate sales to see if we could find anything collectible that we could auction off through eBay. At the very first estate sale I found two United Airlines travel posters from the WWII era. I almost left without buying them, but then I went back and took both posters for a grand total of \$2 – not \$2 EACH, but \$2 TOTAL.

We invested in an inexpensive digital camera to get clear shots of our estate sale finds. I figured out how eBay worked and set up an account so that I could trade online. Putting the first items online was an “iffy” proposition because I wasn't quite sure what I was doing. As I set up my first auction I wasn't sure what the eBay fees would work out to be and whether or not I'd be charged a lot of money for the sale.

I put the first poster up for a 10-day auction and was blown away. I sold that first poster for \$142! Things were looking pretty good so I put the second poster up for another 10-day auction. Lo and behold, this one sold for \$274. We made \$416 on a \$2 investment in less than 20 days. Even with the eBay Listing Fees and Final Auction Value Fees, it sure looked like we could ramp up this business and make some serious money.

We restructured our company to provide eBay auction services to local customers. We had people bring in all sorts of items to shoot pictures, write descriptions and run auctions. Unfortunately, eBay made all the money and we weren't able to get fairly compensated for the amount of time and effort it took to set up auctions and ship out items.

We found out that shipping large items is a real pain in the neck. One of our customers had an "ET" bicycle that he sold for a pretty good amount. But it was very costly to package and ship this item. My partner and I started to focus on easy-to-ship paper products, like books, posters and prints.

This is where we got our rude awakening. We went to estate sales and bought large book lots. Figuring that this eBay thing was pretty easy, we started to take pictures and write descriptions of all the items, and then put them online, answer all the questions and manage the auctions. When the auctions closed, we would wait for payment, write invoices and package the products for shipment. I learned the quickest, least expensive ways to ship these items.

This all worked pretty well except that we had a LOT of books in our office that weren't selling. Each time you put an item up for auction, eBay charges a minimum of \$.30 – this doesn't sound like much but it adds up quickly. eBay gets paid whether or not you make a penny – that's why a lot of people have started calling them *FeeBay*. If a book doesn't sell, you can relist it but you pay the fee again if it doesn't sell. *If* the item sells, eBay takes a percent of the sale, the amount charged depends on how much you sold it for and what percent they feel like charging at the time.

You get hooked into feeling that you're doing pretty good because you stay real busy putting items online and sometimes a book will sell for better than \$50 when all you paid was \$0.25 for it. The downside is all those books that keep costing you time and money to keep online. Since I didn't have a physical retail store for people to come to, my only sales were for whatever I could sell through eBay. I was slowly going broke with all the fees on books that weren't selling.

I decided to develop my own online bookstore. I spent a lot of time in the summer learning php and sql. I then designed and built a complete online bookstore. It took a long time to load my books because I had to load all the pictures and write all the descriptions of the items while still running large quantities of auctions and shipping

out lots of books. The store was up, running and debugged when we ran out of cash and decided to close our operations.

After closing our company, I decided to look for employment. After a couple of months, many resumes, and no interviews, I found out there wasn't much call for an ex-Inc 500 CEO who was nearing 50 and who didn't have an advanced college degree. My choices were limited. I could either compete with teenagers and college kids for a service job or start yet another business.

I took a close look at how I wanted to operate. I had learned a lot about books and they were the easiest for me to describe and ship out – plus I enjoyed reading them. Working out of my house, I wanted a hassle-free way to sell books and still have time to enjoy life.

This should give you a pretty good understanding of my state of mind as I went about crafting my present bookselling business. As time goes on there will be better ways to sell books – and by then you'll be able to see and evaluate those opportunities to determine if you want to incorporate them into your business.

Right now, my business model is working pretty well, and now I'll show you what that model looks like.

2.03 Choosing My Store

I needed to find a way to sell my books online and not pay a fee every 7 to 10 days, like when I used eBay exclusively.

(1) Amazon.com

I decided to check out the major players in online bookselling. THE major player was Amazon.com. Looking further into their operation, I discovered they had a program in place that allowed independent booksellers to partner with them to sell their books through them. Amazon has a huge customer base and they get lots of people from all around the world to “come into their store to buy”.

Working with Amazon is pretty slick. You enter the ISBN number of the book you have, describe its condition, enter the price you want to sell it for, tell them whether

or not you want to sell internationally and that's it. You don't need to take pictures of the book, spell out whom the book was published by or write a synopsis of what the book is about - they handle that stuff for you automatically!

Here's a simplified description of how the process works:

1. Upload your book information to Amazon
2. Amazon emails you to let you know when a book has sold
3. Package and mail your book
4. Email the customer notifying them the book has been sent
5. Amazon takes its selling commission and sends the rest of the payment to you via direct deposit every couple of weeks.

There are 2 ways to sell items on Amazon.

1. *Free*

You can use their "free" service. This is the reason there are so many sellers on Amazon. It doesn't cost much to sell a few items – actually, it doesn't cost anything until the book sells.

This service allows you to load books one at a time using their web interface. They charge you only after a book sells. The commission with this free service is 99 cents per book plus an additional 15% of the selling price. The book stays listed for 30 days and then expires. You can then put it back online, free of charge, if you want.

2. *Pro Merchant Subscription*

I use this subscription service instead of the free listing method. The reason I use it is because it costs only \$39.99/month and for that they waive the 99 cents per book (I still pay the 15% commission though). In addition, my listings stay online until I cancel them or until they sell. I am also able to use the automated uploading tools to streamline price changes and add new books quickly.

Both of these methods let you put books on what they call “Marketplace”. This is the place where customers come to search for books. In addition, the subscription service provides what they call a “zShop”. All of the books you list on Marketplace are automatically placed in this personal online store. In this store, you can also list items that you can’t sell on Marketplace – items that don’t have an ISBN number.

The intent of a zShop is to provide you with your own online bookstore that can be accessed through a unique web address. The address is:

www.amazon.com/shops/your_store_name

You can use this web address to give your customers a location where they can order. If you want, you could also sign up with a web hosting company so that you would have a unique URL (like www.booksellingMike.com) and then redirect your home page to your Amazon zShop store.

(2) Half.com

I chose to sell those items that have an invalid ISBN number at Amazon, through the eBay store called Half.com. In addition, I sell other items that have either a rarity factor (author-signed, first printings, etc.) or no ISBN number (Disney Commemorative Books, etc.) through auction at eBay.

There are some tradeoffs when using Half.com (owned by eBay).

- There is currently less traffic for books than at Amazon.
- Any upset customer can destroy your eBay seller rating because both their auctions and stores use the same rating system.
- They require a huge amount of books in order to pay them to use their automated uploading services.
- Their system of processing book orders is pretty lame. It takes a while to figure out what they sold and where you put those items in storage.
- It's much harder to manage your inventory and monitor your pricing.

(3) eBay

I pretty much use eBay to sell anything that I can't sell on Amazon or Half. I also use it when I have rare items where I know I can get more from an auction than sitting online at a bookstore.

There you have it, my online bookselling strategy that's been working fine for me:

- Sell primarily at Amazon
- Minor overload selling at Half

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