e-Wealth Secrets

By

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Lesson Two

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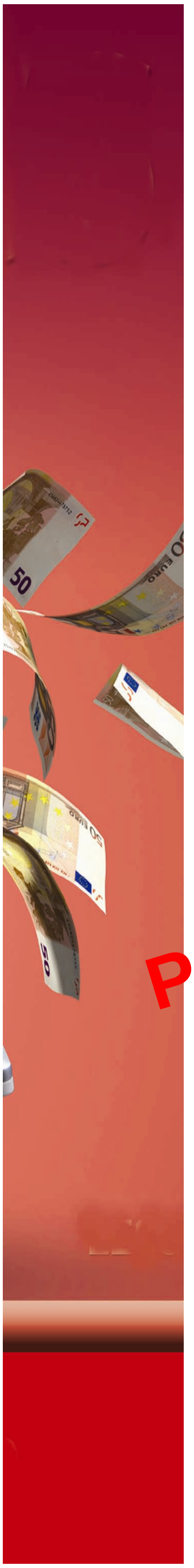


Newspaper Small Ads: Newspaper small ads. can be a good way of sourcing stock as long as you're discerning about what you buy. Items should be in good condition and of good quality, preferably well known brand names.

If 'Loot', the free-to-advertise newspaper circulates in your area then this can be a good source, as can 'Ad. Trader'. Otherwise, look in your local newspapers and freesheets. Often it is a case of the best bargains are available in the smallest local newspapers, since they have fewer readers and sellers won't get many offers for whatever they're selling – you'll get thousands more interested buyers and much stronger bids on something like eBay.

Another method to try here is to advertise for *goods wanted*. This works well if you know exactly what you want to buy to sell and can be fairly specific, so you only get good offers. For example 'Pre-War Dolls Wanted For Cash' or 'Model Trains Bought'.

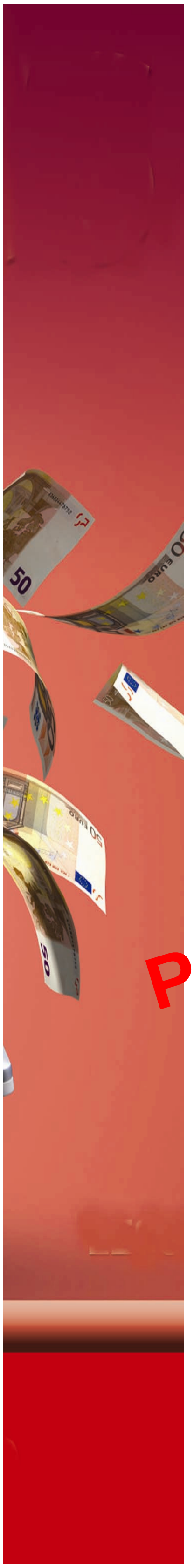
Conventional Auctions: Conventional 'offline' auctions can be an excellent and reliable source of stock. For regular supplies, look particularly at bankruptcy/liquidation auctions or auctions of seized goods. Remember that you don't even have to attend many of these auctions nowadays as you can bid by telephone or even over the Internet.

Manufacturers and Wholesalers: As a regular online trader, even a part time one, you're entitled to buy from manufacturers and wholesalers just like any other business. (For more information on using this important source see later.)

The Internet: The great thing about selling on the Internet is that you can also *buy goods for resale* on the Internet too. You can buy your product lines from other auction and store sites, or from companies who sell their goods on the Internet in the conventional way.

Don't think that there is no profit margin in selling something on the Internet that you have just bought on the Internet because thousands of successful traders are proving that isn't the case at all. Yes, your buyer could have bought the same product from the same place as you did and saved themselves a lot of money, but in most cases they don't. Maybe they don't know how cheaply they could have bought it, can't be bothered to shop around or maybe they've only just 'moved into the zone' for that product. This gap between buying and selling does mean that you can buy and sell things on the Internet, sometimes within days or hours, for tens, hundreds or (occasionally) thousands of pounds more than they cost you!

Successful Internet profiteers have discovered that, for example, you can buy something on a relatively little known Internet auction site and sell it for £££'s more on eBay (and vice versa). That you can buy something cheaply on eBay.com, for example, and resell it for a lot more on eBay.co.uk. And that you



Think of it this way: A company setting up an independent Internet site starts out with zero customers. Their site might never, ever be visited unless they put a lot of time and money into marketing it. But when you connect your site to eBay and other sites through auction and store listings you automatically tap into over 50 million potential buyers! An increasing number of companies operating independent websites are also listing on eBay purely for this major benefit.

It is relatively easy to set up a basic website. You can even design it yourself and hosting can cost just a few pounds per week. However, remember that it is important that your website looks as professional as possible since its appearance will not only affect the sales from your website but the sales you make, and even the bids you receive, on eBay itself.

The Importance of Follow Up & Back End Sales

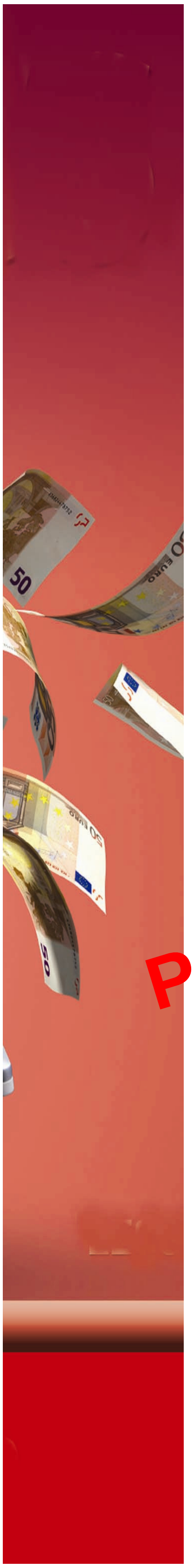
Follow up and back end sales, which are both sales of further or similar products to the same buyer, are a great way to build the highest possible profit on auction and store sites. Generally, it is much easier to sell again to a satisfied customer than to find another new customer from scratch. So, once you have found and sold to one customer you should consider them a good source of further revenue, and treat them accordingly.

Follow up all your auction winners using an e-mail to make sure that they received the item and are happy with it. Encourage them to leave you feedback, and do the same for them. This promotes confidence in future potential bidders that you are a legitimate seller.

It is a good idea to use a signature file in all e-mail communication with your buyers. Include information about your website (if you have one) your contact information, and include a 'PS' if you would like to bring their attention to another product they may be interested in. When shipping your products, include catalogues or leaflets describing any other products you have, or at the very least a business card. All this costs next to nothing, and so will generate extra sales at negligible cost.

Advanced Sales Management Techniques

Once you have a large number of auction or store listings which are active simultaneously you will need to develop an effective system for keeping track of them all. Sooner or later a paper-based system will become inadequate for this. The greatest risks are, not only can you lose sales, but you may attract negative feedback because of poor service. Worse still, you may be unable to spot profitable products and unprofitable products, or even know whether you are a making a profit at all!



Bid Shielding

Bid shielding is when fraudulent buyers submit very high bids to discourage other bidders from competing for the same item and then retract those bids so that people they know can get the item at a lower price.

A Word About Tax

Car Boots and eBay – Taxable, or What?

One question which is often asked is the tax status of eBay and car boot sales.

I now have the answer (at least according to this ex-inspector).

Firstly it's easy in one respect, complex in another. Here's the simple bit. If you're selling your old stuff on eBay or at a car boot, there's no tax to pay – end of story.

Now the complicated bit which concerns the definition of a 'trader'.

Take the tool store you see at most car boots – they have a huge range of mostly new tools and attend dozens of car boots a year. They are clearly traders. Their businesses should be registered and they should definitely pay tax and VAT (if over the threshold) – no question.

Ditto someone who is a full-time eBay trader. They buy and sell constantly and make a living from it. They are traders and should pay tax.

Now the complicated bit. The 'hobby' traders. They attend SOME car boots and sell more than their own junk there and on eBay. They may specialise in (say) old records, CDS or VHS tapes. They work full time at a job and only do a couple of car boots a month, usually on a Saturday.

Or take the part-time eBay trader with an interest in (say) Sindy dolls. She (let's hope it's a she…) probably started by selling her own large collection of Sindy dolls, realised there was a thriving market, and decided to trade as a hobby. She also works full time and just dabbles at this evenings and weekends. She makes about £100 a week from it.

The answer is that these people SHOULD declare their income and pay tax. Most of them do not and the Revenue do not have the resources to police it, BUT they are getting around to it as they realise there are hundreds of millions trading hands.

That's my current understanding of the situation.