

# **2011 Update to The Complete eBay Marketing System**

By Skip McGrath

Most of the eBay 2011 Spring updates are fairly minor except for this first one.

## 1. eBay to Charge Fees on Seller Shipping Charges

Once again eBay again upset sellers with their new fee announcement –this time they raised fees to include the amount sellers charge buyers for shipping. Here are the details from eBay:

- **Sellers subscribed to a Store:** To reward free and low-cost shipping, Final Value Fee rates will be reduced and applied to the total amount of sale—including shipping—starting July 6. As always, you get the same low Insertion Fees—as low as 3¢.
- **Sellers not subscribed to a Store:** Starting April 19, list Auction-style FREE up to 50 items a month—*any start price*—and add the Buy It Now option FREE to capture those buyers in a hurry. You pay only if your item sells. Auction-style Final Value Fees will apply to the total amount of sale, including shipping. Starting July 6, Fixed Price Final Value Fee rates will be reduced and applied to the total amount of sale, including shipping.
- **Seller discounts:** eBay Top-rated sellers continue to earn 20% discount on Final Value Fees. Current 5% discount will be retired June 1 for PowerSellers who are not Top-rated. All other benefits continue for all.

eBay later clarified the policy on the message board to state that the extra fees would not apply to 1-day expedited shipping or international shipping. For these items eBay will apply the fee that they would have to a standard shipping cost

One of the biggest issues revolves around eBay's Multi-variation listing format. This is where you can list one product with different colors, sizes, models, specs and so on. The Multi-variation listing tool has been a huge money and time saver for eBay sellers and one of the most successful tools eBay has introduced in the past few years. Let's say a buyer buys 4 items from you. The buyer will be assessed 4 shipping charges. When the seller makes the invoice changes, or issues a partial credit –eBay will keep the FVF based on what they calculate –not on what the seller actually collects from the buyer.

Let's do some math and look at some actual examples of how this will affect seller's pocketbooks:

The first example is Fixed Price no store. The insertion fee changes based on the store level, but it hasn't changed with the new fees. The FVF are the same for store subscribers and FVF. This is without any TRS discount.

### Fixed Price with No Store Subscription

Item	Selling Price	Shipping	Insertion Fee (no change)	OLD Final Value Fee	NEW Final Value Fee	Old Total Fee	New Total Fee
Starbucks Mug	\$19	\$5.90	\$0.50	\$2.28	\$2.74	\$2.78	\$3.24
Chef Knife	\$69	\$6.90	\$0.50	\$7.14	\$7.05	\$7.64	\$7.55
Blu-Ray Player	\$295	\$9.90	\$0.50	\$16.25	\$16.25	\$16.75	\$16.75

### Fixed Price with Basic Store Subscription

Item	Selling Price	Shipping	Insertion Fee (no change)	OLD Final Value Fee	NEW Final Value Fee	Old Total Fee	New Total Fee
Starbucks Mug	\$19	\$5.90	\$0.20	\$2.28	\$2.74	\$2.48	\$2.94
Chef Knife	\$69	\$6.90	\$0.20	\$7.14	\$7.05	\$7.34	\$7.25
Blu-Ray Player	\$295	\$9.90	\$0.20	\$16.25	\$15.25	\$16.45	\$15.45

### Auction Style Listing with No Store Subscription

Item	Starting Price	Selling Price	Shipping Cost	Insertion Fee	BIN Fee	Old FVF	New FVF	Old Total Fee	New Total Fee	New Total Fee (First 50 per mth)
Starbucks Mug	\$0.99	\$19	\$5.90	\$0.10	\$0.05	\$1.71	\$2.24	\$1.86	\$2.39	\$2.24
Chef Knife	\$19	\$69	\$6.90	\$0.50	\$0.10	\$6.21	\$6.83	\$6.81	\$7.43	\$6.83
Blu-Ray Player	\$99	\$295	\$9.90	\$1.00	\$0.25	\$26.55	\$27.44	\$27.80	\$28.69	\$27.44

In this example remember, you get 50- free auction style listings per month if you are not a store subscriber, so the last column shows the cost for your first 50 listings.

### **Auction Style Listing with Basic Store Subscription**

Item	Starting Price	Selling Price	Shipping Cost	Insertion Fee	BIN Fee	Old Final Value Fee	New Final Value Fee	Old Total Fee	New Total Fee
Starbucks Mug	\$0.99	\$19.00	\$5.90	\$0.10	\$0.05	\$1.66	\$1.43	\$1.81	\$1.58
Chef Knife	\$19.00	\$69.00	\$6.90	\$0.50	\$0.10	\$5.14	\$4.79	\$5.74	\$5.39
Blu-Ray Player	\$99.00	\$295.00	\$9.90	\$1.00	\$0.25	\$14.18	\$13.95	\$15.43	\$15.20

The break-even point for store subscribers is 40 listings per month. Less than that and it is better to pay the higher fees rather than the monthly fee.

Remember you also have to add the PayPal fees to these.

Sellers who were already offering free shipping will actually see a discount as they were already paying fees on their shipping and this release will give them a small discount on fees.

So what to make of all this? Let me repeat something I said in the November 2010 issue of this newsletter:

eBay is a corporation. They answer to Wall Street—not eBay members. All eBay policies are driven by one thing—increasing profits. Anything that gets in the way of that is road- kill to them.

Lest you think I am being too harsh—most (but not all) large public corporations are like this. I have had experiences with Google that are far worse than this. There is something about these types of businesses. Once the original founders leave or they just get so big—they forget what got them there and take on an arrogance that is only matched by government bureaucrats.

So, will I stop selling on eBay because of these new fees and policies? No! eBay used to be the heart and soul of my online business, but today they are just one more channel. And that is the way you should approach it.

In addition to the fee changes there are other changes as well in the Spring 2011 Announcement. Let's look at eBay's announcement first. My comments appear in red below them.

2. **New eBay Shopping Cart** let's buyers add items, both Auction and Fixed Price, from multiple sellers and pay in one easy checkout—making it fast and easy to buy more with each visit.

This was tested in the UK with mixed results. I think we will just have to wait and see how this complicates seller activity. I see real issues with combined shipping rates, fees on shipping and returns and refunds.

3. **New way to shop for popular products** coming to more electronics categories and books. Listing with the eBay catalog will be required in these categories.

I don't understand eBay's strategy here –seems to be based on getting greater conformity and less exposure for individual sellers.

4. **Clothing, Shoes & Accessories buyers** will find your listings even faster shopping by brand, style, color, size type, and size. Item specifics will be required in these categories.

This is probably a positive change as it will make it easier for buyers to find things and it enforces discipline on sellers to provide complete information which is always a good thing.

5. **Motors Parts & Accessories:** To build confidence and reduce buyer questions, sellers will be required to specify shipping and handling time, return policy, and item condition.

This is one of eBay's policies I have always supported. Why did it take so long to add to eBay Motors?

6. **For sellers who don't meet eBay's minimum selling standards** and sellers with little or no selling history, funds from buyer payments will be unavailable for a period of time to ensure successful fulfillment.

I have mixed feelings about this. On one hand it does help prevent fraud and keeps really incompetent sellers in check –but it does hurt the new small seller who is doing everything right and in the long run will probably hurt the growth of new small sellers (which may actually be what the new eBay wants).

7. **New communications hub** helps you manage contacts with buyers from one tab in My eBay.

Probably a good thing, but every time eBay does something like this it takes me a few weeks to find everything.

eBay needs to do a better long-term job of planning these things and just make big changes every few years rather than constant small changes that drive sellers crazy.

8. **Sell worldwide:** Specifying international shipping cost and carrier will be required to build confidence and reduce buyer questions. Updates to the Seller Dashboard will give you more insights into your global performance standing, helping you improve your service and grow sales.

I support this!

9. **Category and Item Specific changes** consolidated with these updates. [Find out](#) if your listings are affected.

Constant change here too.

Most of these changes will not actually take place until the period of April 19<sup>th</sup> to May 23<sup>rd</sup>. So you have a little time to cope with them.

eBay will make their next major release in the Fall –probably around September so sellers can adapt to the changes before the holiday selling season starts. Those changes should be more major than this release. One very strong rumor is a cross-selling platform that will be integrated into the shopping cart and will include tools to allow you to create bundles and special offers that are presented to buyers at checkout.