

Year Ago Data:

“Today’s solutions may not apply tomorrow”

*A case study regarding the importance of historical research for
eBay sellers*



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Table of Contents

Executive Summary.....	1
Market Trends: What impact are they having on my eBay selling strategy?	2
Valentine's Day: Strategies for Success.....	2
Trends in Number of Auctions Listed.....	4
Auction Success Rate Trends.....	5
Average Sales Price Trends	6
Ending Date Trends	7
Year-to-Year Trends	8

List of Figures

Figure		Page
1	Week by Week Legend	3
2	Number of Auctions	4
3	Auction Success Rate	5
3	Average Sales Price	6
4	Best Ending Date	7
5	Overall Performance-2005 vs. 2006	8

Executive Summary

Because conditions in the business world are always changing, technologically, economically, culturally, etc. If you wish to have an even greater success selling on eBay, you must have a firm grasp of how these changes could alter or even destroy your selling strategies.

Effective historical market research allows you to:

1. Know your market and understand its dynamics.
2. Stay current with business trends and adjust your sales and marketing strategies accordingly.

Market Trends: What impact are they having on my eBay selling strategy?

Stepping Stones to Success or Stumbling Blocks?

Because conditions in the business world are always changing, technologically, economically, culturally, etc. If you wish to have an even greater success selling on eBay, you must have a firm grasp of how these changes could alter or even destroy your selling strategies.

An important question that an eBay seller should constantly be asking is, "What are the external factors (trends) happening now or in the near future that might hinder or promote my selling success? This question becomes especially important for anyone who is doing more than just the recreational selling on eBay, in other words those whose business revolves around a solid eBay selling strategy. 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**

Let's take one of the most common market trends, a holiday, and take a more in-depth look at how it might influence a seller to adjust their strategies to best compensate for its effect.

Valentine's Day: Strategies for Success

Let's start by taking a snapshot of some data that we can analyze for trends and tendencies that might change our selling strategy. For convenience, let's suppose that I sell Godiva Chocolates on eBay for my business. It is always helpful to take an adequate timeframe for our data so let's look at an 8-week snapshot, with data from both the current year and some data from the same timeframe one year ago. The dates we'll use are listed in the chart below.

Figure 1
Week by Week Legend

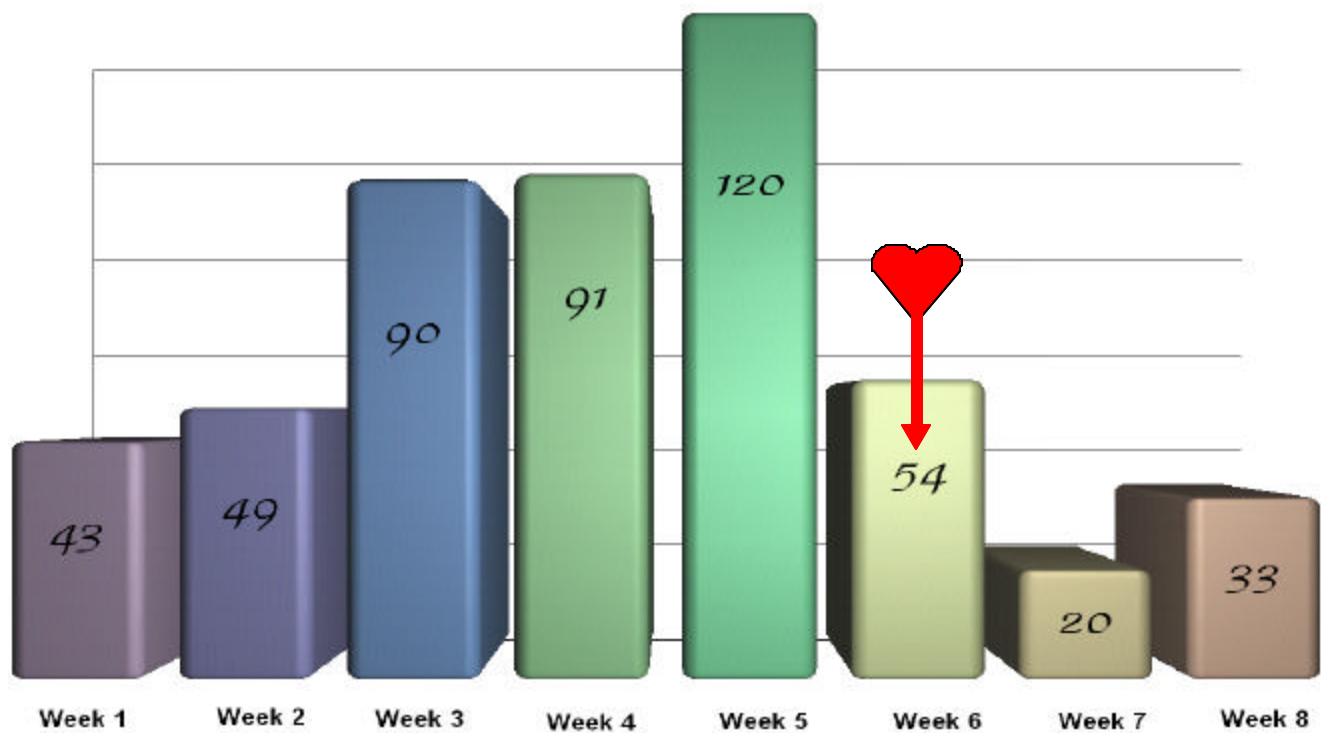
Week	Days	Start	End
Week 1	8 days	Wednesday, January 4, 2006	Wednesday, January 11, 2006
Week 2	7 days	Thursday, January 12, 2006	Wednesday, January 18, 2006
Week 3	7 days	Thursday, January 19, 2006	Wednesday, January 25, 2006
Week 4	6 days	Friday, January 27, 2006	Wednesday, February 1, 2006
Week 5	7 days	Friday, February 4, 2005	Thursday, February 10, 2005
Week 6	7 days	Friday, February 11, 2005	Thursday, February 17, 2005
Week 7	6 days	Friday, February 18, 2005	Thursday, February 24, 2005
Week 8	8 days	Friday, February 25, 2005	Friday, March 4, 2005

Source: HammerTap, 2006

Now that we have a good sample of data, let's look at the results and what they are trying to tell us. First, I need to know what I'm up against so I'll want to look at how many auctions were listed with Godiva chocolate as keywords.

The small red heart on the diagrams is a reminder that Valentine's Day falls in the middle of "Week 6" in our data. Here is the result:

Figure 2
Number of Auctions



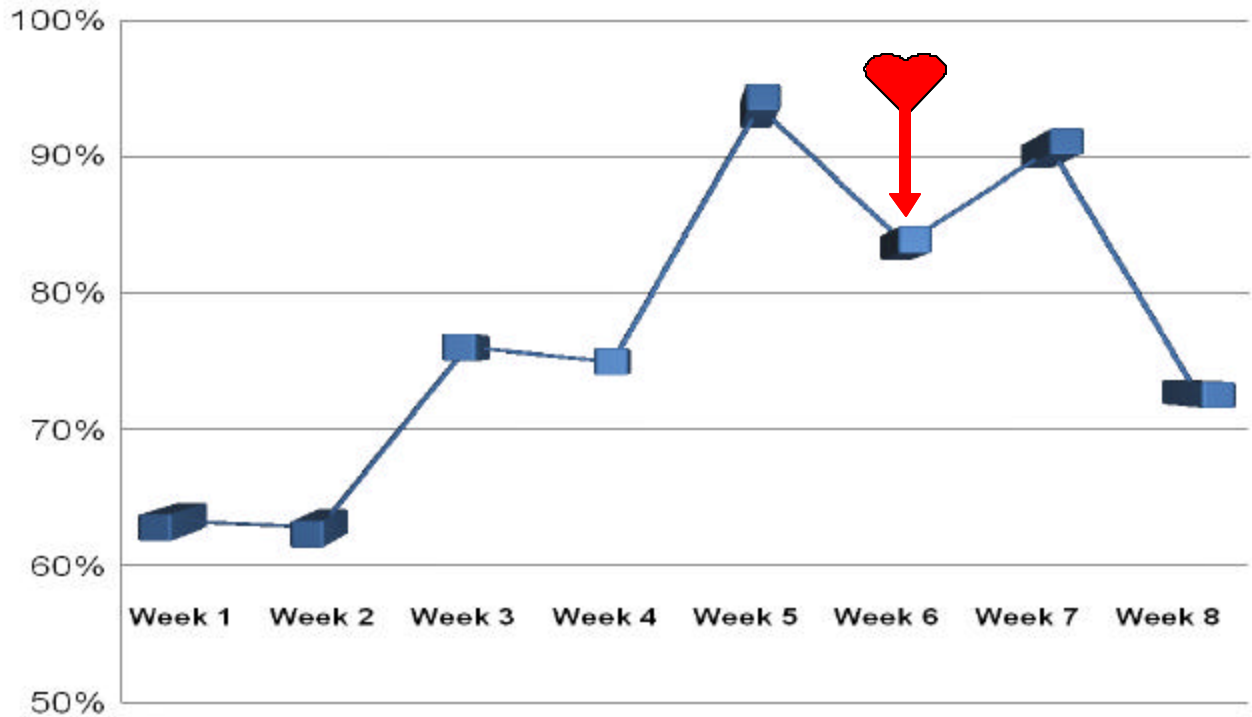
Source: HammerTap, 2006

Trends in Number of Auctions Listed

1. Most selling ramps up for the holiday approximately three and a half weeks before the holiday, although there are a decent number of auctions even 6 weeks prior.
2. Although eBay items must be shipped to the customer, a good number of auctions are still listed relatively close to the actual holiday.
3. Excepting the week-after slump, it appears that auctions are on the rebound about a week and a half after the holiday.

Now that we know how many auctions were listed, it is important to know how many actually resulted in a sale. The graphic below gives us our answer.

Figure 3
Auction Success Rate



Source: HammerTap, 2006

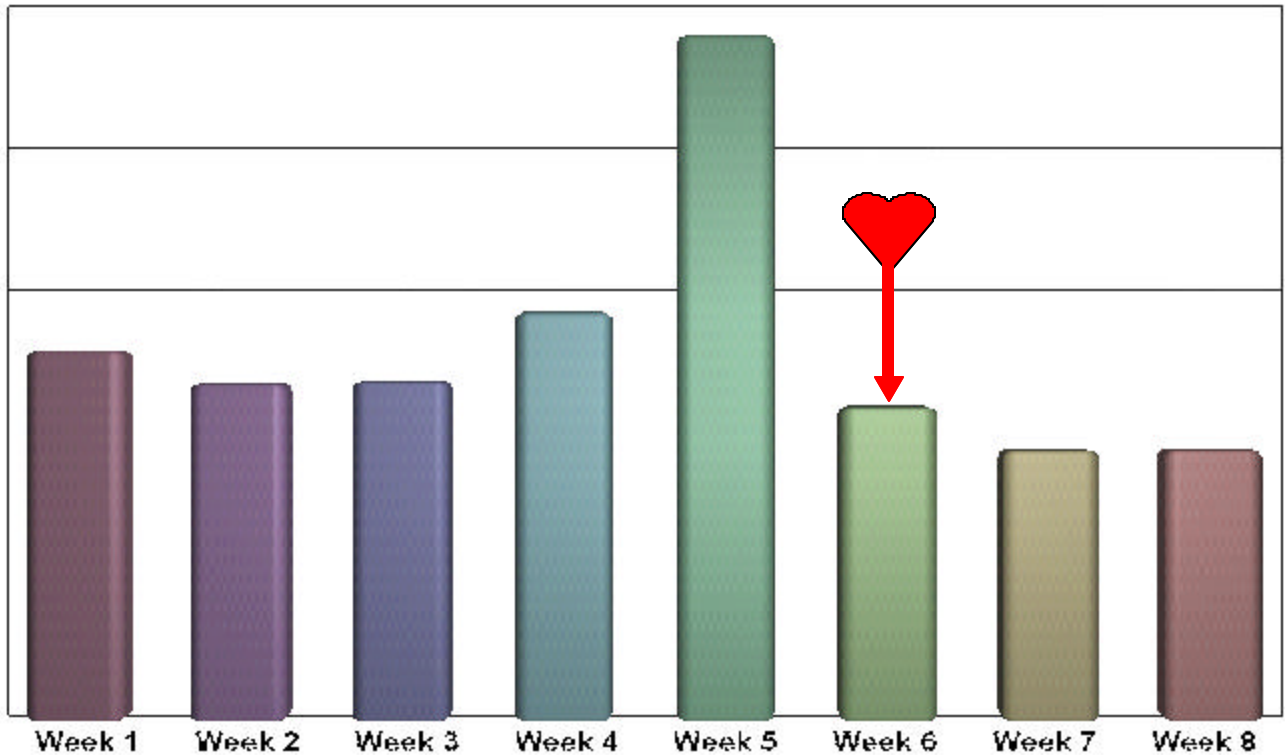
Auction Success Rate Trends

1. It appears that with chocolate, the early bird doesn't always get the worm. Early auctions have the worst rate of success.
2. It is important to note that the week before the holiday is great for auction success as most anyone would anticipate, what is unexpected is the fact that the week after the holiday is also very good for auction success. This is likely due to the fact that many sellers don't believe there will be buyers still interested and therefore don't list. ***Those with the tenacity to keep on listing even after the holiday are reaping the rewards of this error made by the competition!***
3. We see here a trend that is somewhat unique to Valentine's Day in that when the actual holiday falls on a weekday, some people will "celebrate" the holiday on the weekend before while others will wait for the weekend after. In 2005,

Valentine's Day was on Monday, and so that might be pushing some of the success to the week prior, while others celebrating the weekend after are pushing up success in the week after.

Let's look at sales price and see what secrets the data might reveal.

Figure 3



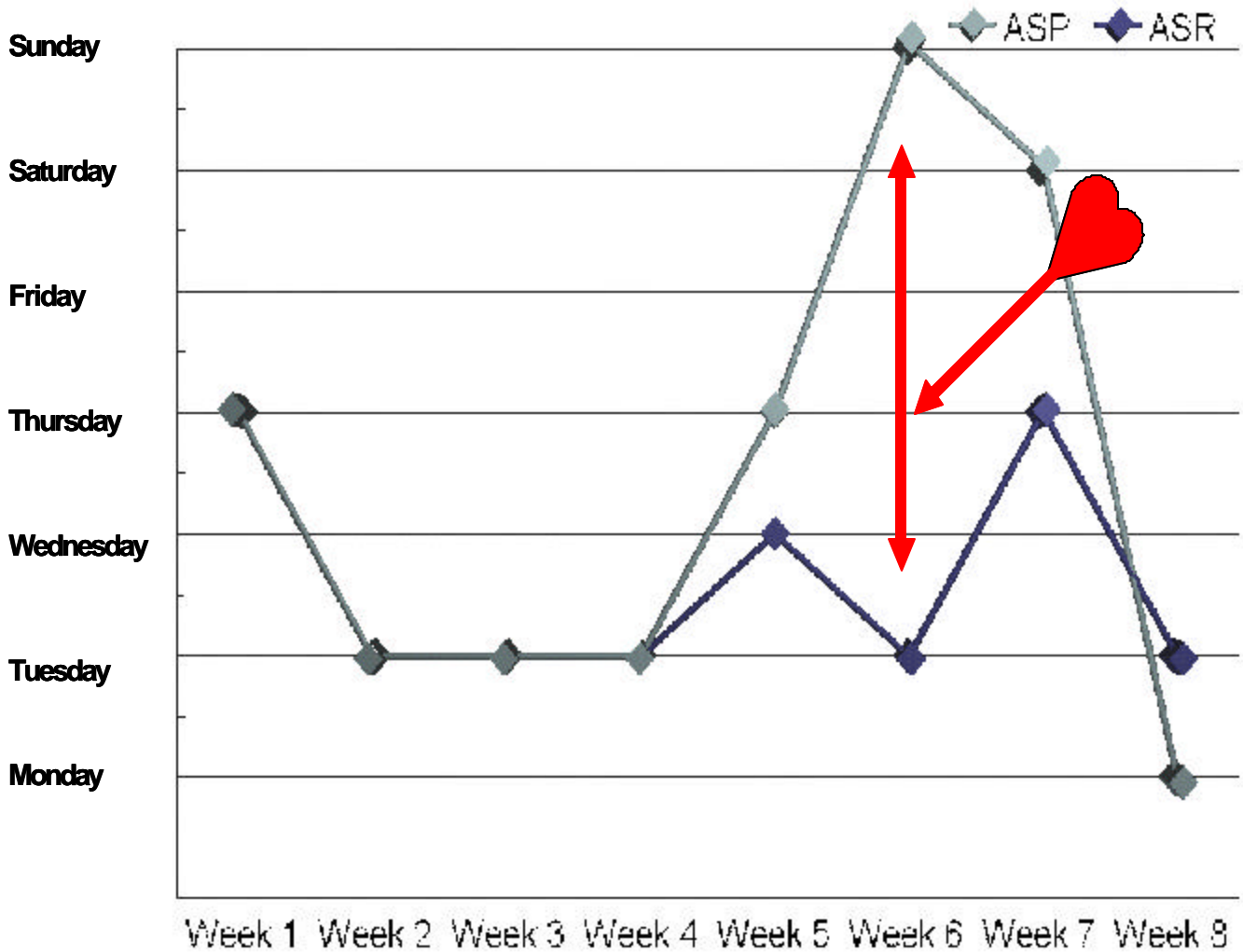
Source: HammerTap, 2006

Average Sales Price Trends

1. On average sales price really isn't fluctuating much excepting the week of the holiday. What does that mean? Sellers should note that their profit will likely be the same for successful auctions both before and after the holiday week.

As a final example of how holiday trends might influence the market, let's look at the best ending date for each of the weeks in our study.

Figure 4
Rest Ending Date



Source: HammerTap, 2006

Ending Date Trends

1. The best ending date for auction success (ASR) follows closely with the best ending date for the highest average selling price (ASP) before and after the holiday. We see that in the three weeks surrounding the holiday, however, that the best ending date for success clearly differs from the best ending date for generating the highest profit. This type of analysis is of tremendous benefit to those who either have a lot of product to sell and need their auctions to close, as well

as to sellers who want to make the highest possible profit on each auction.

To end our case study lets look at the week of Valentine's Day from both this year as well as one year ago and see if there are any trends that might help a seller develop solid strategies for the future.

Figure 5
Overall Performance-2005 vs. 2006



Source: HammerTap, 2006

Year-to-Year Trends

In this particular example we see that some sellers on eBay are learning and improving, while others are simply not around anymore. We see that in the current year above, there are fewer sellers but that they are making much more money per sale than the year prior. This simple example perfectly emphasizes our original message:

“Today’s solutions may not apply tomorrow”

As we all know, business intelligence and market knowledge can come in two ways, trial and error or with concrete data analysis. Clearly, data analysis is the most cost and time efficient way to gain this knowledge.

Sellers must know that without historical research it is more difficult to:

1. Make effective strategic decisions
2. Develop on-target business plans critical to the success and growth of your business

Although we looked in-depth at just one example, rest assured that similar secrets and trends that you can profit from are hidden in any product category and surround each holiday and other significant market influence. With a little data research and analysis, a seller can use any potential market trend stumbling block as a stepping stone to selling success.

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