

eBay Fees:

Understanding Fee Changes and using them to Your Advantage

*Sell better on eBay by using
HammerTap's market research tool to
eliminate option selection guesswork*



UNDERSTANDING THE FEBRUARY 20th FEE CHANGES

Fee Changes as of February 20th 2008

- It will cost 25 percent less to list an item for auction and up to 50 percent less to offer something for a fixed price.
- eBay's commission on items sold for fixed prices over \$100 will decline.
- eBay's commissions on auction items selling for more than \$1000 will remain at 1.5 percent, while its commission on cheaper items will rise as much as 67 percent.

Fee Changes Summary

- **Reduced Listing Fees**

eBay is reducing Insertion Fees and adjusting Final Value Fees to lower your up-front cost to sell on eBay.

- [Lower insertion fees](#)
- [Free Gallery picture with every listing](#)
- [Lower fees for Gallery Plus, Picture Pack, and Feature Plus](#)

- **Rewards for great sellers**

There will be discounts and incentives for sellers who satisfy customers best. Who decides who gets rewarded? Customers do, by giving sellers high Detailed Seller Ratings (DSRs).

- [More search exposure through Best Match](#)
- [Fee discounts for PowerSellers](#)
- [Increased protection for PowerSellers](#)

- **Feedback Changes**

Significant changes coming soon will increase buyer confidence and showcase good sellers.

- [Buyers will only be able to receive positive Feedback.](#)
- [Positive repeat customer Feedback will count and Feedback more than 12 months old won't.](#)
- [Negative and neutral Feedback left by the buyer will be removed for transactions in which a buyer doesn't respond to the Unpaid Item \(UPI\) or if the member is suspended.](#)

Why the Changes?

eBay spokesman Usher Lieberman said the company's internal pricing experiments and number-crunching show listings overall will rise in response to the changes.

"We've heard from our sellers for a long time that they've wanted us to reduce their upfront cost and risks, and we've done that," Lieberman said.

- Lieberman predicted the changes will result in savings for more than 60 percent of sellers.
- EBay most wants to encourage growth in fixed-price sales, the area where it sees the most potential for growth.

Why the Changes Continued....

- On January 23, 2008, Chief Executive Meg Whitman announced she would retire at the end of March. John Donahoe, president of eBay Marketplaces, will become the new CEO.
- Donahoe has said he will aggressively change eBay's product, customer approach and business model. He said, "To maintain our leadership position in e-commerce, we can no longer afford to make incremental changes to meet our customers' needs," Donahoe said. "We need to redo our play book and we need to redo it fast. We need to take bold actions to meet the expectations of buyers and sellers around the world."
- Donahoe said a majority of sellers will see their prices fall, however most of the blogging around the internet suggest that many sellers believe that the changes will increase their costs.
- The new fees affect only sellers in the United States. More changes are coming in Britain and Germany.

Insertion Fee Changes for Auction Listings

Starting or Reserve Price	Current Insertion Fee	Insertion Fee (effective 02/20/2008)	Insertion Fee (Books, Music, DVDs & Movies, and Video Games)* effective 02/20/2008
\$0.01 - \$0.99	\$0.20	\$0.15 <i>Lower fee!</i>	\$0.10 <i>Lower fee!</i>
\$1.00 - \$9.99	\$0.40	\$0.35 <i>Lower fee!</i>	\$0.25 <i>Lower fee!</i>
\$10.00 - \$24.99	\$0.60	\$0.55 <i>Lower fee!</i>	\$0.35 <i>Lower fee!</i>
\$25.00 - \$49.99	\$1.20	\$1.00 <i>Lower fee!</i>	\$1.00 <i>Lower fee!</i>
\$50.00 - \$199.99	\$2.40	\$2.00 <i>Lower fee!</i>	\$2.00 <i>Lower fee!</i>
\$200.00 - \$499.99	\$3.60	\$3.00 <i>Lower fee!</i>	\$3.00 <i>Lower fee!</i>
\$500.00 or more	\$4.80	\$4.00 <i>Lower fee!</i>	\$4.00 <i>Lower fee!</i>

Insertion Fee Changes for Fixed Price Listings

Starting or Reserve Price	Current Insertion Fee	Insertion Fee (effective 02/20/2008)	Insertion Fee (Books, Music, DVDs & Movies, and Video Games)* effective 02/20/2008
\$0.01 - \$0.99	\$0.20	N/A	N/A
\$1.00 - \$9.99	\$0.40	\$0.35 <i>Lower fee!</i>	\$0.25 <i>Lower fee!</i>
\$10.00 - \$24.99	\$0.60	\$0.55 <i>Lower fee!</i>	\$0.35 <i>Lower fee!</i>
\$25.00 - \$49.99	\$1.20	\$1.00 <i>Lower fee!</i>	\$1.00 <i>Lower fee!</i>
\$50.00 - \$199.99	\$2.40	\$2.00 <i>Lower fee!</i>	\$2.00 <i>Lower fee!</i>
\$200.00 - \$499.99	\$3.60	\$3.00 <i>Lower fee!</i>	\$3.00 <i>Lower fee!</i>
\$500.00 or more	\$4.80	\$4.00 <i>Lower fee!</i>	\$4.00 <i>Lower fee!</i>

Other Fee Changes

- Gallery Fee will now be free.
- Final Value Commissions will change as well. For a complete explanation of these more complicated changes see:

<http://pages.ebay.com/sell/update08/basic/index.html#insertion>

***HOW CAN A SELLER
KNOW WHICH
OPTIONS/FEEES ARE
REALLY WORTH THE
PRICE?***

The Big Myth Surrounding eBay Fees

- Possible the biggest eBay myth is that trial and error is the best, most efficient, and most effective way to know which options are worth the fee you must pay to use them
- The best way to make sense of eBay's fees structure and use it to your advantage is to use **market research** to know what upgrades are worthwhile for a particular product.
- Market research is a simple task but is also a concept that many sellers choose to ignore at a great cost to their eventual profit. Simply stated, because they don't conduct quality research, some sellers are literally, **spending quarters to get pennies!**

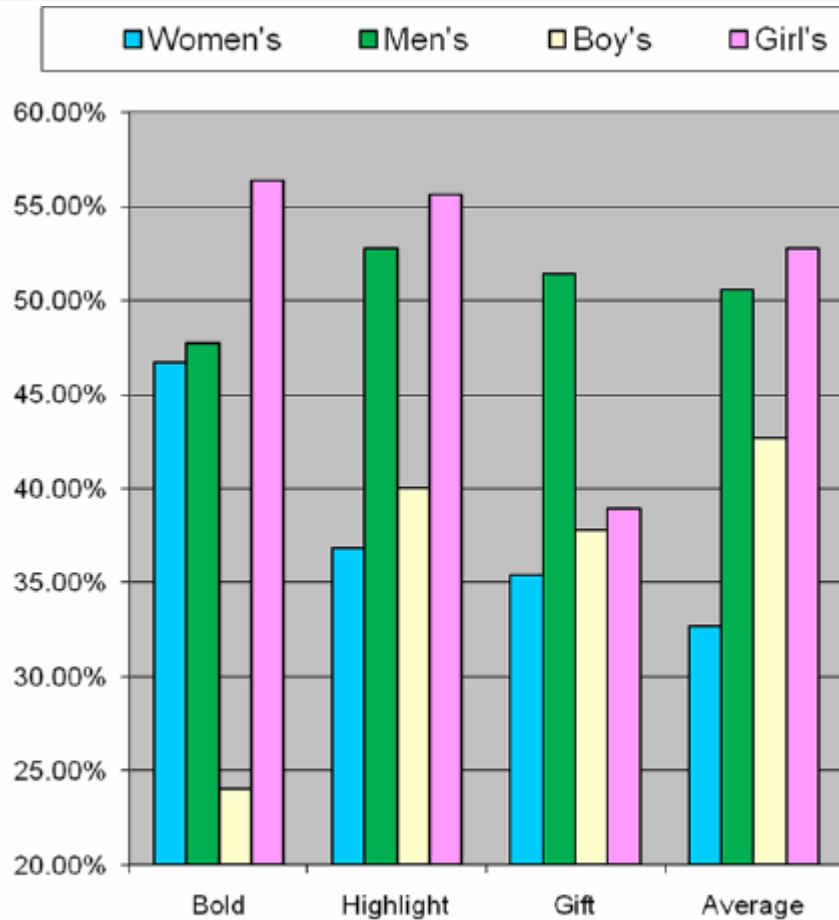
Five Minutes of Research Can Solve The "Fee Riddle"

With HammerTap and five minutes you can **KNOW** which listing features really influence buyer behavior

- *Home Page Featured*
- *Featured Plus*
- *10-day Auction Fee*
- *Bold*
- *Highlight*
- *Gift Services*
- *Item Subtitle*
- *Listing Designer*
- *Gallery*
- *Gallery Featured*
- *Listing in Two Categories*
- *Scheduled Listings*
- *Buy It Now*

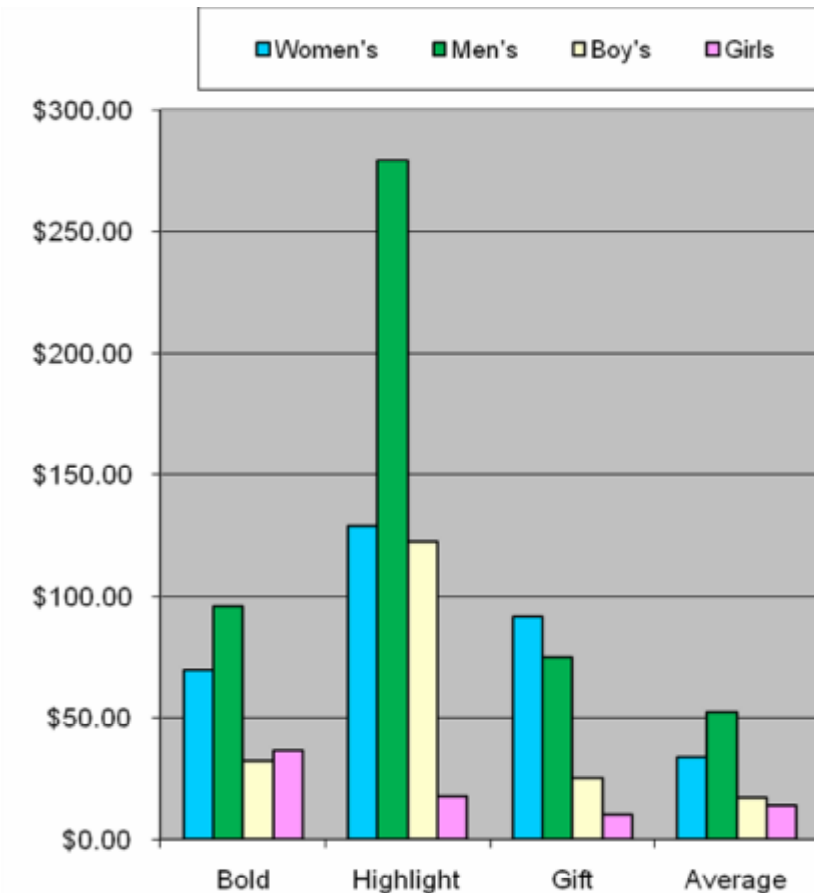
Information from research can help a seller make informed business decisions with confidence rather than having to rely on guesswork and trial and error to determine the benefit of one fee or another.

Example 1: Shoe Listing Success Rate



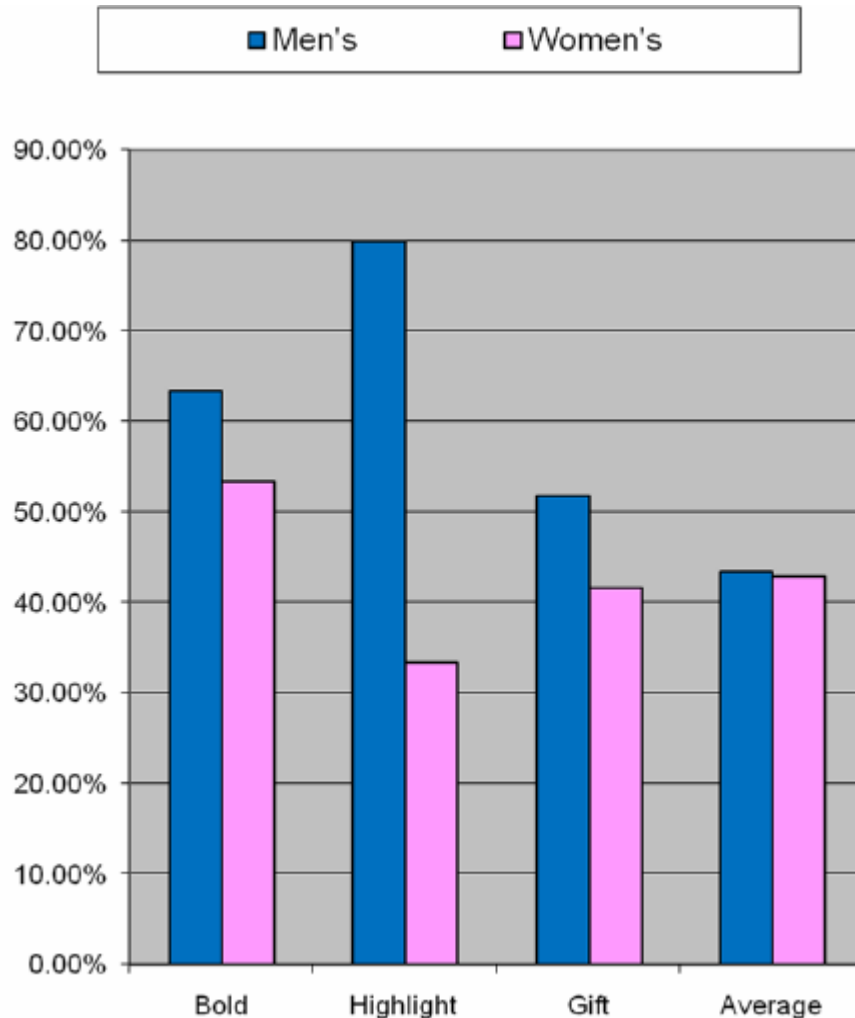
- Girl's shoe listings perform better with fee options added.
- Boy's shoe listings are much less dependant on these three fee options.
- Men's shoe listings are more sensitive than Women's when it comes to using Bold, Highlight, and Gift options.

Example 2: Shoe Listing Average Sale Price



- Highlight is the top performing option for shoe listings in this group.
- Men's and Women's shoe listings seem to be the category where options upgrades are most worthwhile.

Example 3: Fragrance Listing Success Rate



- Highlight performs a bit better than bold for men's cologne while the opposite is true for women's perfume.
- Overall, upgrades that catch the eye seem to be slightly more important to the buyers of cologne than those that are shopping for perfume.

Example 4: Fragrance Listing Average Sales Price



- If I sell perfume, I would choose to upgrade to bold before I would use highlight.
- Again, buyers of men's cologne paid more in comparison to buyers of women's perfume with the same upgrades.

Remember....

1. Efficient and effective market research should be seen as a valuable investment of time not a cost!
2. The cost of lost opportunity will almost always exceed that of conducting sound market research.
3. Information from research can help a seller make informed business decisions with confidence rather than having to rely on guesswork and trial and error to determine the benefit of one fee or another.



Please take some time to
visit:

[*www.hammertap.com*](http://www.hammertap.com)



 **HammerTap**
Power To Profit™