

# Son of eBay Secrets

**B**ack in *Blatant Opportunist* #65, we looked into some of the insider guidelines behind all of my own ongoing *eBay* ventures as *MYEBAYS.PDF*. Other related tutorials of mine do include *IMAGIMAG.PDF*, my *AUCTSCNE.PDF*, and *STEPPREP.PDF*. More resources are found in my *Auction Help* library and my *Bargain Pages* library on my *Guru's Lair* website. I have also found the *alt.online.marketing.ebay* newsgroup to be more than exceptionally useful.

*eBay* secrets that seem to work well for me include...

- Sell unique products not found elsewhere.*
- Seek out a 30:1 or higher buy/sell cost ratio.*
- Spend extra time post processing images.*
- Maximize your personal value added.*
- Clearly state revenue-neutral shipping.*
- Limit terms & conditions to 20 words max.*
- No foreign bidders/buyers/transshipments.*
- Accept VISA/MC/Paypal only.*

Let's see what new we can add to the list...

## The \$19.63 Minimum Sale

If you are serious about using *eBay* as your commercial venture, what is the *minimum average price* you should accept for your items? Uh, the surprisingly high answer of somewhere around **\$19.63** is far above what most sellers may expect. The plots below show us why.

Let's assume your marginally worthwhile *eBay* venture generates a yield of \$25K per year. 25K divided by 365 gives you just under \$70 per day needed for your net-net-net cash flow. With a 70 percent first listing sellthrough, that translates to a nut of one hundred dollars per day. If your net-net-net profit per sale is ten dollars (extremely unlikely but at least possible with a \$19.63 bid price), then you'll need **ten sales per day** forever to meet your income goal.

If you typically use seven-day listings, then a minimum of **seventy** listings will be needed at all times.

These math curves are called *hyperbolas*. As you can clearly see, any hyperbola inherently has a point on its curve beyond which it goes to hell in a handbasket. The



original *slippery slope*. The really ugly thing here is that if you go very far above the seventy listings per day, the chances are you'll have to add an employee or two, thus trashing these already meager economics.

Hence the \$19.63 average minimum sale.

Note that you might Dutch offer items for less than this minimum if your average buyer picks up more than one item at any time. Most sellers do not have the faintest clue how high their true selling costs are. A good test whether yours are accurate is if you are including your *water bill* and lots of similarly obscure items in your careful and fully burdened analysis.

### **Drop Shipping Fantasies**

Drop shipping is the art of taking an otherwise unsellable \$79.95 retail item of zero demand and then selling it to you for \$39.95 so you can resell it in *eBay* for \$19.50. For a mythical benefit of avoiding inventory costs.

There are several obvious problems here. First, there are way too many fingers in the pie. Second, there is no way to meet the minimum 30:1 buy/sell ratio that is *demand*ed for any *eBay* success. Third, there's no obvious way you can add personal value over your many competitors. Fourth, if the stuff was any good, they wouldn't need your help flushing it. And fifth and finally, when the items are undelivered or slow delivered, or inadequate, it will be *you* who will get hung out to dry.

Summing it all up...

***Do not try to sell what is not yours.***

Note also that commercial trucking charges can end up utterly outrageous in certain rural areas of the country. Especially if no local pickup dock is available or when a surcharged home delivery is requested. Or when trucking is part of the drop shipper's profit center, when palletized skidding is required, or if the wrong category is selected. It is enormously difficult to get *anything* heavy delivered here to Thatcher by commercial truck for less than \$800.00 or so. Local shippers studiously *avoid* such business.

### **A Trucking Secret**

But there is one sneaky way to send or receive heavy stuff that is amazingly cheap and right to your door. This is the little known *UPS Hundredweight Service*. In which you can send or receive up to half a ton. Often for much less than most commercial trucking.

There are several minor gotchas: You already have to have a *UPS Pickup Account*. The stuff has to be packable into normal UPS sized boxes and weights, preferably less than 75 pounds each. And you do have to watch all of your *exact* weights. For 301 pounds goes for the same cost as 400. And all boxes have to go to the same address at the same time. No heavy skids or pallets are needed.

Your typical pricing is around 2/3rds of normal UPS. Ferinstance, AZ to MN was around \$23 per hundred pounds on a recent *TUT LR2000T* shipment of ours.

You can also shop around locally for scruffy "can do" individuals who will pick up and deliver things over a few hundred miles for way less than normal. Especially on flextime. Some auction houses may offer this as a sideline or know someone who can. Such services will usually be unadvertised, so be sure to ask around.

### **Liquidation Pallets**

There's all sorts of web "opportunities" to buy full pallets of insanely overpriced manufacturer's customer returns, store samples, overstocks, and freight damaged goods.

I strongly believe that the majority of these are outright scams. Holding useless dregs that remain only after all the good stuff gets higraded further up the chain. And whose value is not remotely worth all the outrageous shipping charges, let alone the pallet costs or your refurb time.

The key thing to remember here is that...

***Every item on a liquidation pallet has at least one hidden problem.***

If the customer complained about it, the store couldn't make a quick resale buck on it, and the liquidator couldn't sell it themselves with their insider contacts, what makes you think you can do any better?

Whether you can get your offered items up into a good enough condition that your buyers remain happy can be an open question. As is the percentage of goods that you can actually recover costs on.

I recently explored what at first seemed to be an very good pallet opportunity. And ended up proving that (A) the few hundred dollars generated was simply not remotely worth the risk, time, hassle, refurb, and potential customer unhappiness, and (B) There is no obvious way to do this often enough or efficient enough for significant cash flow.

Unless you already own at least two eighteen wheelers.

The merchandise was 100% genuine *Sears* and was doubly distress re-auctioned because of a death. The prices averaged \$175 per pallet, or around one-fourth of normal. Which came in around \$300 per pallet when our time and *U-Haul* trailering was included.

Let's see. The yard vacuum mulcher created instant dust storms and clearly was unsuitable for an average Arizona lawn. That sucker could reach bedrock in five minutes flat. The table saw was the cheapest model and was missing its safety guard and stand. The tire inflator had a split hose, fixable by adding a clamp. The stud finder was assembled backwards. The garage door keypad and the brush cutter only fit obsolete unpopular models. The garden spreader was missing a few key smaller parts. Obviously lost by a careless assembler. Their water filter had its electronics blasted by far more energy than its battery could possibly provide. Other items had trashed carding or no docs .

On top of everything else, most of the items were way too heavy or bulky or too few or too meager in value for *eBay* in the first place. None were in any manner unique. Our disposal was mostly by way of yard sales, neighbor exchanges, free *Trades & Sales* radio ads, and such.

Bottom line: Liquidation pallets seem to be an *eBay* mismatch. And clearly ain't for us.

### **Finding hidden value**

I've found two alternatives to liquidation pallets that seem to have worked exceptionally well for me. In general, if the seller doesn't have the faintest clue what they are selling, you can sometimes win big time after a careful inspection. Especially when other buyers do not notice.

The crucial secret is to...

***Seek out value in places others miss.***

Military triwalls are by far my very favorite here. Because these are boxlots on steroids.

In general, these will be one cubic yard of assorted stuff in a big sturdy box. Yeah, sometimes they hold millions of rusty cotter pins. Other times, there may be a dozen mint digital counting scales buried in the bottom. You have a choice of careful pre-inspection or simply careful repeated lowball bidding to see what you get.

As we've seen before, **Government Liquidation** is your usual source for this sort of stuff. As before, Additional resources can be found in my **Auction Help** library or on my **Guru's Lair** website.

The commercial equivalent is called "**contents of shelf**" or "**contents of cabinet**". Auctioneers sometimes avoid splitting things down extra fine when there are too many lots. And thus may get lazy. One recent \$175 score yielded many tens of thousands of dollars of prime **PIC** and other electronic components. Another winning shelf held an old broken coffee pot, scrap aluminum, assorted worthless grunge, and thousands of dollars of brand new **robotic hand actuators** hidden underneath.

Both triwall and shelf contents perceived value easily gets "poisoned" by one or more obvious pieces of heavy and useless junk. Another rule...

**Look beyond the trash to find all the hidden and buried goodies.**

Do be sure to try and guess the original purpose of the shelf or cabinet. Was it prime inventory or broken stuff for rework? What department was it in and how was it used? What was their attitude towards cleanliness and quality control? Are the brands above or below normal quality? Is original packaging intact? How about paperwork? Extra attention to details like these can yield huge rewards. But watch out for this trap...

**Avoid overestimating the true value of items that you do not know intimately well.**

The instant anything gets sorted or moved or handled (or otherwise **recognized** in **any** manner), the price goes up sharply and its value to you drops dramatically.

### **Loosing weight**

Let's repeat this most important rule...

**Do not sell anything on eBay that you cannot hold extended at arm's length.**

You can **think of anything heavy as an unwanted tax or bribe**. After all, why give **UPS** or **Fedex** any more of your customer's dollars than absolutely necessary? Or why pay storage for awkward low value items? Or extra packing costs and labor? It thus turns out that...

**Continuous weight control is crucial for long term eBay success.**

You can start by avoiding getting anything heavy in the first place. At an auction, don't bid on the super heavies. And take only the good stuff home. Give the rest of it away to another buyer free or **U-haul** the grunge to a nearby dump or dumpster.

Once home, **quickly** triage into stuff that's immediately sellable, stuff needing minor refurb, stuff needing salvage,

and stuff to be gotten rid of. By personal use, given to others, or simply thrown away.

Tearing up equipment for parts sometimes makes sense. **If** you can convert an overweight and obsolete boat anchor into light and high value items that are easily sold. But only if you **clearly know your values** and only if **the labor is obviously worth the return**. An obsolete huge plotting system yielded ball bearing rack slides, the racks themselves, large stepper motors, and special wirewound potentiometers. The latter were snarfed up by, of all folks, tattoo parlors. The penmotor servos seemed unsellable at any price. Until I renamed them **lasser lightshow galvos** and they flew outta here.

In the case of mil surplus, this may mean trashing a \$350,000.00 original cost system that you paid \$35 for to get \$500 worth nickel and dime parts.

A tip: The age of virtually anything electronic can be found by reading the date codes on integrated circuits. These are a four-digit number of year-month. Ferinstance, **9620** was made in the twentieth week of 1996. The value of pre-switchmode power supplies or pre-microprocessor electronics is usually negative.

One exception: It sometimes pays to seek out outrageous weight and volume at an auction. But only **if and when it clearly scares away the other bidders**. Sometimes late in a bankruptcy auction entire rooms go up for sale. As always, the big problem here is triaging the junk, but the opportunities can be enormous.

### **Loosing Wait**

As with any business venture your rate of **eBay** cash flow turnover is crucial. Hence...

**Aim for a 21 day payback on all of your auction and distress purchases.**

If you really hit a 30:1 buy/sell score, you should be able to cash out by quick sale of a mere **three percent** of your inventory. At any rate, your goal should be to **place only completely paid-for items in storage**. And not trapped highly illiquid dollars in disguise.

I feel it is a good idea to...

**Always use a "last-in first-out strategy.**

This way stuff doesn't get forgotten about, locking up your investment dollars forever. Some sort of inventory control is super important. You'll want to put all of the cash cows in one barn. And never miss milking time. Stuff like "sells forever" collectibles. or quality electronics or mechanicals that should last a year. Put the "needs refurb" but known good "second tier" stuff in a second area. And the "maybe repair or recycle someday" in a third. And keep a **small** spare parts stash for items likely to show up later in a fourth area.

But otherwise flush any dregs or losers as quickly as you possibly can.

### **Tight Integration**

eBay by itself won't hack it. And certainly should not be the tail wagging the dog. Some items (like collectibles) sell fast and well on eBay. Others (like industrial components) will sell slower but for higher prices on your own store on your own website...

**Have both an eBay presence and an online store on your website. Iffen the right one don't git ya, the left one will.**

The trick is to create a double ended "funnel" in which your website tutorial content draws visitors who then are referred to your eBay offerings and your Bargain Pages.

eBay would like your website prices to be higher than your eBay opening prices. Website linking on eBay is permitted on your About Me page. Website links inside an offering are also allowed **when they specifically relate to the offer**. But use of an eBay listing solely as an ad for off-eBay sales is a big no-no.

The presence of your online store also largely solves the dilemma of where to draw the line on off-eBay sales. eBay is certainly entitled to fees on the specific sale generated by an offer on their site. They are certainly **not** entitled to "own" your customer forever and ever after that. The key guideline is that **eBay should never be your dominant partner in any venture**.

Naturally, people will come to your website in droves if you offer unique and objective free content that is both genuinely useful and not findable elsewhere.

#### **NODI**

eBay has recently made it a lot easier to stop others from stealing your photos or ad copy. The original (and still the best) way was to clearly state your IP rights on your **About Me** page and then join eBay's **VERO**, short for **Verified Rights Organization**. As we saw in **MYEBAYS.PDF**.

Their improved **NODI** method is short for a **Notice of Declared Infringement**. It instead just involves your downloading a **form** and resubmitting it. For this to work, you **must** in fact be the actual owner of the image or ad copy. Claims otherwise are a big time no-no.

#### **Not Shooting Yourself in the Foot**

In any venture, it is sometimes reasonable to progress by making stupid mistakes. But continuing to do so without correction is another matter entirely. Here's a few examples of areas that often can be improved...

**Avoiding types of products that do not sell.**  
**Preventing post-auction delivery damage.**  
**Carefully balancing acquisition and sales.**  
**Actually finishing repairs that are started.**  
**Continually improving inventory control.**  
**Sticking to maximum predetermined bids.**  
**Spending minimal time on low value items.**  
**Promptly flushing obvious product losers.**  
**Seeking out an optimal inventory level.**  
**Double checking order contents.**  
**Controlling clutter and dreg pileup.**  
**Finding really obscure distress situations.**

Careful attention to details like these are probably your most important **eBay** secrets of all.

#### **For More Help**

Examples of our **eBay** and **Bargain Page** offerings can be found here. Or else by clicking on their **Bouncy Bricks** on any **Guru's Lair** library page. Consulting on these and other topics are offered by our **InfoPack** services.









Additional tutorials also do appear in our **Auction Help**, **Blatant Opportunist** and **Font & Bitmap** libraries.♦

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