

Chapter 1

Why You're Going to Love Your Time on eBay

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eBay has emerged as *the* marketplace of the twenty-first century. Way back in 2003, *Wired* magazine predicted that eBay's promise is that "retailing will become the national pastime." The founders had a pretty great idea back in 1995 (read about some eBay history in the "eBay's humble beginnings" sidebar later in this chapter), and the world has taken to shopping and selling online. eBay is a safe and fun place to shop for everything from collectibles to brand-new clothing, all from the comfort of your home.

eBay is now also a marketplace for new merchandise. It's no longer just the destination for collectibles and old china patterns. These days you can purchase new and useful items, such as alarm systems, fancy electronic toothbrushes, lightbulbs, clothing, cars, homes — just about anything you can think of.

Take a look around your house. Nice Manolos. Spiffy microwave. Great-looking clock. Not to mention all the other cool stuff you own. All these great fashions, household appliances, and collectibles are fabulous to own, but when was the last time your clock turned a profit? When you connect to

eBay, your PC or Mac can magically turn into a money machine. Just visit eBay and marvel at all the items that are just a few mouse clicks away from being bought and sold.

In this chapter, I tell you what eBay is and how it works. eBay is the perfect alternative to spending hours wandering through boutiques, antiques shops, or outlet malls looking for the perfect doohickey. It can also be your personal shopper for gifts and day-to-day items. (For more information on how to match the perfect eBay gift with one of your friends, check out my book, *Santa Shops on eBay*, also published by Wiley.)

Not only can you buy and sell stuff in the privacy of your home, but you can also meet people who share your interests. Those who use the eBay site are a friendly bunch, and soon you'll be buying, selling, swapping stories, and trading advice with the best of them.

To get to eBay, you need to access the Internet. To access the Internet, you need a PC or a Mac with an Internet connection. (Inexpensive laptops are available for as little as \$299.) If you're not ready to take the high-tech plunge, this book shows you how to start operating on eBay (and earning money) without owning a single cyber thing.

What Is eBay, and How Does It Work?

The Internet is spawning all kinds of businesses (known as *e-commerce* to Wall Street types), and eBay is the superstar. The reason is simple: It's the place where buyers and sellers can meet, do business, share stories and tips, and have fun. It's like one giant online potluck party — but instead of bringing a dish, you sell it!



eBay *doesn't* sell a thing. Instead, the site does what all good hosts do: It creates a comfy environment that brings together people with common interests. You can think of eBay as the person who set you up on your last blind date — except the results are often a lot better. Your matchmaking friend doesn't perform a marriage ceremony but does get you in the same room with your potential soul mate. eBay puts buyers and sellers in a virtual store and lets them conduct their business safely within the rules that eBay has established.

All you need to do to join eBay is fill out a few forms online and click. Congratulations — you're a member with no big fees or secret handshakes. After you register, you can buy and sell anything that falls within the eBay rules and regulations. (Chapter 2 eases you through the registration process.)

The eBay home page, shown in Figure 1-1, is your first step to finding all the cool stuff you can see and do on eBay. You can conduct searches, find out what's happening, and get an instant link to the My eBay page, which helps you keep track of every item you have up for sale or have a bid on. You can read more about the eBay home page in Chapter 3 and find out more about My eBay in Chapter 4.

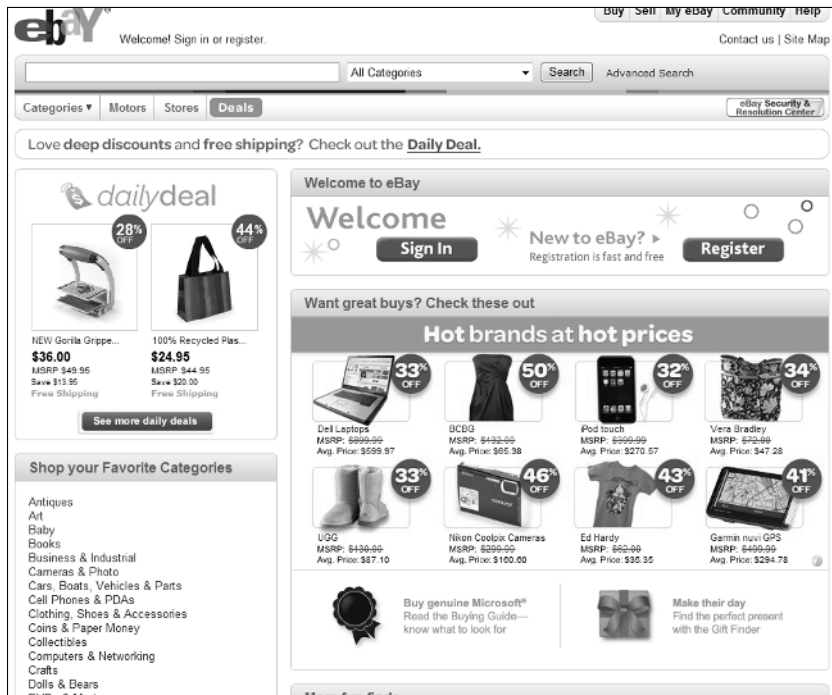


Figure 1-1: The eBay home page, your starting point for bargains and for making some serious cash.

Yikes! What happened? The eBay home page on your computer looks nothing like the one in Figure 1-1? Don't rub your eyes — even squinting hard won't help; eBay has a different version of the home page for those who have never registered on eBay. Even if *you* have never registered, someone else who uses the computer may already have. Know that whatever version of the eBay home page you view, it has the same basic elements.



eBay's humble beginnings

The long-standing urban legend says eBay all started with a Pez dispenser. But as romantic as the story is (of the young man who designed the site for his fiancé to trade Pez dispensers), the story is, sadly, public relations spin. The founder, Pierre Omidyar, had the right vision at the right time, and the first item he sold on the site, originally named AuctionWeb, was a broken laser pointer. Day by day, new people (including me in 1996) were drawn to the site from Internet chatter. The site eventually grew to the point where it began to strain Pierre's ISP.

The ISP charged him more, so he started charging a small listing fee for sellers, just so he could break even. Legend has it that the day \$10,000 in fees arrived in Pierre's mailbox, he quit his day job. (I hope that's not apocryphal too!)

eBay was born on Labor Day 1995. The name eBay is taken from Echo Bay, the name Pierre originally wanted for his company. Upon checking with the State of California, he found that the name was taken by another company, so he shortened the name to eBay — and the rest, as they say, is history.

All about Auctions

The value of an item is determined by how much someone is willing to spend to buy it. That's what makes auctions exciting. eBay offers several kinds of auctions, but for the most part, they all work the same way. An *auction* is a unique sales event where the exact value of the item for sale is not known. As a result, an element of surprise is involved — not only for the bidder (who may end up with a great deal) but also for the seller (who may end up making a killing). Here's how an auction works from a seller's perspective and a bidder's perspective:

- ✔ **Seller:** A seller pays a fee, fills out an electronic form, and sets up the auction, listing a *minimum bid* he or she is willing to accept for the item. Think of an auctioneer at Sotheby's saying, "The bidding for this diamond necklace begins at \$5,000." You might *want* to bid \$4,000, but the bid won't be accepted. Sellers can also set a *reserve price* — sort of a financial safety net that protects them from losing money on the deal. I explain how this stuff works later in this section.
- ✔ **Bidder:** Bidders in auctions duke it out over a period of time (the minimum is one day, but most auctions last a week or even longer) until one comes out victorious. Usually, the highest bidder wins. The tricky thing about participating in an auction (and the most exciting aspect) is that no one knows the final price an item goes for until the last second of the auction.

eBay auctions

Unlike “traditional” live auctions that end with the familiar phrase “Going once, going twice, sold!” eBay auctions are controlled by the clock. The seller pays a fee and lists the item on the site for a predetermined period of time; the highest bidder when the clock runs out takes home the prize.

Reserve-price auctions

Unlike a minimum bid, which is required in any eBay auction, a *reserve price* protects sellers from having to sell an item for less than the minimum amount they want for it. You may be surprised to see a 1968 Jaguar XKE sports car up for auction on eBay with a minimum bid of only a dollar. It's a fair bet that the seller has put a reserve price on this car to protect himself from losing money. The reserve price allows sellers to set lower minimum bids, and lower minimum bids attract bidders. Unfortunately, if a seller makes the reserve price too high and it isn't met by the end of the auction, no one wins.

eBay charges a fee for sellers to run these auctions. Nobody knows (except the seller and the eBay computer system) what the reserve price is until the auction is over (assuming that the reserve price is met and that someone wins the auction), but you can tell from the auction page whether you're dealing with a reserve-price auction. Reserve-price auctions are in the listings alongside the other items, so you have to click to find out whether it has a reserve. If bids have been made on an item, a message also appears on the page telling you if the reserve price hasn't been met. You can find out more about bidding on reserve-price auctions in Chapter 6 and setting up a reserve-price auction in Chapter 9.

Restricted-access auctions

If you're over 18 years of age and interested in bidding on items of an adult nature, eBay has an Adults Only category, which has restricted access. Although you can peruse the other eBay categories without having to submit credit card information, you must have a credit card number on file on eBay to view and bid on items in this category. Restricted-access auctions are run like the typical timed auctions. To bid on adult items, you first need to agree to a terms of use page after entering your user ID and password. This page pops up automatically when you attempt to access this category.



If you aren't interested in seeing or bidding on items of an adult nature, or if you're worried that your children may be able to gain access to graphic adult material, eBay has solved that problem by excluding adult-content items from easily accessible areas such as the Featured Items page. And children under the age of 18 aren't allowed to register on eBay and should be under an adult's supervision if they do wander onto the site.

Charity auctions: All for a good cause

A *charity auction* is a high-profile fund-raising auction run by eBay Giving Works where the proceeds go to a selected charity. Most people don't wake up in the morning wanting to own the shoes that Ron Howard wore when he put his footprints in cement at Mann's Chinese Theater in Hollywood, but one-of-a-kind items like that often are auctioned off in charity auctions. (In fact, someone did want those shoes badly enough to buy them for a lot of money on eBay.) Charity auctions became popular after the NBC *Today Show* sold an autographed jacket on eBay for over \$11,000 with the proceeds going to Toys for Tots. Charity auctions

are run like most other auctions on eBay, but because they're immensely popular, bidding can be fierce, and the dollar amounts can go sky high. Many famous celebrities use eBay to help out their favorite charities. Billionaire Warren Buffet auctions a private lunch each year to support one of his favorite charities — in 2008 lunch for 8 with Warren went for over \$2,110,100. I suggest that you visit these auctions and bid whenever you can. Charity auctions are a win-win situation for everyone. You can read more about celebrity auctions in Chapter 18.

Private (shhh-it's-a-secret) listings

Some sellers choose to hold *private listings* because they know that some buyers may be embarrassed to be seen bidding on a box of racy neckties in front of the rest of the eBay community. Others may go the private route because they are selling big-ticket items and don't want to disclose their bidder's financial status.

Private auctions are run like the typical timed auctions except that each bidder's identity is kept secret. At the end of the auction, eBay provides contact info to the seller and to the high bidder, and that's it.



You can send e-mail questions to the seller in a private auction, but you can't check out your competition because the item page will never show the high bidder's user ID.

Buying It Now on eBay

You don't have to participate in an auction on eBay to buy something. If you want to make a purchase — if it's something you *must* have — you can usually find the item and buy it immediately. Of course, using Buy It Now (*BIN* in eBay speak) doesn't come with the thrill of an auction, but purchasing an

item at a fraction of the retail price without leaving your chair or waiting for an auction to end has its own warm and fuzzy kind of excitement. If you seek this kind of instant gratification on eBay, visit eBay Stores. Or you can isolate these items by clicking the Buy It Now tab when browsing categories or performing searches.

eBay Stores

Visiting eBay Stores is as easy as clicking the eBay Stores link from the home page. Thousands of eBay sellers have set up stores with merchandise meant for you to Buy It Now. eBay Stores are classified just like eBay, and you can buy anything from socks to jewelry to appliances.

Sellers who open an eBay Store have to meet a certain level of experience on eBay, and when you buy from an eBay Store, you're protected by the same fraud protection policy that covers you in an eBay auction.

Buy It Now and fixed-price sales

More and more sellers are selling items with a *Buy It Now* option or at a fixed price. These features enable you to buy an item as soon as you see one at a price that suits you. For more on how these sales work, check out Chapter 6.

So You Wanna Sell Stuff

If you're a seller, creating an auction page on eBay is as simple as filling out an online form. You type the name of your item and a short description, add a crisp digital picture, set your price, and voilà — it's auction time. (Okay, it's a tad more involved than that, but not much). eBay charges a small fee (\$0.05 (during promotions) to \$4.00) for the privilege. When you list your item, millions of people (eBay has over 100 million registered users) from all over the world can take a gander at it and place bids. With a little luck, a bidding war may break out and drive the bids up high enough for you to turn a nice profit. After the auction, you deal directly with the buyer, who sends you the payment either through a payment service or through the mail. Then you ship the item. Abracadabra — you just turned your item (everyday clutter, perhaps) into cash. You can run as many auctions as you want, all at the same time. To get info on deciding what to sell, leaf through Chapter 9; to find out how to set up an auction, jump to Chapter 10; and to get the scoop on advanced selling techniques, visit Chapter 14. When you're ready to go pro, check out the appendix.

So You Wanna Buy Stuff

If you're a collector or you just like to shop for bargains on everyday goods, you can browse 24 hours a day through the items up for auction in eBay's tens of thousands of categories, which range from Antiques to Writing Instruments. Find the item you want, do a little research on what you're buying and who's selling it, place your bid, and keep an eye on it until the auction closes. When I wrote *Santa Shops on eBay* (Wiley), I had a great time visiting the different categories and buying a little something here and there — it's amazing just how varied the selection is. I even bought some parts for my pool cleaner!

Take a look at Chapter 5 for info on searching for items to bid on. When you see an item you like, you can set up a bidding strategy and let the games begin. Chapter 6 gives you bidding strategies that can make you the winner. After you win your first auction, look for expert advice about completing the transaction in Chapter 8.



You can bid as many times as you want on an item, and you can bid on as many auctions as you want. Just keep in mind that each bid is a binding contract that you are required to pay should you win.

Research for Fun and Profit

eBay's awesome search engine allows you to browse through countless *categories* of items up for sale. As a buyer, you can do lots of comparison shopping on that special something you just can't live without or just browse around until something catches your eye. If you're a seller, the search engine allows you to keep your eye on the competition and get an idea of how hot your item is. That way, you can set a competitive price. To find out more about using search options and categories, check out Chapters 3 and 5.

The search engine also lets you find out what other people are bidding on. From there, you can read up on a seller's *feedback ratings* (eBay's ingenious honor system) to get a sense of the seller's reputations — *before* you deal with them.

eBay's Role in the Action

Throughout the auction process, eBay's computers keep tabs on what's going on. When the auction or sale is over, eBay takes a small percentage of the final selling price and instructs the seller and buyer to contact each other through e-mail. At this point, eBay's job is pretty much over, and eBay steps aside.

Most of the time, everything works great, everybody's happy, and eBay never has to step back into the picture. But if you happen to run into trouble in paradise, eBay can help you settle the problem, whether you're the buyer or the seller.

eBay regulates members with a detailed system of checks and balances known as *feedback*, which is described in Chapter 4. The grand plan is that the community polices itself. Don't get me wrong — eBay does jump in when shady activity comes to light. But the people who keep eBay most safe are the community members, the buyers and sellers who have a common stake in conducting business honestly and fairly. Every time you sell something or win an auction, eBay members have a chance to leave a comment about you. You should do the same for them. If they're happy, the feedback is positive; otherwise, the feedback is negative. Either way, your feedback sticks to you like glue.

Building a great reputation with positive feedback ensures a long and profitable eBay career. Negative feedback, like multiple convictions for grand-theft auto, is a real turnoff to most folks and can make it hard to do future business on eBay.



If your feedback rating becomes a -4 (negative 4), eBay suspends your buying and selling privileges. You can find out more about how eBay protects you as a buyer or a seller in Chapter 16.

Features and Fun Stuff

So eBay is all about making money, right? Not exactly. The folks at eBay aren't kidding when they call it a community — a place where people with similar interests can compare notes, argue, buy, sell, and meet each other. Yes, people have married after meeting on eBay. (Take a guess how friends bought them wedding gifts!)

Chatting it up

eBay has dozens of specific chat rooms and discussion boards (even a Night Owl's Nest — for those who can't sleep) whose topics range from advertising to trading cards. So if you have no idea what that old Mobil gas station sign you found in your grandfather's barn is worth, just post a message on the Advertising chat board. Somewhere out there is an expert with an answer for you. Your biggest problem is deciding whether to keep the sign or put it up for auction. Those are good problems to have! For more about posting messages and chat rooms, visit Chapters 5 and 17.

Trust & Safety

Trust & Safety is the catchall resource for information and services about making deals on eBay safer — and for information on what to do if deals go sour. I don't like to think about it, but sometimes — despite your best efforts to be a good eBay user — buyers or sellers don't keep their word. In a small percentage of cases, unscrupulous louts invade the site and try to pull scams. You may buy an item that isn't as it was described, or the winner of your auction doesn't send payment. Sometimes even honest members get into disputes. Trust & Safety is an excellent resource when you need questions answered or you need a professional to come in and handle an out-of-hand situation. Chapter 16 tells you all about Trust & Safety.

Extra Gizmos You're Gonna Want

At some point in your eBay career, you'll become comfortable with all the computer-related hoops you have to jump through to make the eBay magic happen. At that time, you may be ready to invest in a few extra devices that can make your eBay experiences even better. Digital cameras and scanners can help make your time on eBay a more lucrative and fun adventure. You find out how to use digital technology in your auctions in more detail in Chapter 14.