

Creating a Successful eBay Product Line

*Using HammerTap's market research
tool can help you avoid being an eBay
"One-hit Wonder"*

Devo vs. The Beatles



Devo had one top-twenty hit: “Whip It” (1980)



The Beatles released 27 consecutive top twenty hits from 1964-1976

Are you an eBay “One-hit Wonder”?

Or

Are you and eBay “Selling Superstar”?

Start with Research

- Sellers who want to turn any eBay selling success into a successful product line can use market research to eliminate much of the risk and uncertainty that lies in their path.
- Research will help:
 - Minimize risk
 - Eliminate guesswork and inefficient trial & error
 - Get the best response to each and every listing
 - A seller sustain sales volume and keep customers coming back
 - A seller maintain the highest profit margin with minimum expense



Getting off the Starting Line....What to Sell

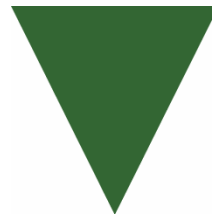
Start with these important questions:

Is the product
available?



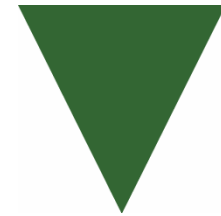
Product Sourcing

Can I make money
selling this product
on eBay?



Profit Margin

What is the eBay
market for this
product?



***Market Dynamics
& Trends***

Product Sourcing: Move slowly, use caution!

- According to Robin Cowie of Worldwide Brands, “Product sourcing is the process of **researching and locating** REAL manufacturers and authorized wholesale distributors that will work with online retailers.”
- Researching in this case is referring to finding a reliable and trustworthy source for products. Part of your search criteria should be ensuring the validity and credibility of many “so-called” sourcing companies out there.
- Avoid middle-men posing as wholesalers who cut into potential profit



Product Sourcing: Where to Start?

- Start with easy-to-use drop-shipping to test markets and products.
- Use renewable sources to consistently deliver the right product at the right price.
- Grow your profit margin by using sourcing techniques that deliver larger profits.
- Offer a diverse product line that complements your primary products and allows you to cross-sell and up-sell.
- Use multiple product sources to optimize product mix, profitability, and flexibility.

Product Sourcing Options

There are several options available when looking for sources for your products. Some of these options include:

- Drop shipping
- Local sourcing
- Light bulk wholesalers
- Importing
- Liquidation sales



Remember: Each of these options has clearly defined pros and cons, and the use of each should depend upon your business strategy!

Product Sourcing Progression

With all of these sourcing options available, how do you create a balance of each to maximize sales and profitability?

Start with Drop Shipping

- To test product ideas

Include Light Bulk Wholesalers

- To increase your profit margins

Include Importing

- To further increase profit margins

Include Liquidation

- To offer loss leaders and limited-time offers

Robin Cowie, Worldwide Brands

Market Dynamics: Keys to Successful Strategies

To create successful strategies that will help you stay ahead in a constantly changing market you must know:

1. Who are my primary competitors?
2. What trends and forces may be shaping my market?
3. What size is my market?
4. How is supply and demand shaping my market?



Market Dynamics: Competition in Market

Conducting a competitive analysis with HammerTap will help you quickly and efficiently answer these key questions:

1. Which of my competitors is performing best?
 - Should I imitate or try to innovate?
2. Am I running fewer listings than the competition?
 - Should I boost my listing volume?
3. Is my competition making more money per auction?
 - Should I re-evaluate my format, duration, close day... ?
4. Do I have a lower auction success rate than my competition?
 - Again, should I re-evaluate my format, duration, close day... ?



Market Dynamics: Trends

Some of the market trends that can significantly influence business strategies are:

- Time of year (seasonal trends)
- Upcoming holidays
- New market entrants
- Economic trends
- Regional or cultural trends



Market Dynamics: Understanding Market Size

Knowing the size of the market allows a seller to:

- Evaluate current selling success
- Evaluate new markets and expansion opportunities
- With market size you can more clearly
 - Gauge your current market position and create efficient strategies to grow your business by improving your current selling strategies
 - Impartially evaluate new product lines or market expansion opportunities that arise, essentially risk-free



Market Dynamics: Understanding Supply and Demand

HammerTap allows researchers to easily and efficiently gauge supply and demand within any eBay category.

- Research should start with a product analysis over time, not a snapshot
- Users can look for positive trends in:
 - Number of listings
 - Listing success rate
 - Increasing average sales price

Profit Margins: Research is Essential!!!

There are two ways to determine the profit margin for a product on eBay:

1. Sell enough a product to see if it's profitable
2. Research and know ahead of time what profit margins are likely

Which would you rather do?



Determining Profit Margin on Ebay

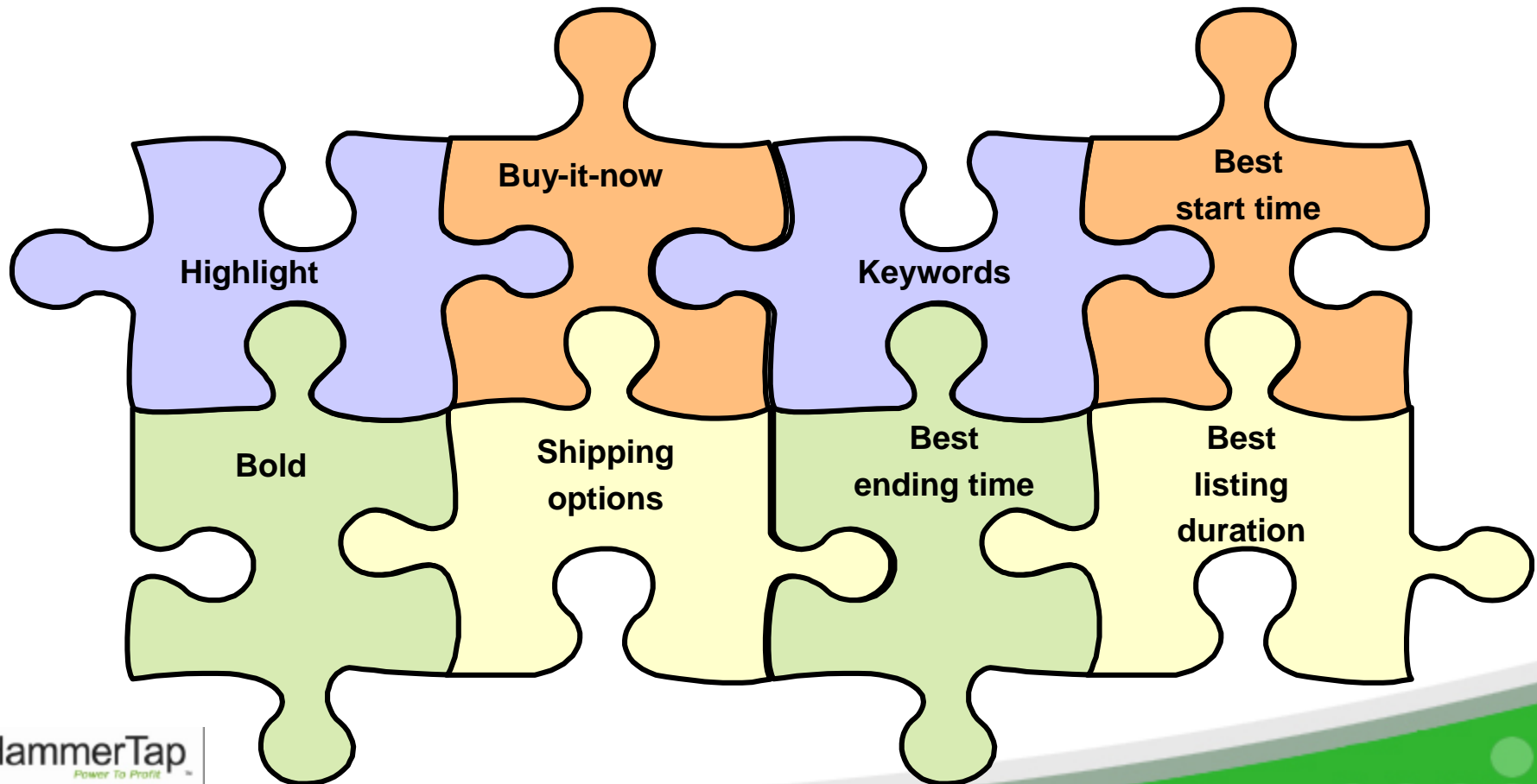
How do I determine my profit margin on a given product?

- Take your sales price and subtract:
 - Cost of Goods
 - Cost of Listing Fees
 - Cost of Paypal Fees, etc.
- Research with HammerTap allows you to accurately determine all of the following factors prior to selling a single item:
 - Which fees really influence buyer behavior
 - What is the Average Sales Price (ASP) of a product currently on eBay
 - What is the Listing Success Rate (LSR) of a product currently on eBay

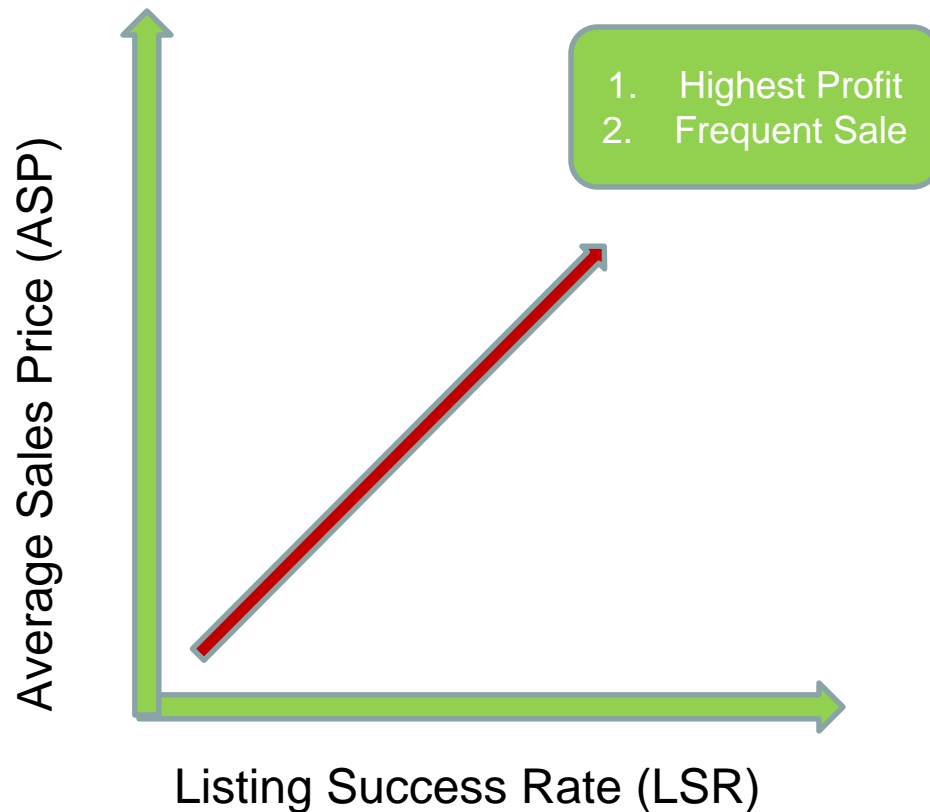


Profit Margin Determination: Buyer Behavior

Using HammerTap you can **KNOW** which listing features really influence
buyer behavior



Profit Margin: ASP and LSR



- Find products with:
- High Average Sales Price (ASP)
 - High Listing Success Rate (LSR)

With research you know which products will yield the highest profit margin **BEFORE** you start to sell

The Power of Research: Monopoly vs Scrabble

I have a chance to buy 5,000 board games to sell on eBay. I can either buy Monopoly or Scrabble since they cost the same to me. Which do I choose?

1. I do some quick HammerTap research and find that over the last 30 days:
 - Monopoly sold for an average price of **\$21.71** and that the listings had a success rate of **43.31%**
 - Scrabble sold for an average price of **\$22.45** and that the listings had a success rate of **62.36%**
 - Actual data shows that I should clearly choose Scrabble!
2. HammerTap also allows me to take my research regarding Scrabble game sales to great detail. For example, I know:
 - The best performing category listing I could choose is **Category #19097**
 - Toys & Hobbies
 - Games
 - Board, Traditional Games
 - Scrabble
 - That **Monday** is the best day to end my listing on (Average Sales Price of \$27.32)
 - That listing with a “Gallery Picture” enhancement sold for an average of \$3.57 higher than listings with no enhancements
 - Etc. Etc. Etc..

Remember, I know all of this detail without having ever sold a single board game!!!!

Conclusion....



If you don't want to do your research, there are still great options available. For example, you might try a magic eight-ball!



Please take some time to
visit:

www.hammertap.com



 **HammerTap**
Power To Profit TM