

Minimizing eBay Fees

How To Stop Wasting Money On eBay Upgrades And Select The Listing Type That Will Result In The Lowest Fees.

By
Terry Gibbs

Before we get started. . .

This report assumes you are listing your items in the right categories, using titles containing the best keywords, writing adequate descriptions and using high quality images within your listings so your items get visibility and bids.

If you're not doing the things mentioned above, this report will help you lower your eBay fees, but you'll probably be losing more than you save due to lowered auction ending prices.

Take the free eBay seller's quiz to find out what areas of eBay selling you need help with:

<http://www.iwantcollectibles.com/2ar.php>

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<http://news.iwantcollectibles.com/minimize-ebay-fees.shtml>

Introduction

This report compares different listing options to help you minimize your eBay fees. It's set up with charts so you can just look at the chart and see the best option.

There are three types of fees associated with a listing:

1. Insertion Fees,
2. Final Value Fees,
3. Listing Upgrades like featured plus and bold.

Insertion Fees are collected when a listing is started. An auction listing has a insertion fee based on the starting price or the reserve amount if you use a reserve. A fixed price listing is 15 cents in the books category and 35 cents in all other categories regardless of the price.

Final Value Fees (FVF) are collected based on the selling price of an item. It's a percentage of the high bid. The percentage declines as the price increases.

In auction listings the FVF percentage declines at \$25.00 and \$1000. The FVF are 8.75% of the initial \$25.00 plus 3.50% of the next \$25.01 - \$1,000.00 plus 1.50% of the remaining closing value (\$1000.01 - closing value)

In Fixed Price listings the FVF percentage declines at \$50 and \$1000 and vary by category. The FVF for the first \$50 varies from 6 to 15% so you must pay attention to these fees.

Listing Upgrades. My calculations on the best type of listing do not take listing upgrades like featured plus and bold into account. These options can be used on any listing and should be used based on other factors. To begin we'll examine when to use listing upgrades.

Are You Wasting Money On eBay Services and Upgrades?

Before we look at ways to lower your eBay fees, lets make sure you aren't paying fees you can avoid.

Wrong Starting Prices? A great example of wasting money is listing an auction with a starting price of \$50.00. EBay charges insertion fees based on the starting price or reserve amount of the listing. A regular eBay listing with an opening bid of \$50.00 costs \$2.00. The same listing with an opening price of \$49.99 costs only a dollar.

Any listing started at or slightly above a fee increase point results in extra fees. By paying attention to your starting prices, you can save money on your eBay fees.

Here's the starting prices and insertion fees for auction listings as of Oct. 22nd 2008:

Starting or Reserve Price	Insertion Fee: Books, Music, DVDs & Movies, Video Games	Insertion Fee (other categories)
\$0.01 - 0.99	\$0.10	\$0.15
\$1.00 - 9.99	\$0.25	\$0.35
\$10.00 - 24.99	\$0.35	\$0.55
\$25.00 - 49.99	\$1.00	\$1.00
\$50.00 - 199.99	\$2.00	\$2.00
\$200.00 - 499.99	\$3.00	\$3.00
\$500.00 or more	\$4.00	\$4.00

Do You Use eBay Photo Hosting?

One of the fastest ways to lower your eBay fees is by hosting your own eBay images. This is especially true if you sell mostly low priced items with multiple photos.

If you sell a \$10 item using 3 images you'll pay an extra 3% of the \$10 in image fees. If you use one of the thumbnail picture packages you'll pay 7.5 to 10% more in eBay fees on a \$10 sale.

You can host a virtually unlimited number of images for prices ranging from nothing if your Internet Service Provider gives you image hosting space or you use a free service to about \$5.00 a month if you have to buy space.

Note: at the time of this writing AOL has announced they will no longer host eBay images for their users. If you're currently using AOL you'll need to migrate to one of the free providers or buy your own space. A future newsletter article will explain free image hosting options.

You can learn more about hosting your own images with the free report **eBay Images Made Easy** available at:

<http://www.news.iwantcollectibles.com/easy-ebay-images.shtml>

Do You Use Listing Upgrades Efficiently?

Other than using eBay image hosting, the biggest area eBay sellers over pay on fees are by using listing upgrades that do not increase selling amounts enough to cover the extra cost.

Here's a list of the upgrades available and information about when to use it:

- **Home Page Featured** are listings that appear on the eBay home page. These listings are seen by large numbers of people, but the people are not necessarily interested in your item. Most of them are just seeing the page on their way into the eBay site.

If you are selling vitamins or items with a high impulse factor it might be worth your while to test featured auctions. In almost all other cases this is a waste of your money. Currently eBay charges an additional \$59.95 fee for home page featured auctions.

- **Featured Plus** listings are featured in category. These listings appear at the top of the search results page and at the top of the category indexes. These are worth doing when offering items worth over 300 dollars. Current price is \$9.95 to 19.95 for auction style depending on opening price or

reserve amount. Featured Plus with fixed price listings costs either \$14.95 or \$39.95 depending on length of listing.

A great way to use featured plus listings is to drive traffic into your other auctions. Just list one or two fantastic items with featured plus listings and then tell viewers to check your other auctions for similar items.

Another way to use featured plus auctions is to sell multiple items with a fixed price listing. I used to sell a video about selling antiques and collectibles on eBay this way. (I no longer sell the video and the IWantCollectibles Private Forum has replaced it.) I listed the video with a Buy It Now price and offered 20 in each auction. My total listing fees were about \$24.00 per auction. With the featured plus auction I only had to sell one additional video in order to get the cost of the upgrade back. Featured plus auctions resulted in six to ten additional sales meaning I made extra money.

- **Featured First** is a new eBay listing upgrade. The cost is \$24.95 for auctions, and \$74.95 for fixed price listings. Featured first puts your listing on the first page of search results unless you have a poor eBay seller rating or eBay just doesn't feel like moving your listing to the top of the results. This option is always a waste of money.
- The **Gallery** is a way of showcasing your item with a picture next to the listing or allowing people to search for items with pictures. This is free and should always be used.
- **Gallery Plus** makes the gallery image expand when clicked on. This costs an extra 35 cents or a dollar depending on the listing type. It's ALWAYS a waste of money.
- **International Site Visibility** shows your item on the eBay.uk website in addition to the ebay.com site. This option costs 10-40 cents for listings with durations of 10 days or less or 25 cents to a dollar for 30 day listings. This option is not available for all items, but is worth doing if your items are interesting to European bidders. Use this if there is a high likelihood a UK buyer would buy your item anyway.

One note about International Visibility. EBay recently lost a lawsuit in France over fake merchandise sold on the eBay.fr website. Because of this when you list an item with a brand name in the title eBay using International Visibility eBay will tell you to verify you're complying with

foreign laws. There is no way to check off that you've done this so just back up and try relisting again until eBay allows the listing to start.

- **Bold, Border and Highlight** are ways to make your auction title stand out from the other listings. Highlight is \$5.00, and puts a **colored band** over your title. Bold is \$2.00, while border is \$4.00. In categories with high numbers of Featured Plus listings Bold and Highlight will help your Featured Plus listing stand out. Border is never a good option use Highlight instead. These options aren't worth using for low priced items.
- **Gift Services** puts an icon in next to your title in the listings to alert buyers to additional services. This costs 25 cents and requires you to let bidders know the extra services you will provide. I do not know anyone who uses this option and have never seen any data from tests. You might want to try this, but you probably should just ignore it like 99 percent of eBay sellers.
- **Scheduled Listings** cost 10 cents and aren't worth using unless you are planning on returning from a vacation and want some listings to go active just before you get back. Timing auctions is a waste of effort and money. I know a lot of sellers swear ending an auction on a specific day or at a specific time increases bids, but it doesn't. Spend your time improving your skills rather than jumping on the statistically challenged bandwagon.
- **Listing Designer** is not worth using. If you have to have a fancy listing you can buy a template or create your own in a few minutes. Using a template does not increase your bids unless you are very active in one category and have lots of regular repeat buyers.
- **Subtitle** costs 50 cents and is often used incorrectly. The subtitle is considered part of the description by the eBay search system and ignored unless the searcher has checked the search descriptions box. This means it's not a good place to stuff keywords. The few times it makes sense to use subtitles are discussed elsewhere in this report.
- **Combining Options.** You can combine any or all of these options to improve your sales. You should test each option separately to determine which option results in the most cost effective boost to your selling prices.

One last note: It is very easy to set some listing upgrades as defaults. Subtitle seems to be the most common default error. Make sure you pay attention to your listings, preview them and check your fees before you list so you don't end up using listing upgrades because you checked a box by mistake.

Are You Using The Best Listing Type?

The rest of this report explains which type of listing will result in the lowest eBay fees for different types of items at different prices. For the purpose of this report we'll consider only insertion fees, and final value fees when determining the best listing type. This is done because the listing upgrades explained above should be used based on their own effects, and in most cases cost the same regardless of the listing type.

EBay charges different insertion fees based on listing type, and on fixed price listings the final value fees are different across categories. This means selecting the right type of listing can save you money.

To make this report more accessible to readers, I have not included the math underlying these conclusions. There is an appendix on page 15 showing the math for one category.

Lets begin by examining the different types of listings:

STRAIGHT AUCTION (SA): A listing where the highest bidder wins regardless of amount. In this report I assume a SA to have an opening bid of 99 cents or less. The insertion fees for SA listings are 10 cents in the books and music categories, and 15 cents elsewhere.

The straight auction results in the lowest eBay fees except in the Computers and Networking categories and for Consumer Electronics items sold for less than \$43.67.

The Straight Auction with low opening bid should be used to minimize eBay fees when selling high demand items outside the Computers and Networking categories and for Consumer Electronics items sold for less than \$43.67. As long as there are enough bidders to drive the price up, you'll save on eBay fees with this option.

If you don't have enough bidders to drive the ending price up to the item's value, you'll use one of the following options to prevent low closing prices.

STRAIGHT AUCTION With HIGH OPENING PRICE (SAH): Some sellers use high opening bids in straight auctions to set the minimum selling price. Insertion fees vary depending on opening bid amount and range from 35 cents to 4 dollars.

RESERVE AUCTION (RA): A listing with a low opening bid and a higher HIDDEN reserve amount. The high bidder only wins if the reserve is met. This can be a better option than a listing with a high opening bid and no reserve. EBay charges a reserve price fee of either \$2.00 or 1% of the reserve amount whichever is higher plus the insertion fee if the item had been listed as a SAH listing with the reserve used instead of the opening price to determine the SAH portion.

BUY IT NOW (BIN): This is an added feature and can be used with either auctions or reserve auctions. BIN costs vary between 5 and 25 cents depending on the Buy It Now price in addition to other listing fees.

If BIN is used without a reserve the opportunity to use buy it now is available until the first bid is placed, or in some cases until the bidding reaches approximately 50% of the BIN. When used with a reserve the BIN is available until the reserve is met.

Three ways to use Buy It Now:

1. **SABIN:** Straight Auction with low opening bid and a BIN at the expected selling price. For example a starting bid of 99 cents and a bin of \$7.99. Not a good choice with wide spreads between opening bid and BIN price, so do not use with BIN price above \$12.00
2. **SAHBIN:** Straight Auction with Higher Opening Bid and BIN. For example a starting bid of \$24.99 and a BIN of \$27.00. Depending on what you're selling this is a cheaper option than a Fixed Price listing.
3. **RABIN:** Reserve Auction with BIN. For example an auction with an opening bid of 99 cents, a reserve of \$250, and a BIN of \$260. In this case the BIN gives pricing information to bidders and improves the chances of meeting the reserve.

FIXED PRICE (FP): This is the new eBay option where you set the price you want, and there is no bidding. From a buyer's point of view this is like a Buy It Now listing, but there is no chance to place a bid. A fixed price listing costs 15 cents in the books and music categories and 35 cents in all other categories, but has higher final value fees in most categories. The fixed price listing is often used with a Best Offer option so I'll explain the best offer before giving additional details on fixed price.

BEST OFFER (BO): You can add the best offer option to fixed price listings. Best offer allows viewers to offer you less than the price specified. Because the best offer is free, you should use it with all but the lowest fixed price listing. You don't

want to use BO with a \$10 fixed price MP3 player because it's not worth your time to deal with offers.

Because the Fixed Price listing option is new I've included a few examples to show you how to use this listing option.

Fixed Price Example 1: A few weeks ago I listed a rare item on eBay with a fixed price of \$1175. Anyone willing to pay that could buy it immediately. I thought the item was worth about \$1100, but really didn't want to sell it. For 35 cents I was able to list it on eBay and when it sold I wasn't unhappy.

Fixed Price Example 2: I recently listed an extremely rare item on eBay for \$2697 with the best offer option. This item rarely comes up for sale, and prices fluctuate widely. I've seen them sell for between \$900 and 3100. This listing also cost me 35 cents. A regular listing with a \$900 opening price alone would have cost \$4.00 in insertion fees. While a listing with a reserve price of \$900 would have cost \$13.00. After letting the auction run for 5 days I took the highest offer - \$1500.

In both of the examples above the price realized was above \$1086 meaning the total eBay fees were lower than if I'd used a reserve. If these listings were for other items the prices where a Reserve Auction would have resulted in lower fees might have been different. I've included tables below showing you the price points that make each listing option the cheapest.

The Best Offer option is also a great way to discover what your item is worth. Use a high fixed price and bidders will make offers. Throw out the ones at the bottom and average the higher offers to get an estimate of the value. If the best offer falls in an area in the tables where the Fixed Price option is cheaper, take the offer. If taking the best offer results in higher eBay fees, relist your item as a Straight Auction with High Opening Bid and BIN (SAHBIN)

Advanced Fixed Price Technique: I see people listing items with fixed prices and then relisting when the listings end at lower prices.

That works, but takes time and increases your listing fees every time an item ends without selling. Here's a better way. List your item with a fixed price at the upper range of what it's worth and then at the top of the listing tell viewers you'll drop the price by \$10-25 at random times during the listing period until the item sells.

This is called a reverse auction and makes potential bidders fear losing out. The piece I sold for \$1500 in the earlier example might have been a good item to do this with.

It's like a best offer, but puts you in complete control because there is no interaction. Many of the best offer listings I run end up with entertainment offers. Entertainment is the ONLY reason I can see for making a 5 dollar offer on a \$2500 item.

Small downward steps work better because buyers find it easier to rationalize paying an extra 20 dollars than an extra hundred dollars. This is a good place to use a subtitle. In the subtitle say you'll drop the price every day until it sells.

This is also a good place to use a featured plus upgrade to get more visitors.

The IWantCollectibles eBay Watcher Widget will help increase the pressure to buy because it shows the number of people watching the listing.

The watcher widget is free. You can get your own eBay Watch count widget at:

<http://widget.iwantcollectibles.com/ebay/watch.htm>

Scroll down for Selecting Listing Types. . .

Some Basic Conclusions About Selecting Listing Types

With the exception of items listed in the computers and networking categories and consumer electronics items with prices below \$43.67, it is ALWAYS cheaper to list a low or mid priced high demand item with a Straight Auction and low opening bid. High demand items by definition will always be bid up to their value.

High priced items with high demand may result in higher fees when listed as a straight auction but the possibility for bidding wars pushing items to selling prices will result in higher profits. Over a large number of listings using a straight auction for these high demand high priced items will mean higher fees and higher profits. Don't minimize your eBay fees at the expense of higher profits.

If your item is not widely traded, you have the following listing options:

1. Take a risk by listing with a 99 cent opening bid and no reserve. If you don't get enough bids your item may sell for less than it's worth with this option. I refer to this as a **SA** listing in the tables.
2. Specify a higher opening bid. This prevents your item from selling too cheaply, but also removes the chances of a bidding war. This option is also cheaper than using a reserve IF your item sells the first time you list it. Called **SAH** in tables.
3. Specify a higher opening bid and set a Buy It Now price. This prevents your item from selling too cheaply, but also removes the chances of a bidding war. This option is also cheaper than using a reserve IF your item sells the first time you list it. Called **SAHBIN** in tables.
4. List your item with a low opening bid and set a reserve amount. This can save you money if your item doesn't sell the first time because eBay waives listing fees when relisting a reserve auction a second time. Increases the chances of a bidding war driving the price above your expectations. Use for items with mild demand. (Listing upgrades like featured plus and bold are not waived on relisting.) Called **RA** in tables.
5. List your item with a low opening bid, a reserve and a Buy It Now. This option is almost always worth using in place of a Reserve Auction when selling items with low demand because the BIN provides pricing information. Called **RABIN** in tables.

- 6 . Set a fixed price. With a fixed price listing anyone willing to pay your price can buy it using the Buy It Now option. Called **FP** in tables.
- 7 . Set a fixed price with the best offer option. This allows a bidder to buy it for your price, or make an offer below your fixed price. There is no extra cost for the best offer so you use it on almost any Fixed Price Listing. Called **FPBO** in tables.

Tables For Choosing Listing Types

How To Use The Tables

Find the item or category in the left column. Then move across the row to the expected selling price to find the listing options that result in the lowest fees.

For example if you're selling a vintage radio in the Consumer Electronics category for \$40, a Fixed Price listing will result in the lowest fees. If the expected selling price is between \$43.68 and \$654, a Straight Auction with high opening bid is the cheapest cost alternative. At prices above \$654 a Fixed Price or Fixed Price with Best Offer is cheapest.

Item/Category	Low Priced	Mid Priced	High Priced
Consumer Electronics	FP below \$43.67	SAHBIN above \$43.68	FP or FPBO above \$654

Remember, if you have a high demand item that isn't a computer or networking item you don't need to use the tables. Just list it as a straight auction with a low opening bid.

You can print the following tables for quick reference by selecting File > Print then selecting print pages in the print menu and printing only pages 13 and 14.

Scroll down for tables. . .

Table A - Single Category Listings

Item/Category	Low Priced	Mid Priced	High Priced
Highly Traded Items except Computers & Networking	SA except consumer electronics below \$43.67	SA	SA
Thinly Traded Books	SAH or SAHBIN to \$36.21	SAH, SAHBIN or RA above \$36.21	FP or FPBO above \$853.
Computers & Networking	FP or FPBO	FP or FPBO	FP or FPBO
Consumer Electronics	FP below \$43.67	SAHBIN above \$43.68	FP or FPBO above \$654
Clothing, Shoes and Accessories	SAH or SAHBIN below \$46.64	SAHBIN or RA above \$46.65; RABIN above \$49.	FP or FPBO above \$1901
All Other Categories	SAH or SAHBIN below \$46.64	SAHBIN or RA above \$46.65; RABIN above \$49	FP or FPBO above \$1086

Key To ABBREVIATIONS:

FP - Fixed Price listing.

FPBO - Fixed Price listing with Best Offer option.

RA - Reserve Auction.

RABIN - Reserve Auction With Buy It Now.

SA - Straight auction with low opening bid.

SAH - Straight auction with high opening bid. Usually the opening bid is set slightly below expected selling price.

SABIN - Straight auction with high opening bid and Buy It Now set slightly above opening price.

In table above the listing options are listed by fees with the lowest cost option listed first. For example SAHBIN is cheaper than a RA.

Table B - Two Category Listings

Item/Category	Low Priced	Mid Priced	High Priced
Highly Traded Items except Computers & Networking	SA except consumer electronics below \$43.67	SA	SA
Thinly Traded Books	SAH or SAHBIN to \$36.21	SAH, SAHBIN RA or above \$36.21	FP or FPBO above \$472.
Computers & Networking	FP or FPBO	FP or FPBO	FP or FPBO
Consumer Electronics	FP below \$147	SAHBIN above \$147	FP or FPBO above \$686
Clothing, Shoes and Accessories	SAH or SAHBIN below \$46.64	SAHBIN or RA above \$158.60 RABIN above \$160.60	FP or FPBO above \$1143
All Other Categories	SAH or SAHBIN below \$46.64	SAHBIN or RA above \$158.60 RABIN above \$160.60	FP or FPBO above \$618

Key To ABBREVIATIONS:

FP - Fixed Price listing.

FPBO - Fixed Price listing with Best Offer option.

RA - Reserve Auction.

RABIN - Reserve Auction With Buy It Now.

SA - Straight auction with low opening bid.

SAH - Straight auction with high opening bid. Usually the opening bid is set slightly below expected selling price.

SABIN - Straight auction with high opening bid and Buy It Now set slightly above opening price.

In table above the listing options are listed by fees with the lowest cost option listed first. For example An SAHBIN is cheaper than a RA.

WHAT HAPPENS WHEN AN ITEM DOESN'T SELL THE FIRST TIME IT'S LISTED?

A fixed price listing has lower insertion fees than any listing except a straight auction started at 99 cents or below. (books might be different) This means if a fixed price listing is cheaper in the tables, it will also be cheaper when relisting. Only exception is RA and RABIN which have the fees waived on the second listing. If item doesn't sell the second time with a RA or RABIN, FP is cheaper.

RECOMMENDATION: If your item is so thinly traded there is a good chance it will not sell the first time listed use a FPBO and relist at longer periods.

A Final Note:

If you found this 15 page report helpful, you'll be amazed by information in the 235 page Auction Revolution manual.

The Auction Revolution is only \$9.97. A big discount from the \$39.97 it sold for just a few months ago, and the book contains all the same information.

Get your copy at:

<http://www.iwantcollectibles.com/2ar.php>

Terry Gibbs
Oct, 22nd 2008

APPENDIX - The Math Behind These Numbers

You don't need to read this, the tables will answer any questions you may have quickly. But for those who are interested in the math, I'll show you how I compared the fees for items in the all other categories section of the table.

Here's the equations used, $X < 25$ means the price is below 25.00.

Straight Auction:

(X is Selling Price, auction started at 99 cents)

$$X < 25: .15 + .0875X$$

$$25 < X < 1000: .15 + 2.19 + .035(X - 25)$$

$$1000 < X: .15 + 34.12 + .015(X - 1000)$$

Straight Auction With High Opening Bid:

(X is Selling Price, auction started at selling price.)

$$10 < X < 25: .55 + .0875X$$

$$25 < X < 50: 1.00 + 2.19 + .035(X - 25)$$

$$50 < X < 200: 2.00 + 2.19 + .035(X - 25)$$

$$200 < X < 400: 3.00 + 2.19 + .035(X - 25)$$

$$500 < X < 1000: 4.00 + 2.19 + .035(X - 25)$$

$$1000 < X: 4.00 + 34.12 + .015(X - 1000)$$

Reserve Price:

(Reserve is X)

$$X < 10.00: 2.35 + .0875X$$

$$10 < X < 25: 2.55 + .0875X$$

$$25 < X < 50: 3.00 + 2.19 + .035(X - 25)$$

$$50 < X < 200: 4.00 + 2.19 + .035(X - 25)$$

$$200 < X < 500: (3.00 + .02 * X) + 2.19 + .035(X - 25)$$

$$500 < X: (4.00 + .02 * X) + 2.19 + .035(X - 25)$$

(assumes reserve is met, but not exceeded.)

Fixed Price:

(Price is X)

$$X < 50: .35 + .12X$$

$$50 < X < 1000: .35 + 6.00 + .06(X - 50)$$

$$1000 < X: .35 + 63.00 + .02(X - 1000)$$

Then you just set the equations against each other and solve for the equal point.

Equal point of Fixed Price versus Reserve Auction for prices below \$50 is given by:

$$.35 + .12X = 3.00 + 2.19 + .035(X - 25) = 46.64$$

This is the number in the middle column.

High equal point is:

$$.35 + 63.00 + .02(X - 1000) = (4.00 + .02 * X) + 2.19 + .035(X - 25) = 1086.71$$

This is the number in the right column.