

# Introduction

Since its founding in 1995, eBay has changed the way the world shops. The online auction site has more than 114 million active users (affectionately known as “eBayers”) who buy and sell just about everything imaginable—from antiques and collectibles to cars, homes, boats, cameras, jewelry, crafts, and even airplanes. Indeed, the site recorded a record 1.4 billion listings and more than 40 percent of all eBayers closed an actual sale on the site in the past year. All told, eBay users sold a record \$34.2 billion worth of goods in 2004, a figure that has been growing by about 45 percent a year. People spend more time on eBay than any other online site, making it the most popular shopping destination on the World Wide Web.

The company has come a long way since Pierre Omidyar, a young Silicon Valley computer programmer, spent one Labor Day weekend holed up in his home office writing computer code for what would eventually become the backbone of eBay. Omidyar’s goal was to create an efficient and fair marketplace where buyers and sellers—and pure and simple supply and demand—would determine the true value of goods.

In its early years, eBay had a reputation of being a virtual flea market—a place to find mostly old used items. The company has grown up since then. Omidyar, now a billionaire several times over, has seen his idea spawn thousands of new businesses, including many that sell their wares exclusively on eBay.

While millions log on to eBay to sell single items they simply want to get rid of, some consistently make huge sums of money auctioning off items online. In fact, eBay estimates that close to 430,000 people make a good portion of their livings selling goods and services on the site—both in the United States and overseas. It’s a number that has been growing rapidly in recent years, and analysts expect the trend to continue as more discover the amazing power of doing business on eBay.

What’s especially attractive to entrepreneurs of all sizes is how little time and money it takes to get started on eBay. You can even start building your fortune

**4****THE eBay MILLIONAIRE**

by working at home on a schedule of your own choosing. If you're a night owl, you can eBay at 3 A.M. Or you can work in your pajamas in the morning from your kitchen table. As a result, all sorts of people—including teenagers, new college graduates, stay-at-home moms, seasoned entrepreneurs, middle-aged workers, and even senior citizens—are starting eBay businesses hawking all kinds of items.

But what's the best way to get your own eBay business started? More importantly, what does it take to build a thriving online auction empire? What's the optimum way to locate merchandise to sell? And how can you most effectively display items to attract the highest bids?

The answers to these questions and more are found in *The eBay Millionaire*. This is the first book ever to focus exclusively on the proven and tested strategies for building a highly profitable eBay business that are actually being used by some of the auction site's top sellers—those collectively conducting millions of dollars in sales each year.

After some general guidance on getting your eBay business up and running, the book then presents inspirational and informative profiles of 18 eBayers who, at the time of our interview, were ranked as Titanium PowerSellers—the auction site's most elite distinction. This diverse group offers merchandise in a variety of product areas. Every featured PowerSeller has enjoyed legendary and documented success, and most have built their online businesses from the ground up. They share with us such secrets as how they got started, how they locate and decide which merchandise to sell, how they've handled growth, how they ship goods most efficiently, how they keep customers happy, and much more. It's like gaining access to 18 CEO role models who share their never-before-revealed business secrets learned from extensive experience.

Along the way, the book includes a number of "PowerPointer" sidebars within each profile, highlighting important lessons from the featured sellers of which you should take special note of. Every chapter ends with a frank "Titanium Talk" question-and-answer section, where we discuss an especially interesting aspect of the PowerSeller's business. We cover such topics as finding suppliers, combating fraud, devising pricing strategies, and selling goods internationally.

Just how accomplished are the PowerSellers featured in this book? Less than 4 percent of the millions of eBay merchants have earned the prized PowerSeller status, and only a small handful have vaulted to the coveted Titanium rank. Ebay has five PowerSeller levels: If you move more than \$1,000 in merchandise a month, and maintain that sales level for at least three straight months, you qualify as a Bronze PowerSeller. Auction off at least \$3,000 a month and you become a Silver PowerSeller. Generate more than \$10,000 in sales a month and you become a Gold PowerSeller. Close more than \$25,000 in auctions monthly and you become a Platinum PowerSeller. And if you sell at least \$150,000 a month, you are

## Introduction

## 5

crowned a Titanium PowerSeller. *The eBay Millionaire* features only sellers who have achieved the top-level Titanium PowerSeller ranking.

These PowerSellers come from big towns and small, and sell a variety of products—including vintage Rolex watches, MINI Coopers, restaurant refrigerators, golf balls, designer shoes, Nike sweat suits, digital video disks (DVDs), vintage movie posters, sports collectibles, women's clothing, computers, cameras, and so much more.

You'll get real-life examples of how these highly profitable eBay businesses were built—some literally starting at the kitchen table. My goal is for you to walk away with limitless ideas for potential businesses you can start, along with invaluable guidance from the best-of-the-best about what works (and what doesn't) when it comes to selling goods on eBay. All of the featured merchants have made plenty of mistakes, and they'll share those as well so you can profit from their experiences.

Some of the businesses profiled in *The eBay Millionaire* have grown big enough to hire large staffs to create their auctions, answer bidder e-mails, and ship out products. Others remain surprisingly small, with just a handful of people fulfilling thousands of orders every week. Each chapter exemplifies how eBay can turn an established local enterprise into a worldwide online powerhouse. It also shows how eBay can be just the incubator necessary to turn a good idea into a great business.

For instance, Mike Shelton started eBaying (that's eBay-speak for selling goods on the auction site) to help out his last employer, a golf pro shop that had extra inventory it needed to liquidate. By October 2003, Shelton and a partner had started their own company, Designer Athletic, selling retailer overstocks—primarily shoes and athletic apparel—exclusively on eBay. Shelton doesn't let his vaunted title of “company president” keep him from the hard work. He still creates each of the company's auctions—hundreds every day. And when there are lots of orders to be filled, he's back in the warehouse with the rest of his guys, pulling shoes off the shelves and stuffing them into boxes. Designer Athletic, which is based in Durham, North Carolina, had revenues of around \$5 million in fiscal 2004.

While eBay created Mike Shelton's company, it saved John Stack's. Stack was ready to close his family's restaurant equipment business in 1999. Before he did, though, Stack put 50 coffeemakers he'd been unable to sell through traditional wholesale and retail channels up for bid on eBay. What happened was as eye-opening as a strong cup of coffee.

Those auctions earned more money than Stack ever expected. He slowly began listing more and more items for sale on eBay. In five years, revenues for Stack's company, A City Discount, have increased 25-fold, from \$400,000 in 1999 to \$10 million in 2004, all thanks to eBay.

## 6

THE **eBay** MILLIONAIRE

There are many eBay hucksters around—people who promise that amateurs can earn quick and easy riches by selling on the web site. But these top-level PowerSellers are frank about the hard work that is required to truly build a multimillion-dollar business.

When he first entertained the notion of earning money on eBay, Brandon Dupsky was smart enough to keep his day job. Today, at age 33, Dupsky is president and chief executive officer of Sell2All in Lincoln, Nebraska. The company, which Dupsky describes as “the Wal-Mart of eBay,” sells surplus consumer goods for more than 200 suppliers.

In the beginning, Dupsky worked out of his basement, posting auctions at night after getting off work and finishing up MBA classes at the University of Nebraska. “It was a 70-hour-a-week job, and it hasn’t slowed down since,” he says. But all that work has paid off. Sell2All now generates revenues of just under \$10 million annually.

Of course, turning large revenues into big profits takes a lot of work, as Mark Fitzgerald points out. The cofounder of Grapevine Hill started his company with two friends in Danvers, Massachusetts, four years ago. The company averages 9,000 eBay auctions every month and generates revenues of \$4 million to \$6 million annually selling name-brand designer shoes. Since its founding, more than 90,000 Grapevine Hill customers have posted positive feedback messages about the company.

Feedback is like the Better Business Bureau of eBay. It tells community members which users are reputable and which are not. After completing a transaction, buyers and sellers rate one another—positive, negative, or neutral. It’s rare for a merchant that sells at the volume Grapevine Hill does to have such a high feedback rating—99.9 percent positive. But Fitzgerald, his business partners, and their employees are proud of that rating and remain focused on keeping it high. While it’s partly about bragging rights, it’s more for business. “Customer confidence is a significant factor in the overall final sale price,” Fitzgerald insists.

In 1998, eBay’s first year as a public company, the site hosted 13.6 million auctions and the value of all goods traded reached just \$306 million. Today, eBay has 10 separate merchandise categories that each generate \$1 billion or more in annual auction sales. The biggest is eBay Motors (\$7.5 billion), which includes sales of vehicles, car parts, and accessories. Other top-grossing categories are consumer electronics (\$2.6 billion); computers (\$2.4 billion); books, movies, and music (\$2 billion); clothing and accessories (\$1.8 billion); sports (\$1.8 billion); collectibles (\$1.5 billion); toys (\$1.5 billion); home and garden (\$1.3 billion); and jewelry and gemstones (\$1.3 billion).

*The eBay Millionaire* shows you how to get your piece of this huge pie. After you learn the exclusive tricks of the trade practiced by eBay’s most experienced

## Introduction

## 7

merchants, Part Three reveals the “Fifty Strategies for Successful eBay Selling.” This closing section highlights and summarizes the best tips espoused by those featured in the preceding chapters. It also includes a handy list of various resources these Titanium PowerSellers use to propel their online businesses, including auction management software and eBay research tools. Combined with the other valuable advice in the book, consider these final chapters to be your ultimate cheat sheet and mentor as you begin the process of building your own eBay empire.

