

Crack the Code: Discovering Listing Combinations for Ideal Auctions

*Customizing Auction Features to Match Product Attributes and
Seller Goals*



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Executive Summary

"In a 2003 ACNIELSON report it was determined that roughly 80-90% of the 30,000 new (products)introduced in the US each year eventually fail, and are eventually withdrawn from distribution at tremendous cost to both manufacturers and vendors. (*Facts, Figures, and the Future Magazine*, March 2003)."

Why?

Vendors selling new products rarely have information that allows them to address real customer needs when **positioning** a new product. Simply stated:

**MOST VENDORS DON'T KNOW WHAT IS DRIVING
CUSTOMER PURCHASING!!!!!!**

Vendors need more accurate research that provides them with solid insights that can be used to optimally present their product to the consumer. Selling a product on eBay is the same; each seller needs information that can target those buyers that will help them meet their full profit potential... make the most money!

Average Sales Price vs. Auction Success Rate

Customizing Auction Features to Match Product Attributes and Seller Goals

Crack the Code

Have you ever tried to guess the right combination of numbers for a triple-combination lock? Take a triple-digit briefcase lock, for example. How long would it take you to crack it? An hour maybe?

But that's just three numbers. Piece of cake next to the possible combinations of listing elements for eBay auctions.

The number of combinations are astounding. Multiply possible closing days, times possible auction types, times listing features, times categories, times products, times styles and brands, ... Well, you begin to get the picture. Each new digit adds an exponential increase in possible solutions.

So how do you know the optimal combination of elements that will produce the best possible chance of selling a higher volume or give you the best possible price?

Simple. You crack the code.

Why Do So Many Auctions Fail?

Vendors selling new products rarely have information that allows them to address real customer needs when **positioning** a new product. Simply stated:

Most vendors don't know what is driving customer purchasing!!!!

Vendors need more accurate research that provides them with solid insights that can be used to optimally present their product to the consumer. Selling a product on eBay is the same; each seller needs information that can target those buyers that will help them meet their full profit potential... make the most money!

1. What auction attributes matter most to sellers focused on **sales volume**? They are probably those auction attributes that influence a buyer to make a quick purchase decision.

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Why?

2. What auction attributes matter most to sellers focused on **profit margin**? They are probably those auction attributes that influence a buyer to make a high bid.

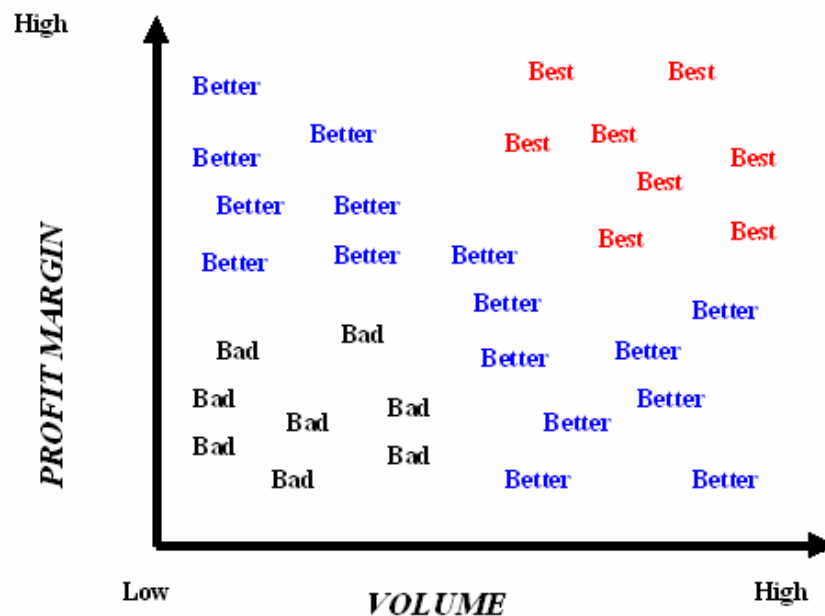
Plot Your Position

When a product goes to market, its position is determined by several factors, two of the most important being **profit margin** and **sales volume**.

Often, a good vendor of a particular product will create a strategy based on one of two areas: either increasing profit margins, or increasing sales volume. And these are solid goals.

Great vendors however, understand that movement in both these areas is essential to generating the highest possible overall profit. As noted in the diagram below the best product placement is in the top right corner, where both volume and profit margin are the highest.

Figure 1
Profit Margin vs. Volume Sales



Source: HammerTap, 2006

Just as with every other business, when you're selling on eBay, it is important to understand that each sale "places" your business somewhere on this diagram. The difficulty then is trying to understand what auction factors and features can move your selling to the top-right corner of this grid.

The answer to this problem could be compared to "cracking a code;" while it may be very challenging, it is possible!

How? In the very same way that a briefcase combination is cracked. You would take the sheer number and type of products that are available on eBay and cross reference them with all the possible listing elements (date, BIN, bold, pictures, duration, start date, end date, shipping cost, etc.). In this way, you would create an astounding number of possible methods (combinations) for selling an item, each with different results.

Some of these combinations will increase the **Average Sales Price**; others will increase the **Auction Success Rate**; while the best combinations will increase both at the same time. Much like a numerical combination, the higher the number of possibilities, the harder the code is to crack.

How Can I Crack the Code?

The bigger eBay gets the more important it becomes for you to create auctions that you know are making you the most money. You can get this knowledge in two ways: through trial and error or with concrete market research.

Clearly, market research is the most cost and time efficient way to get this knowledge. Market research, through software tools like DeepAnalysis, gives these benefits:

1. **Research is the "code-breaker."** It provides data that can match any product on eBay with the listing elements that will generate the most money for you.
2. **Research allows specific comparisons that provide you with concrete evidence regarding auction attributes (dates, duration, features, etc.) that are truly driving purchase behavior.** Listing elements really can be quickly analyzed to "form fit" or develop specific targeting strategies to meet your goal as a seller (to create a balance between volume

increase/decrease vs. profit margin increase/decrease).

3. **Research allows you to know where the true "hot buttons" are for your targeted customers.** You can use this valuable data to focus your auctions on features that really drive sales and ignore those that are not. Focused listings will help you hit that optimal mark where sales volume will dictate the highest overall profit margin. Random guessing may be hit and miss. (Shotgun approach vs. accurate rifle shot.)
4. **You can develop "selling strategies" that connect with buyers' wants** and convinces them to take action you want them to in order to achieve a quick sell, a high bid, or the optimal combination of both.

A New Perspective on Market Research

There are two clear strategies for making a profit on eBay: increasing the volume you sell vs. increasing the profit you make on each auction. In the best case, you can find a listing combination that helps you reach both goals at once.

The trick is to figure out which combination of listing elements will help you achieve your goal and improve your bottom line.

In less time than it would take you to manually guess how to open a triple-digit lock on a brief case, you can use market research to "crack the code" for the optimal performance for any product on eBay.

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