



The National B2B Centre
Helping growing businesses make smart e-business decisions

“Ding Dong Merrily On High At eBay The Tills Are Ringing”

But should you join the thousands of businesses that sell through the world’s largest auction and trading site and become a Xmas eBay trader?

You might be surprised to hear that the UK has the highest trading figures per head of population in the world at £50 per year each (BBC News "Making it Big on eBay" 16/11/06 (<http://news.bbc.co.uk/1/hi/business/6154754.stm>)). There are 15 million UK eBay users which represents a quarter of the entire population.

People are buying and selling anything and everything. Literally anything. The “Oxford Student” (http://www.oxfordstudent.com/mt2005wk3/news/oxford_student_sells_last_shred_of_dignity_on_ebay) website reported on 4th December 2006 that an undergraduate had successfully auctioned his “last shred of dignity” on eBay for an incredible £67.

So if that guy could sell some as esoteric as his dignity (the purchaser apparently got a certificate) surely SMEs should be jumping in and start selling their products and services on eBay in time for the late great Christmas rush?

Well.....yes.....and no.

It’s a near perfect marketplace

eBay (www.ebay.co.uk) is an astounding success story both for itself and for the people who have bought and sold vast number of items.

It is a dedicated marketplace and trading arena which has become the first port of call for many people and businesses who want to buy and sell. The readiness to trade means that sellers have to do less work in attracting and educating prospects because eBay is pulling them in on your behalf.

eBay provides powerful cataloguing and search tools that seek to match up buyer needs with supplier offers in the most efficient and effective manner. If you want to buy a lovely musical choir with light up tree Xmas decoration (and who wouldn’t) it is available as an auction item as I write with a starting bid of only £0.99.

In order to facilitate the buying process eBay supports a number of distinct trading options. Auctions, classified ads and shops. Each with different trading rules to suit the needs of buyers and sellers alike.

SME Benefits

There are some specific advantages for SME businesses, especially if you haven’t already got a website with eCommerce facilities.

Ready made trading

Essentially you get a ready made trading environment. There are facilities to load product details and pictures and PayPal is available to allow you to take payment in a secure manner. It is a very fast way of starting your eTrading experience. Naturally there are comprehensive help and



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support facilities – it just isn't in eBay's interest for you to be twiddling your fingers waiting for things to work. It is easier and quicker than setting up your own eCommerce website and in the short term probably cheaper too. So getting Christmas 2006 sales is still an option.

Immediately accessible

As your products are entered onto the eBay database they essentially become immediately accessible and visible to anybody who is searching for that product type. With a website it can be difficult to get new pages indexed quickly and directory listings or referrals may take time to be seen too. So if speed to market is key (and there aren't many shopping days left until the 25th) then eBay again comes up trumps.

Greater flexibility

And finally on the upside the different selling mechanisms give businesses great flexibility. Have you got excess stock, gear that has gone out of fashion or stuff that you just can't give away? The standard eBay site gives you a great place to make money from people who think they have spotted a bargain. If you have products that have a little more value, perhaps through rarity or a designer label, then you can go for a fixed price sale using the buy it now facility on the standard site or join the new eBay Express option. See our eBay Express article at www.nb2bc.co.uk/downloadfile/?id=72 to find out how to register.

So What's The Downside

Service-orientated business

Well if you are a service business then eBay may not be for you. You can buy services like delivery and ironing on there but the promotion, pricing and payment mechanisms don't really seem to suit. Having said that there is a Santa's present delivery service running in Wales so don't dismiss it completely.

Sell something rare or unique

It also helps to have something unique or rare to sell. Otherwise you will find yourself and your products listed in ascending order of price in a long list with your competitors. Try searching for blank DVDs on eBay Express (www.ebayexpress.co.uk) for a taster. If you aren't the cheapest you may find it difficult to sell anything and your margins will get cut. This is a big problem if there is a high service element (such as implementation skills or support levels) associated with your product because it is hard to get across the value of those extras – the spotlight shines on the headline price.

Because eBay is now an enormous brand as well as a huge marketplace it won't go out of its way to promote your brand or give you the chance to switch buyers to other channels. So although you may be successful at selling products you might be disappointed if you thought that you could use the site to generate loads of follow-on sales from your website or via a retail outlet. The things that differentiate your business from everybody else are going to be kept fairly obscure.



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The fees

Finally there is the issue of costs. eBay fees are completely transparent so there is no jiggery-pokery going on here, its all highly reputable. You pay an insertion fee that varies according to the price of the product and the numbers of products being submitted. You also pay a final value fee based on the selling price of the goods (which can of course vary in the auction part of the site) that varies according to a number of price bands.

The fees pay for all the things that eBay does to make it such a good place to trade. But, of course, you carry on paying each time you load and then sell a product. The comparison between eBay and having your own eCommerce site is a bit like leasing or purchasing a car. Leasing is great at first because you don't have to shell out a large capital sum. After 3 years though you have paid out enough to have bought the car outright but you have to keep paying the lease and it can be irksome.

Your Move

To sum up there is still time for you to become a Christmas/January sales eBay trader, and you might do well out of it. But there are some strategic issues at stake so it pays to think carefully about how you want to move your business forward and whether eBay meets your long term as well as your short term needs.



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