

How to sell on Amazon and eBay

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The online marketplaces eBay and Amazon once seemed like surefire places to make extra money or to build an online retail business. It's not quite so simple anymore.

The sites are crowded with sellers, and new third-party marketplaces are cropping up all of the time. And the rules change frequently. EBay angered many longtime sellers in recent years by restricting payment options, changing seller feedback procedures and promoting fixed-price items over its original auction-style listings. Amazon's Marketplace stopped accepting new sellers in some product categories and requires preapproval in others.

"Merely being listed on eBay or Amazon isn't a sustainable business," said Dennis Ceru, an entrepreneurship professor at Babson College in Wellesley, Mass. "There are a lot of people going down this path that are making little or no money."

Building viable enterprises off these marketplaces requires sourcing inventory cost-effectively, researching each marketplace's procedures and commissions, polishing customer-service practices and managing your online reputation. (Have you tried? Please tell us about your experiences here.)

Here's how to get started:

Figure Out the Basics

Familiarize yourself with the various marketplaces, particularly the giants, eBay and Amazon.

Try listing a few items on each site, which usually costs less than a dollar. You will also have to pay a commission ranging anywhere from 6 percent to 20 percent of the final sales price of any items you sell. Trying out the marketplaces and their various sales methods will help you spot the differences quickly.

Figure out what to sell. For start-up sellers, new goods are typically more lucrative than used items because they are easier to price and list, according to Scot Wingo, chief executive of ChannelAdvisor, a company that helps small businesses sell on the Internet. Collectibles are more difficult to price and are better suited to being sold in auctions.

Identify product areas that interest you, and seek a niche. Rather than sell, say, digital cameras, you might sell a specialty tripod or other accessories that aren't already sold abundantly online. Skip McGrath, an eBay Powerseller, started with automatic pepper mills. Based in Anacortes, Wash., he decided to sell specialty kitchen gadgets on eBay. "They're light, easy to ship and I'm one of the few sellers selling them," he said. "If I had pots and pans, I'd have 200 competitors."

Find a reliable wholesaler who offers low enough prices to generate high enough profit margins on resale. Mr. McGrath, who said he generated roughly \$150,000 in annual revenue with his eBay store, buys his pepper mills from a Seattle-based wholesale dealer. Finding the right wholesaler can require an extensive search. Many sellers, Mr. McGrath said, source their products offline, through local wholesalers or flea markets. Comparison shopping can still be done online, using sites like Liquidation.com and eBay, which offer wholesale items in bulk.

Choose your marketplace

One key to success is identifying the marketplace where the buyers of your products shop. Experts say it's better to master one site before expanding.

The fast-growing number of choices include Bonanzle.com, Overstock.com, and Etsy.com, a marketplace for handmade crafts. Even social-networking sites like Facebook offer their own marketplaces, although they tend to be geared more toward online classifieds than retail businesses.

In late August, Wal-Mart introduced Wal-Mart Marketplace, which works with other retailers to sell goods on Walmart.com. So far, however, only a few established retailers, including eBags, have been admitted to the program. Alibaba.com, operated by the Alibaba Group of China, is the largest online marketplace in the world but primarily serves audiences outside the United States. It's a growing option, though, for American retailers looking to generate international business.

EBay and Amazon remain the primary choices for most American-based sellers because they offer far more shopper traffic, said Mr. Wingo of ChannelAdvisor. Amazon had about 54.5 million unique visitors in October, according to Nielsen Online, while eBay had about 51 million.

Still, comparing the big marketplaces can be tricky. Amazon has lured away many eBay sellers in recent years because it doesn't charge listing fees, meaning sellers have no upfront risk. Overall seller fees on Amazon, however, are often comparable or even slightly higher than those on eBay.

Selling on Amazon is more automated and requires less buyer interaction. The site collects money from customers and deposits it in seller accounts. In most categories of goods, eBay requires that sellers accept payment only through electronic systems, including its own PayPal system. Amazon has no auctions — all items are sold at fixed prices — and automatically sets the shipping fees depending on the item being sold. eBay sellers can choose their own shipping fees and have more control over the look and timing of listings.

Mr. McGrath said that eBay was still the better option for selling clothes, toys and household goods. Books, music and other electronic media, he said, tend to do better on Amazon.

Write clear, detailed listings

Once you have your product and your marketplace, you have to figure out how to stand out from the pack.

One way is to write listings and titles that lure prospective buyers by providing detailed, reliable information about the product and customer service. When possible, include at least one high-quality, attractive photo of every item being sold — more if the item is used or a collectible. Using keywords — words shoppers are likely to enter when searching for the product online — in the item headline and listing is also crucial.

Listings should fully and accurately describe the item's condition, especially any defects, said Steve Lindhorst, an e-commerce consultant in Atascadero, Calif., and a former eBay University instructor. Include shipping fees and procedures, so buyers know what to expect. Sellers who offer next-day shipping or money-back guarantees, he added, can get a leg up.

Make sure the listing looks reliable. Proofread it carefully and don't use too many exclamation points or language that suggests you're inexperienced or unprofessional. "Stay positive, clear and concise — that's really important," Mr. Lindhorst said. "It's all about making the buyer feel comfortable."

Note that each marketplace displays listings in its search results differently. eBay's "Best Match" search results, for instance, give higher placement to listings offering free shipping and

sellers with high feedback ratings. That's why many eBay sellers now wrap their shipping fees into the asking price on fixed-price items. Amazon, on the other hand, generally lists the lowest-priced products first. eBay lets sellers pay for "featured" listings that get better placement in search results.

Selling through auction requires more strategy. Sellers generally want their auction listings to expire at the time of week when the listed item tends to sell best. Mr. McGrath, for instance, found his pepper mills and other kitchen gadgets sold best on Sunday and Monday evenings.

Some third-party services like Terapeak.com and HammerTap.com give eBay sellers and other online auctioneers access to marketplace analytics that help them time and write their product listings. The sites show, for instance, the time of day certain products sell best on eBay and identify keywords to include in listings and titles. Monthly subscriptions start around \$20 (HammerTap offers a 10-day free trial).

Watch your ratings

Maintaining a high seller rating is essential. Most marketplaces ask buyers to rate sellers on a five-star scale. One or two bad reviews can ruin a small seller's rating, and some sites boot sellers whose positive ratings fall below a certain level.

Detailed and clear product listings can avert miscommunication between buyer and seller. Including contact information also encourages sellers to contact you directly with problems — rather than posting negative comments or ratings.

Belinda North, founder of SophiasStyle.com, began her children's clothes business on eBay and now sells about 30 percent of her inventory on eBay and Amazon, while the rest is sold mostly from her own site.

Ms. North, based in Omaha, sends all of her buyers an e-mail message immediately after a purchase to let them know the order was received and when it will ship. She follows up by e-mail once the item is shipped and provides her contact information in case of questions or problems.

The e-mail messages, Ms. North said, reassure buyers and show that she's committed to customer service. They also allow her to continue marketing to new customers and to direct them to her own Web site. "This is your chance to create a customer for life," Ms. North added.

That kind of branding, experts say, is what separates people who sell online from people who build retail businesses online.

New York Times, New York, Dec. 2nd 2009, Small Business, online.