

Class and Book Introduction

This class introduces you to eBay, the world's largest online auction service, and teaches you the fundamentals of how to use eBay to both purchase and sell items. During the course, we'll cover such topics as:

- ✓ How the eBay auction process works
- ✓ How to register on eBay to Buy items
- ✓ How to register with PayPal
- ✓ How to search for an item
- ✓ How to place a bid
- ✓ Tips and tricks in finding and purchasing items
- ✓ How to register with eBay to sell items
- ✓ How to register with PayPal to accept various forms of payment
- ✓ How to research an item you intend to sell
- ✓ How to prepare pictures of your item
- ✓ How to setup an auction for an item
- ✓ How to manage an auction
- ✓ What to do when the auction is complete
- ✓ Some tips and tricks to get the most out of eBay and auctions

A Brief History of eBay

The word 'eBay' is not yet in Webster's Dictionary (at least at this writing), but there's little doubt that you've heard it. In the Internet world, it's the largest and most popular online auction service, with over 192 million registered users, and close to 50 billion dollars of merchandise sold each year.

As popular as eBay is, it had humble beginnings. The urban myth is that eBay started when a software developer's wife wanted to trade Pezz Dispensers online with other collectors. The real story started in San Jose in the **fall of 1995**, when 28 year old **Pierre Omidyar**, a software developer working for Claris, wrote a Web program called **AuctionWeb** and hosted it on the same Web server hosting Omidyar's page about the Ebola virus.

As a test, he listed a **single broken laser pointer**, and was completely surprised when it sold for \$14.83! When he contacted the buyer to make sure he understood the pointer was broken, the buyer replied "I'm a collector of broken laser pointers." At this point, Omidyar knew he was on to something big.

AuctionWeb began to grow, and soon took over Omidyar's entire domain, www.ebay.com, which was an abbreviation for his consulting company, **Echo Bay**. In 1996, **Jeffrey Skoll**, a Stanford MBA graduate was hired, along with Meg Whitman from Harvard. With this strong business team, eBay quickly grew from a collectible-only auction service, to an auction site carrying just about every type of item imaginable. And as eBay grew, the original company vision of providing a commerce site transformed to one of **connecting together people** from around the world. By the time that eBay went public in 1998, Omidyar and Skoll were billionaires.

What is eBay?

Simply put, eBay is a world-wide online community of people who have something to sell or who are looking for something to buy. eBay's mission statement is "to provide a global trading platform where practically anyone can trade practically anything." More specifically, eBay is:

- **A place to buy** just about anything you need or want, at prices that are normally better than your local retail stores
- **A place to sell** just about anything, from the "treasures" sitting in your garage or closet, to brand-new retail items you purchase from a wholesaler or at a close-out
- **A place to collect** all those hard to find collectible items that you once had to travel long distances to find
- **A place to research** items you are interested in buying, to find out what they are worth, and often see better descriptions and pictures than local retailers offer
- **A website** that has no physical storefront
- **A free place for buyers** to become a member and shop
- **An inexpensive place for sellers** to become members and sell

The amazing thing about eBay is the diverse group of people that use it. A stay at home mom can sell hand me down children's clothing right next to a million dollar retail business that's selling overstock inventory. Anyone with a connection to the Internet can participate at eBay.

Why Buy or Sell on eBay?

From what you've read so far, it should be pretty obvious why eBay is a buyer/seller paradise. But here are a few more facts to consider:

- eBay connects you to hundreds of millions of other buyers and sellers from all over the world
- All you need is a computer, an Internet connection, an email account, and bank account or credit card to buy or sell
- You can buy and sell from the comfort of your home at any time of day
- The cost to sell on eBay is only a small percentage of the total sale
- You can usually get much better prices for closet "treasures" than you would at a garage sale
- As a collector, you can easily find traditionally hard to find items, and have a better idea of the true value of your collection
- You can make new friends with similar interests from around the world

But like everything else, eBay is not perfect, and there are some down sides.

- As a buyer, you run the risk of paying for an item and never receiving it, which is fraud (although there are many safeguards against this happening)
- As a buyer, you run the risk of purchasing an item, receiving it, and finding it's not what you had intended
- As a seller, making eBay more than a hobby requires long hours and hard work, and it's probably not going to make you rich (although you can do pretty well!)

An Overview of the eBay Auction Process

Before we get into the details of buying and selling on eBay, it might be helpful to go through what you need to be an eBay buyer or seller, and an overview of the auction process.

To get started on eBay, you will need:

- ✓ An Internet Connection of some type
- ✓ A valid **email** address
- ✓ Some way to **pay** for auctions (we'll talk a lot more about this later)
- ✓ To **Register** on eBay as a buyer, and/or as a Seller

Once you are setup to use eBay, you will experience what we call the “**auction process**”. Here is what it consists of:

- Someone finds something to sell
- The seller creates an auction for that item by filling out the eBay Selling form, that asks for:
 - ✓ Item Title and Description
 - ✓ Item Pictures
 - ✓ Shipping costs
 - ✓ Auction duration (1,3,5,7,10 days)
 - ✓ An optional Buy-It-Now price
 - ✓ An optional Reserve price
 - ✓ Whether you want to add other value-added selling options
- The auction starts the second the seller “**submits**” the auction to eBay
- eBay charges an **Insertion Fee** (based upon the starting price and extra options)
- Buyers browse or search for items of interest
- A **buyer finds** the item, reads the description and views pictures
- The buyer looks for similar items for auction and compares them
- The buyer asks the seller **questions** if necessary
- The buyer bids on the item, using a “**proxy**” bid:
 - ✓ You enter the highest price you are willing to pay.
 - ✓ eBay automatically bids for you up to that price, as other people bid.
- The buyer wins the auction
- The seller (and eBay) send the buyer an email message that they have won, and includes the total amount owed (item price plus shipping)
- eBay charges the seller a “**final value fee**” based upon the selling price
- The buyer **pays** for the item (PayPal, check, money order)
- When seller receives payment, they **ship** the item
- Buyer and seller leave **feedback**

How Does eBay Make Money?

As a buyer, you don't pay eBay a dime to participate in an auction. The only money you spend is what you pay for the auction item and item shipping charges. Instead, eBay makes its money by charging the seller **insertion fees** and **final value fees**.

◆ Insertion Fees for a regular auction

- \$.20 to \$4.80 depending upon the opening price
- \$1.00 to \$2.00 (or more) refundable fee if doing a reserve auction
- Extra fees for special features (bold, subtitle, etc.)

◆ Final Value Fee

- 5.25% of the first \$25.00
- 3.25% of \$25.01 to \$1,000.00
- 1.50% of over \$1000.01
- If the item does not sell, the Seller only pays the Insertion Fee
- Also, you do not pay if:
 - ✓ The high-bidder does not respond to your email
 - ✓ The high-bidder backs out
 - ✓ The high-bidder returns the item for a refund

As an example, let's say the seller places an item for auction starting at \$29.95 with a **reserve price** of **\$49.95**, and then sells the item for **\$75.00**. Here are what the fees would be:

| | | |
|----------------------|----------------|-----------------------------------|
| Insertion Fee | \$1.20 | |
| Reserve Auction Fee | \$1.00 | |
| Final Value Fee | \$1.31 | (5.25% of the first \$25.00) |
| | <u>\$1.63</u> | (3.25 % of the remaining \$50.00) |
| TOTAL | \$5.14 | |
| Minus Reserve Refund | <u>-\$1.00</u> | |
| GRAND TOTAL | \$4.14 | or about 5.52% |

From a seller's perspective, this is certainly a reasonable price to pay to sell an item in a marketplace that has hundreds of millions of participants. From eBay's perspective, with millions of successful auctions every hour, the profits can really add up.

Safely Shopping Online

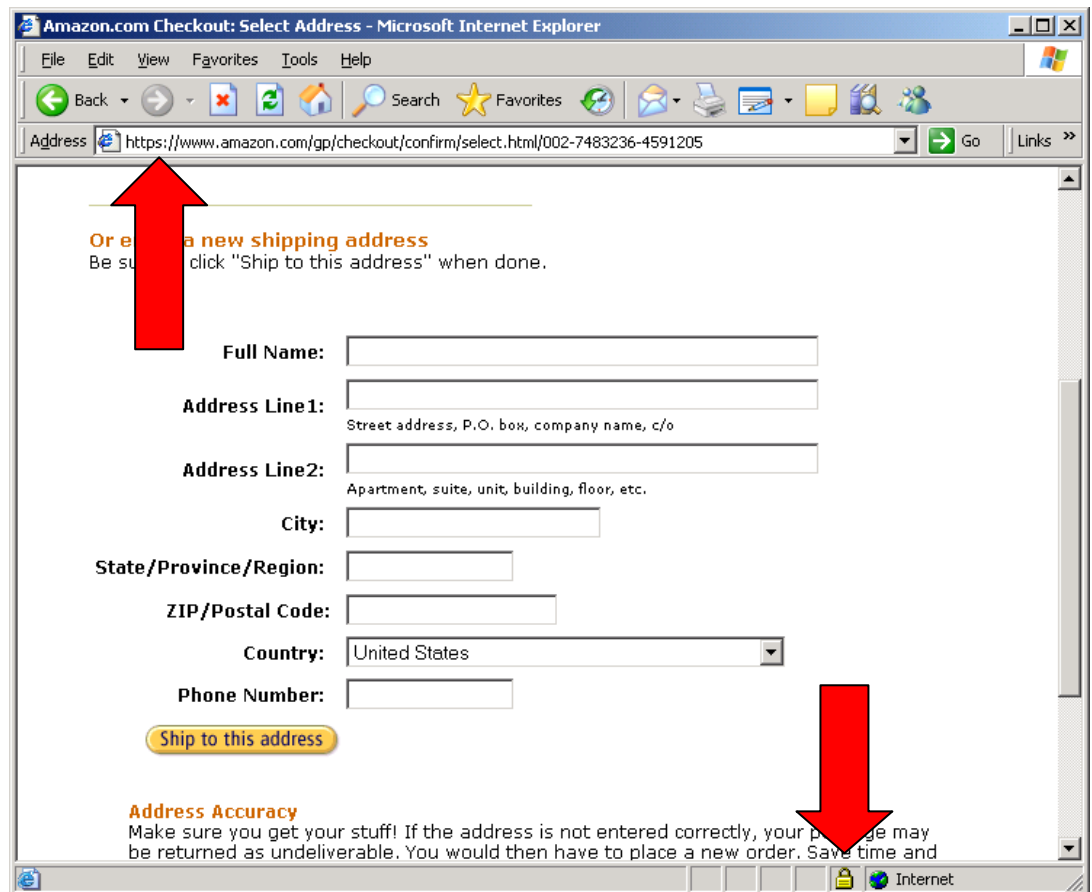
One of the biggest concerns most Internet shoppers (which includes eBay buyers) have is about their online privacy. eBay knows how concerned you are, and does their best to protect your private information and prevent fraud. Still, the more you know about staying safe as you shop, the less change that you'll ever run into privacy problems.

Although we're focused on eBay in this class, let's take a look at some **general online shopping privacy practices**. Then we'll look at some specifics for eBay auctions.

- ◆ For general online shopping, always use a **Credit Card**
 - Stealing credit card numbers from a secured site is much harder than stealing from a traditional retail environment
 - Credit cards provide a traceable record of your purchase
 - Most banks will stop payments at your request
 - Card holders are NOT liable for fraudulent use of their card
 - Fair Credit Billing Act gives you 60 days to report a problem, many card companies help solve problems

- ◆ Never enter your personal information or account numbers on an **unsecured page**

- A secured Web page encrypts your card number before it is transmitted on the Internet
- You will see a **solid lock icon** at the bottom of the browser
- You will also see the prefix "**https**" on the Web page address
- Never send your personal information via email



- ◆ Know your **merchant**
 - Use merchants that you know
 - If unknown to you, check them out with a business bureau and/or search for the business name on Google to see if any negative information appears
 - Read the merchants privacy and security policy
 - Look for a no-questions, money-back guarantee
 - Check for shipping costs and restocking fees
 - Don't hesitate to email questions before you buy