



Developers Conference

Improving the Profitability of eBay Retailers

Marshall Smith, Sr. Software
Engineer, ChannelAdvisor

`$> build your business
with us`

`_devcon'09`

About the Speaker

Marshall Smith

- Sr. Software Engineer, ChannelAdvisor
- 10 years' experience with eBay selling tools
- First external software live on the eBay API
- Three time eBay Star Developer
- eBay Developer Council Member

About the Speaker

ChannelAdvisor

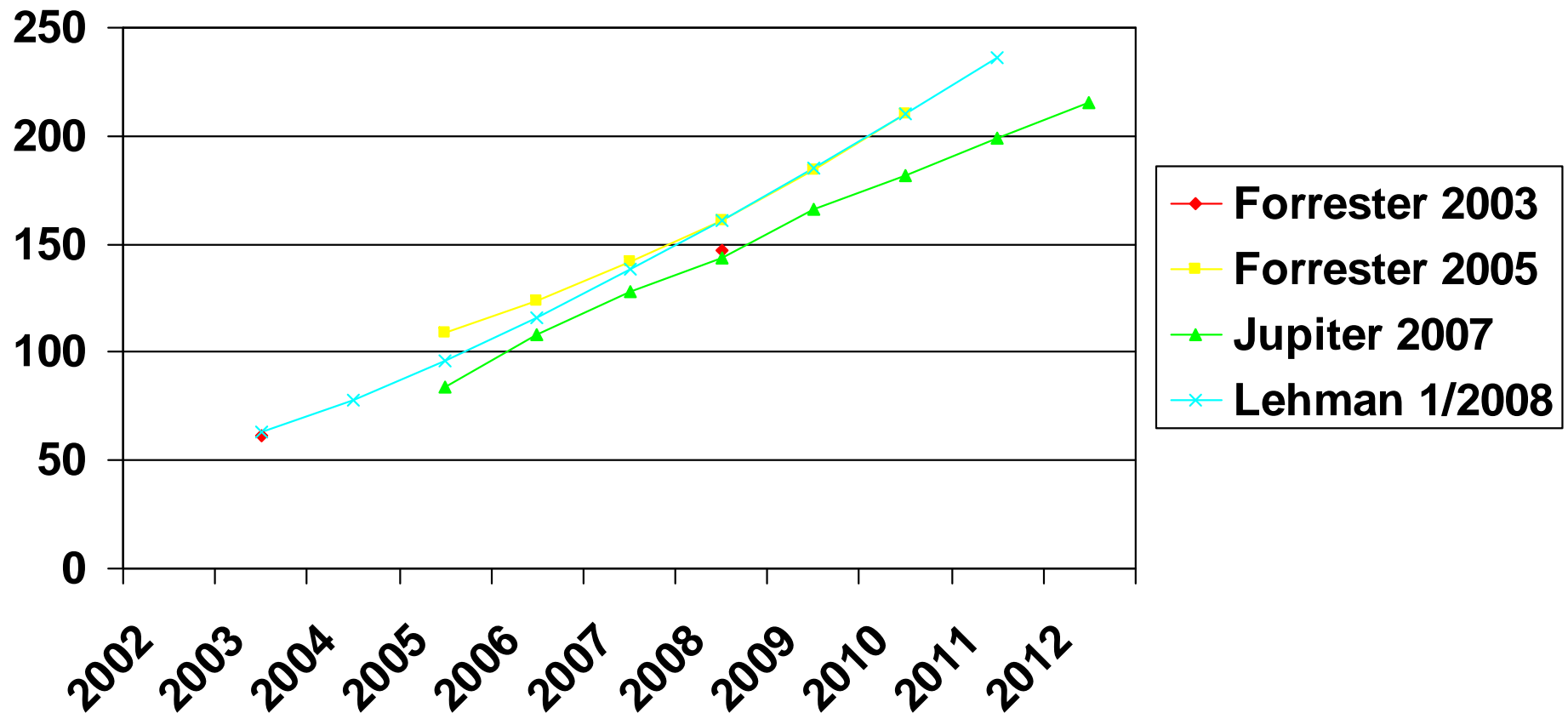
- Multinational corporation.
Offices in US, UK, IE, DE, and AU.
- Managed over \$2.6B in GMV in 2008
- Supports over a dozen eBay marketplaces across three platforms

Agenda / Objectives

- Identify challenges for sellers in today's selling environment
- Summarize sellers' concerns about sales
- Describe specific strategies to reduce cost for sellers

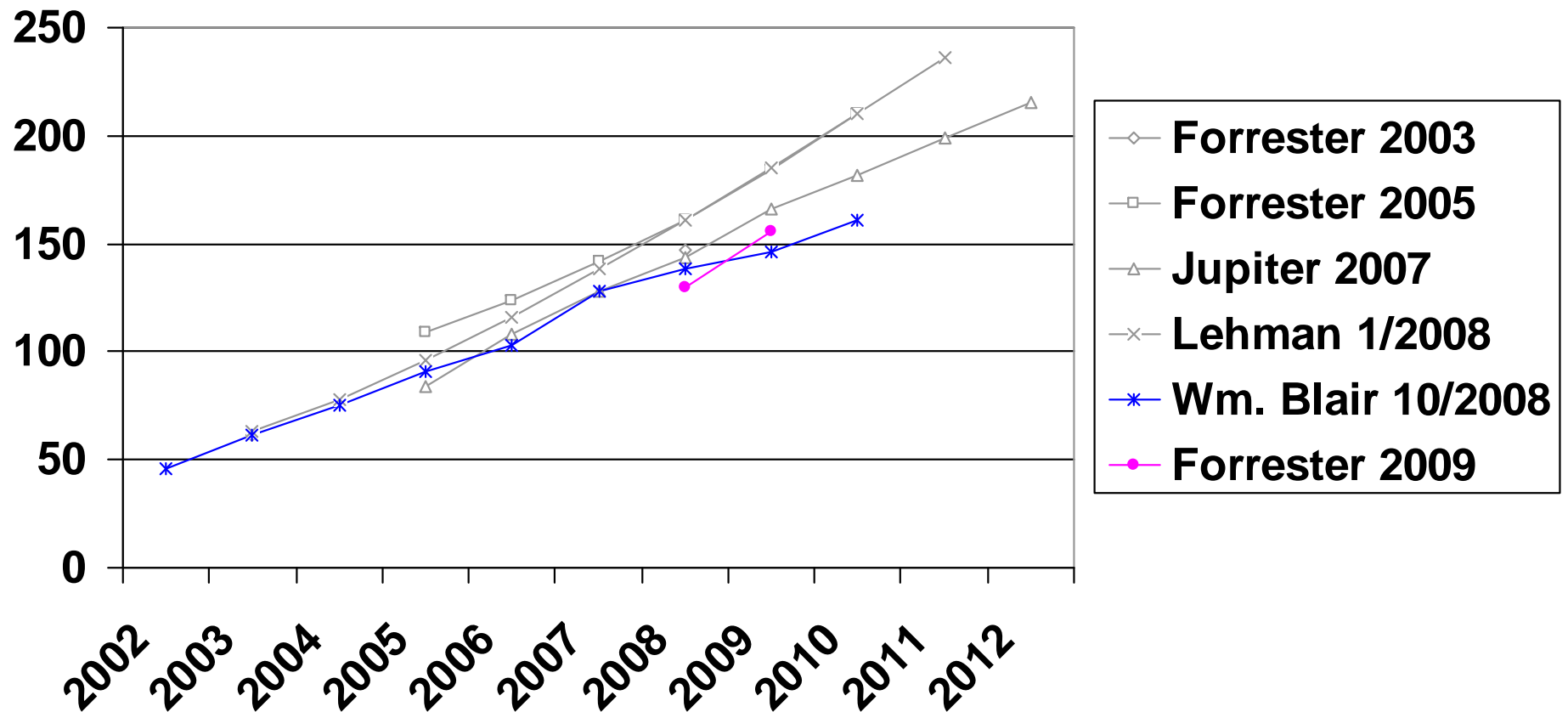
Challenges For Sellers

- Internet retail growth rates predicted well



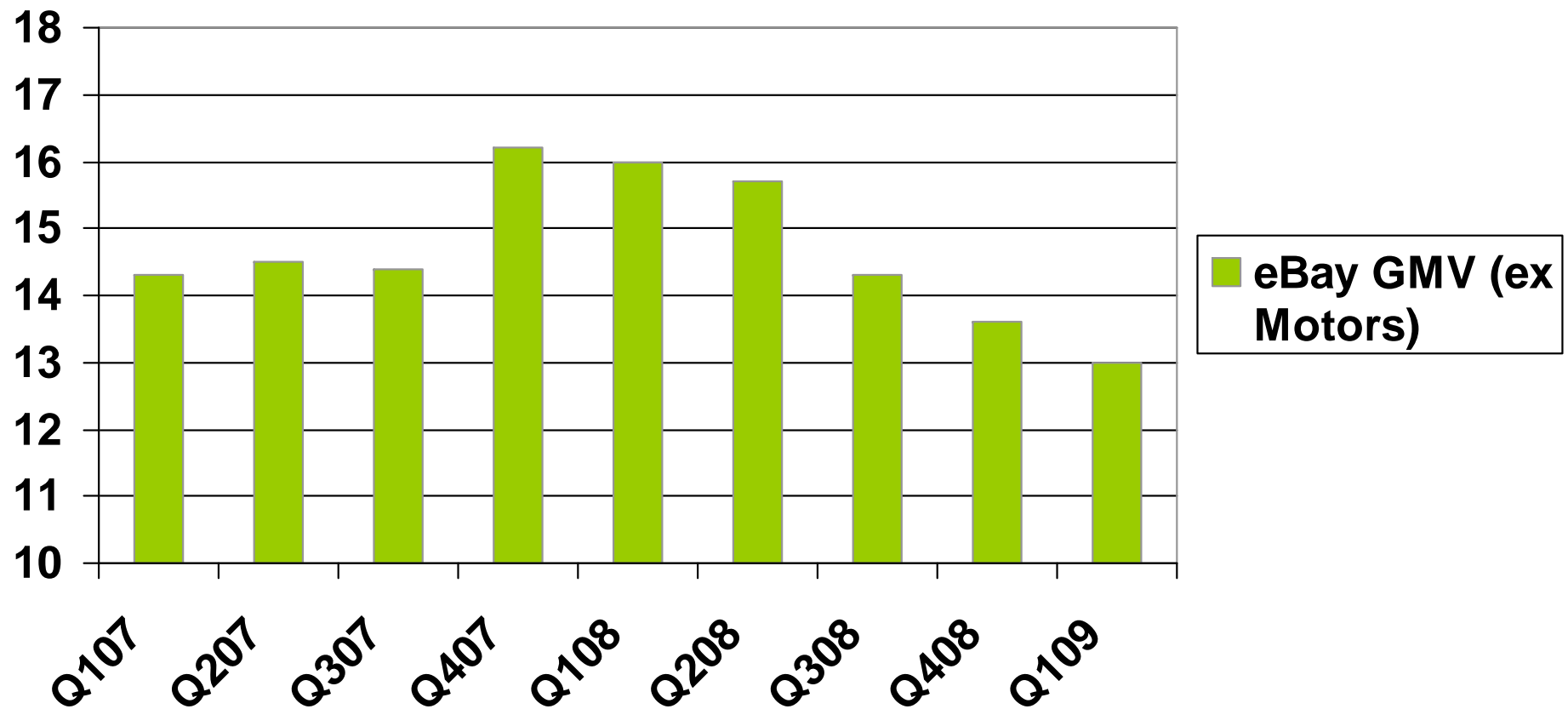
Challenges For Sellers

- Internet retail growth rates are diminishing



Challenges For Sellers

- eBay GMV substantially diminishing



Sellers' Concerns

- eBay growth rates are negative – losing market share of online sales
- Pricing pressure is pinching already tight margins
- Decrease in sales velocity and buyers
- Changing marketplace rules make selling challenging

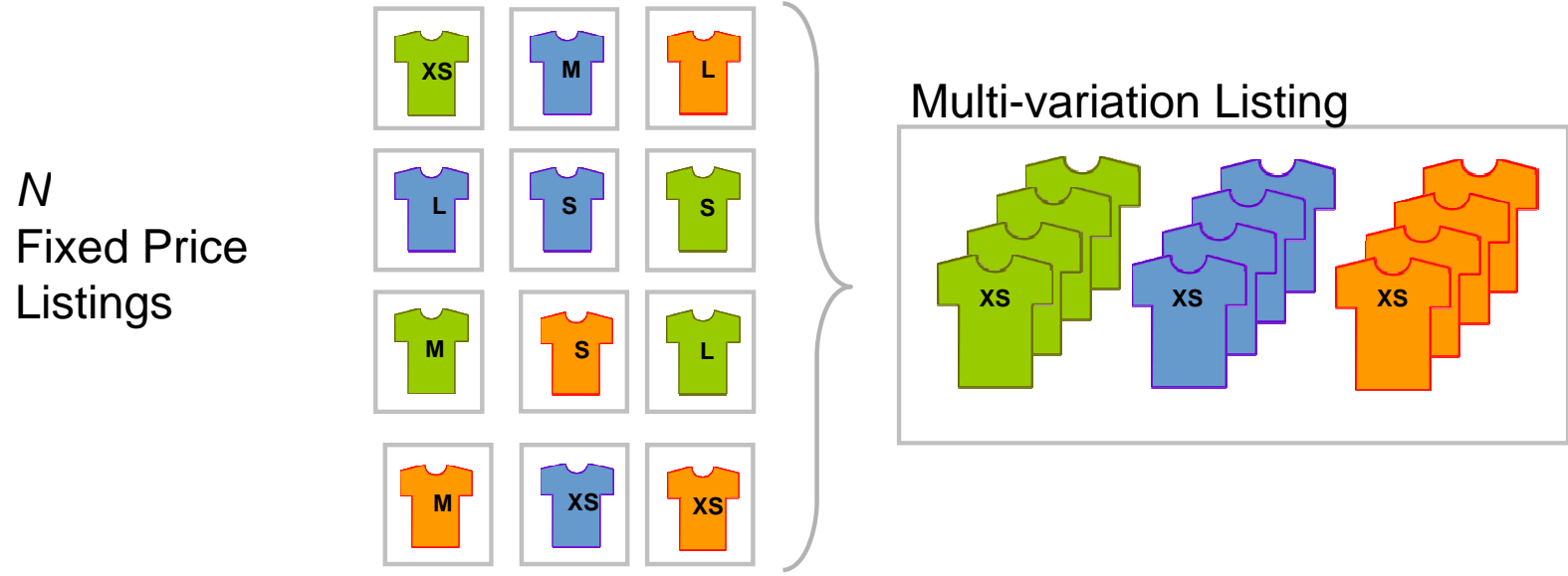
Strategies to Reduce Seller Costs

Reducing Seller Costs

- Both direct and indirect monetary savings
- Direct
 - Reduction in Listing/Final Value fees
 - Reduction in payment processing fees
- Indirect
 - Improved placement in search results
 - Reduction in buyer support – questions, complaints and returns

Reducing Seller Costs – Direct

eBay Variations



- Reduce to one listing instead of twelve

Reducing Seller Costs – Direct

eBay Variations


- Multiple items in the same listing
 - Different sizes, colors of the same base item
- Single listing fee per listing, not per item
- Single feature fee per listing, not per item
- Listing with 12 variations saves at least \$3.85 each submission
- More detail in the Variations presentation

Reducing Seller Costs – Direct




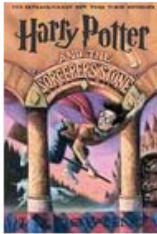

Catalog Adoption

- Reduced listing fees in some categories
- Promotion in product-based search methods

1,035 results grouped by products for: **harry potter**

 We have grouped similar items by products. [See items individually.](#)

Shipping to 27540, USA

 <p>Harry Potter and the Half blood Prince (Hardcover, 2005)</p> <p>170 results From: \$1.00</p>	 <p>Harry Potter Boxed Set (32)</p> <p>12 results From: \$112.00</p>	 <p>Harry Potter and the Order of the Phoenix (Hardcover, 2003, Illustrated)</p> <p>184 results From: \$1.48</p>	 <p>Harry Potter and the Sorcerer's Stone (Paperback, 1999, Reprint)</p> <p>477 results From: \$0.99</p>	 <p>Harry Potter and the Chamber of Secrets (Hardcover, 1999)</p> <p>136 results From: \$1.49</p>
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Reducing Seller Costs – Direct

International Site Visibility

- Save listing fee for additional countries, offset by small fee for feature
- Many categories supported, but not all
- Use the same single listing with more potential bidders
- Not cost-effective for most fixed price listings
- Save \$1.63 on a \$49 auction listing

Reducing Seller Costs – Direct

PayPal Micropayments

- Useful for sales with order value \leq \$12
- Rate of \$0.05 + 5% instead of \$0.30 + 2.9%
- For sellers with variable sales, configure two PayPal accounts used based on order value
- For 200 \$5 transactions a month, save \$29

Reducing Seller Costs – Indirect

Sales History Relist

- Sales History is one element used for Fixed Price items in the Best Match algorithm
- A new listing will have zero sales history
- Previous listing of same item may have been a top seller
- Need to carry over that sales data

Reducing Seller Costs – Indirect

Sales History Relist

- Relist will carry over previous Sales History
- New listings do not have to start with zero
- No need to use Featured First



Reducing Seller Costs – Indirect

Immediate Payment

- Requires payment from buyer at time of purchase on eBay
- No need to track down buyer for payment at later time
- No UPI to file
- Faster to ship, buyer receives item sooner

Reducing Seller Costs – Indirect

Improving Seller Metrics

- Providing shipping information to eBay
 - Use CompleteSale call to send shipping status and potentially tracking number
 - Reduces buyer “Where’s my item?” questions
 - Gives additional defense on potential INR disputes
 - Better DSRs on Communication

Reducing Seller Costs – Indirect

Improving Seller Metrics

- Submitting detailed seller policies with listing
 - Return policy, handling time, shipping options
 - Reduces buyer confusion and increases confidence in the transaction
 - Sellers need to stand behind published policies to avoid buyer dissatisfaction
 - Options provided may affect position in search

Reducing Seller Costs – Indirect

Improving Seller Metrics

- Efficient timing when processing orders
 - Order import needs to work with seller's fulfillment processes and timing
 - Missing a shipping cutoff window may delay buyer's receipt by 3 days (Friday to Monday)
 - Timing with seller helps them get packages into the system as quickly as possible

Reducing Seller Costs – Indirect

Improving Seller Metrics

- Higher DSRs reduce seller fees
 - 4.6 earns a 5% discount on final value fees
 - 4.8 earns a 15% discount on final value fees
 - 4.9 earns a 20% discount on final value fees
- Increasing your DSRs can save sellers substantial amounts in their fees

Summary

- eBay is a challenging marketplace in 2009 – Sellers can grow by taking market share
- Working to help sellers reduce cost offsets the decrease in GMV
- Changes will place the seller in a strong position for future eBay growth in 2010+
- Analyze to determine strategies appropriate for each seller, as all rarely apply

Q&A

Marshall Smith

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Thank you!

Questions?

To learn more, visit
www.ebay.com/devcon

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with us
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