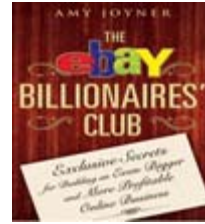


THE EBAY BILLIONAIRES' CLUB by AMY JOYNER

John Wiley & Sons, Inc



[Click here to read Chapter 9](#)

INTRODUCTION

Of the millions of eBay sellers online today, only a handful qualify for membership in a special club consisting of the legendary auction site's cream-of-the-crop merchants. Collectively, those fortunate enough to join the ranks of this club sell more than \$1 billion in merchandise each year and are responsible for more than 70 million annual transactions. They know how to find the best inventory, price right for the most effective sale, and keep customers coming back again and again. Now, for the first time ever, members of this elite organization what I call The eBay Billionaires' Club-show you how to build your own highly successful eBay business. On each information-packed page, you'll discover proven and tested strategies you can use to help propel your eBay business into the major leagues. You'll also uncover insider secrets from those who've truly perfected the art of online selling.

Specifically, each online entrepreneur featured in *The eBay Billionaires' Club* is affiliated with the Professional eBay Sellers Alliance, also known as PeSA This is the world's largest trade organization dedicated to eBay professionals. The association's strict membership requirements mandate that you must already have a thriving business-and therefore documented success-in order to join. Now, their incredible knowledge is at your disposal.

Amazingly, there are some who still think of eBay as nothing more than an online flea market. That kind of mind-set is so outdated. In recent years, the online trading community that Pierre Omidyar founded in 1995 has blossomed into one of the world's most robust marketplaces. The site fuels billions of dollars in e-commerce every year as buyers and sellers negotiate deals for all sorts of merchandise, including items once found only in the world's most exclusive and expensive retail stores.

During its decade-long history, eBay has made great evolutionary strides. It has transformed itself into a sophisticated marketplace populated

by professional merchants with individual sales that quite often total in the millions of dollars annually. Nearly a quarter of all Internet purchases occur on eBay-to the tune of about \$44 billion annually, according to the most recent tally. In all, eBay reports 212 million users worldwide, 105 million items for sale at any given time, 6 million new listings each day, and completed sales of roughly \$1,590 every second. Given those statistics, it's no wonder that more and more Americans (and an increasing number of global Internet surfers, as well) are turning to eBay as a way to launch their own part-time, or even full-time, businesses. According to eBay, more than two million people sell enough merchandise on eBay for it to have a significant impact on their bottom line. While there are plenty of folks who dabble on eBay just now and then, nearly three-quarters of a million members rank eBay as their primary or secondary source of income, according to a survey conducted on behalf of the company.

In *The eBay Billionaires' Club*, you will read the stories of 12 professional eBay merchants who recognized a great business opportunity on the Internet and pursued it-some at great personal financial risk. In every case, the gamble has paid off. Many of the merchants profiled in these pages have achieved the vaunted Titanium PowerSeller status, the zenith of success on eBay. (To qualify for that distinction, an eBay seller must sell more than \$150,000 in merchandise on the site every month.) Many have used eBay as the foundation for a profitable online empire generating millions of dollars in annual revenues on multiple Internet e-commerce sites.

There are some powerful lessons to be learned from these entrepreneurs, whose experience truly runs the gamut. In the end, what they all have in common is that they started small-and some have purposely decided to stay that way. I made a conscious decision to focus on such companies for this book, because chances are you'll see yourself through each of these stories, especially if you're just starting out. You'll quickly discover that eBay success really is within your reach, because every person in this book also began at the very bottom and worked their way up the ladder of success. What's more, a number of them have achieved incredible growth in a relatively short period of time, which should motivate you to stop thinking about your idea and get started on the road to becoming a member of this elite club yourself.

Throughout *The eBay Billionaires' Club*, you'll meet several young CEOs, including Adam Hersh of Adam Hersh Auctions and Dan Yen of Movie Mars. All started selling on eBay right out of college and realized that doing so was more lucrative than finding a job in their respective majors. The book also includes more senior members, such as Connie Gray of Estate Treasure by Byrum, David Yaskulka of

Blueberry Boutique, Anthony Roberts of AACCS Autographs, and Robert Walzer of Forklift Deals, all of whom turned to eBay after leaving careers in completely different fields. At the same time, you'll discover how long-established companies such as Gem Stone King turned to eBay as a way to take their existing bricks-and-mortar businesses to a whole new level.

The companies featured in this book are as unique as the people running them. Some start the bidding on every eBay auction at 99 cents, while others are more conservative in their pricing. Some stock their eBay stores with merchandise, while others sell exclusively through auctions. Some sell merchandise on consignment, while others purchase their inventory outright. But they also have a number of things in common, which you will learn about as we go along.

The members of *The eBay Billionaires' Club* sell a variety of merchandise: autographed memorabilia, movie posters, men's ties and clothing, model trains, antiques, computer equipment, designer merchandise, forklifts, fine jewelry, collectible coins, consumer electronics, and outfits for little girls. However, each seller has enjoyed great success after building his or her online businesses from the ground up.

The eBay Billionaires' Club is different from other how-to guides about eBay in that each chapter includes a lengthy question-and-answer interview with the featured seller. This allows you to eavesdrop on my exclusive conversations with these merchants as they share their stories and hard-earned tips for succeeding on eBay.

In their own words, the featured sellers reveal such things as:

- Strategies for getting started on eBay.
- Deciding what to sell.
- Sourcing inventory.
- Handling growth.
- Shipping goods most efficiently.
- Cultivating and managing international sales.
- Researching the eBay marketplace.
- Establishing important relationships with offshore manufacturers.
- Minimizing eBay fees and other business costs.
- Managing employees.
- Attracting customers to eBay auctions.
- Using eBay to drive traffic to your own e-commerce web sites.
- And much more.

Each profile contains a series of "Power Pointer" tips, highlighting various techniques that can be applied to your own eBay business right

away. In addition, The eBay Billionaires' Club includes several sections that you're sure to find useful as you build your own eBay business. Be sure to check out the one titled "Fifty Secrets of The eBay Billionaires' Club," which summarizes the best business tips espoused by those featured throughout the preceding chapters. The book also contains a handy list of resources that these storied merchants have used to propel their online businesses.

Though their paths to success and their business models vary greatly, the members of The eBay Billionaires' Club all share two very important traits: First, their online companies, in addition to generating impressive revenues, are profitable. That's a claim that many American businesses--both large and small--can't make. Second, the members of *The eBay Billionaires' Club* have all used networking to great advantage, largely by availing themselves of the many brainstorming opportunities made possible through their membership in PeSA.

If you are serious about selling on eBay, I recommend that you consider joining PeSA (even if you're not big enough for full membership, you can apply for the associate program), as well as any other networking groups out there that can help you build your business and grow your online sales to their fullest potential. You never know: I may be contacting you next to share your eBay success story! To learn more about PeSA and the various membership requirements, visit www.gopesa.com.

You will find a host of business-building resources on eBay, and the community forums and user groups are among the most worthwhile. There, you'll meet other, more experienced eBay sellers who may be willing to mentor you or offer advice that will make your online business stronger. There are literally hundreds of eBay user groups, each targeted to a specific niche. You'll find groups comprised of Power Sellers, people with full-time jobs who sell part-time on eBay, trading assistants, eBay store owners, new eBay sellers, stay-at-home parents, antiques merchants, and the list goes on. Check out <http://hub.ebay.com/community> to learn how to connect with other eBay users who can help you navigate the site and discover how to sell in this dynamic online marketplace. Don't be afraid to ask for help and to post queries to other eBay users who have already been there, done that. I think you'll find that most of them are very willing to offer advice and to pay forward the mentoring they received as eBay amateurs.

We'll talk more about networking throughout the book. Right now, however, let's get started. Get your highlighters out and fasten your seat belts for a journey that will put you on the road to building your

own million-dollar--or perhaps even billion-dollar--Bay business!

NIR HOLLANDER - GEM STONE KING

Chapter 9

In the online jewelry business, especially on eBay, a company's reputation can mean the difference between success and failure. Ever-cautious online shoppers are even more careful when spending big money on expensive purchases, such as diamond engagement rings and other sparkling baubles.

In terms of reputation, Gem Stone King has a head start on its competition. Not only is the Manhattan-based company a pioneer in the fine jewelry category on eBay, but Gem Stone King also has a long and respectable history in the diamond industry.

Fine jewelry has been the company's focus for four generations. Gem Stone King was founded in 1903 by Nir Hollander's great grandfather, who established a diamond-cutting factory in Antwerp, Belgium. For more than a century, Hollander's family has worked with diamonds and other gemstones, transforming raw, uncut stones into beautiful pieces of jewelry. His father, Charlie, is a well-respected diamond manufacturer and wholesaler, operating out of the famed diamond district in New York City.

Nir Hollander joined the family business in 1999, but grudgingly. He had no interest in following in the professional footsteps of his father, grandfather, or great grandfather. But he did have enough sense to recognize a good business opportunity when he saw it, and began efforts to move the family business online, specifically to eBay.

As he witnessed other entrepreneurs not just succeeding but thriving on eBay, Hollander began selling fine jewelry through the site as well, marketing his family's products directly to consumers instead of through wholesale channels for the first time. That turned out to be a stroke of genius, both for Gem Stone King and for its customers. eBay, with its low overhead, offered a comfortable profit margin. Customers, who were now paying wholesale instead of retail prices for their diamonds and jewelry, felt like they were getting a bargain. And they were.

During its eight years on eBay, Gem Stone King, selling under the user ID gemstoneking, has grown into a Titanium PowerSeller with annual sales of more than \$1.8 million. What's more, the company has received more than 25,000 positive feedbacks from customers-and

nary a negative-thanks to its emphasis on honesty, transparency, and stellar customer service.

In addition to selling its own jewelry on eBay, Gem Stone King now functions as a trading assistant for other jewelry manufacturers and retailers wanting to expand their business to the Internet but lacking the expertise or infrastructure to do so. Those trading assistant relationships benefit Gem Stone King, as well as its partners, Hollander says. Obviously, there is a financial benefit in the commissions Gem Stone King earns for selling for other jewelers, but the rewards the company reaps extend much further than that. By selling for these other businesses, Gem Stone King is able to offer its customers more merchandise and variety without incurring any additional inventory costs. That strategy has enabled the company to continue to grow even as more online jewelry merchants have entered the marketplace.

In the following pages, Nir Hollander discusses how his traditional family business transitioned into an eBay powerhouse. His story provides a concrete example of how honesty can really pay off, in terms of both repeat business and a company's continued profitability. Hollander also offers his insights on what scrupulous eBay sellers can do to combat fraud on the site and preserve the online marketplace for years to come.

Joyner: I know you've been selling on eBay for a long time. Tell me how Gem Stone King evolved from a wholesale jeweler to one of the Web's most successful online retailers.

Hollander: My father is a diamond wholesaler. I'm the fourth generation in the business. But I wasn't really very interested in the jewelry or diamond business after college. I was really thinking more about a career in tourism and other things. I came to New York to do my MBA. When I got here, I became more business-oriented and saw the opportunity to take our family business online.

My father did business the old-fashioned way, which was not so attractive to me. By contrast, the online business model looked very compelling.

Joyner: When you joined Gem Stone King, was the company selling online at all, or just out of the diamond district in New York?

Hollander: My father has been a wholesaler for a long time in this business and we had wholesale customers all over the world--New York, Belgium, Israel, Australia, and Japan.

I wanted to be dedicated to the online part. I wasn't interested in all of the other aspects of the business. It was the concept of e-commerce--not jewelry--that was so attractive to me.

In the beginning, the idea was to sell our jewelry directly to consumers instead of selling it to retailers and others in the trade. Like any other eBay, we started putting items up for auction on eBay and selling them. This is how we grew our business.

Joyner: How have you been able to convince consumers to spend huge amounts of money with you on eBay? After all, jewelry is an expensive and often personal purchase, and some might not feel comfortable buying it online.

Hollander: I can definitely tell you that we have learned a lot. Unfortunately, there are a lot of jewelry sellers playing all kinds of games on eBay. They're doing things like using shill bidding to drive up their prices and cheating consumers. But we don't operate that way. It's just the way we are.

We are very straight, and that makes it very tough for us because there are other sellers not playing fair. But I think we have a lot of repeat customers because people appreciate our honesty. We are different.

Power Pointer

When selling a high-priced item like jewelry; understand that the occasional fraudulent competitor comes with the territory. Stand out from the competition by always being straightforward and honest in all of your dealings with buyers.

Joyner: So, you're saying that in the jewelry category there are some unscrupulous sellers who will place fake bids on their own items to drive up the price? And that they may be passing off lower-quality merchandise as authentic?

Hollander: The jewelry category is a mess. I'm sure every category has its own problems, but jewelry is a big, big mess. The reason is because it's a very difficult category to police unless you have expertise in the jewelry business.

It's tough for eBay's Trust and Security officials or consumers to look at an auction ad and determine whether the asking price is reasonable and if the item is what it's purported to be.

For example, someone can't be selling a one-carat, H-color, SI1

diamond for \$1,000. That price is just too low.

As a wholesaler, I can look at an item and tell you if a price makes sense. If I can buy and sell an item to the trade for more than the eBay asking price, I know there's something dishonest going on. There's no reason for a wholesaler to sell an item to an end consumer for less than they could sell it to a retailer. This means that the item is dearly not what it is advertised to be. That is just one kind of fraud, where people misrepresent their items.

Joyner: What can be or is being done to rein in this fraud on eBay?

Hollander: We've created a dialogue with eBay and the other reputable jewelry sellers to address fraud. EBay made some rules. For example, you cannot put cubic zirconia (CZ) and man-made diamonds in the diamond categories.

Even though we have a good reputation and so much feedback, we always say "natural diamond" or "we only sell natural diamonds" in our descriptions. Even with that, we still get a lot of e-mails asking, "Is it natural?"

Joyner: Did you anticipate that fraud would be such a big issue when you first started selling on eBay? Or maybe the better question is, what made you think that people would be willing to buy expensive jewelry items, and specifically diamonds, from Gem Stone King on eBay?

Hollander: There are a lot of reasons.

One, e-commerce in general is something that is increasing every day. There is a huge potential market. Today, online jewelry sales, for example, are a small percentage of total jewelry sales, though that number is increasing.

I remember when I started and told wholesalers that I was selling online. They were very skeptical. "No, you cannot sell online:" they said. Today, a lot of wholesalers are looking online. The business is really attractive. It's something they're thinking about much more seriously today.

Not everybody can go to 47th Street in New York to buy jewelry. Online, we have customers all over the world. As for our success, I give better customer service and better prices than retailers, and being so transparent, that helps our sales. There are

a lot of repeat customers. People come back again and again.

Power Pointer

Repeat business could be the lifeblood of your company.

Joyner: I know from my own experience, when my husband bought my engagement ring, he bought it from a very reputable local jewelry store, because he wanted someone who would spend time with him and help educate him. Now he feels like he has a relationship with that store. He goes back there to buy anniversary gifts and the like. And he trusts them. Do you feel like you are able to do that same sort of thing with your online customers and that they feel that way about your company?

Hollander: Obviously, at the end of the day, a lot of people would say, "I need to touch or see my jewelry before I buy it." Then there is the trust. But I believe in online selling. I know for a fact that we can give better prices because we are the ones selling jewelry to the retailers. The same items are much more expensive at a retailer than from a wholesaler like us.

A lot of customers are willing to spend extra money to feel the assurance, to touch the item, and I totally understand it. On the other hand, there are a lot of people today-and the numbers are growing who enjoy the ease of shopping online. They trust online merchants like me.

A second benefit to shopping online is the variety. When you go to a local jeweler, there's a limit to how many items he can show you. On top of this is customer service. It's true that a local jeweler you trust will give you good customer service, but he cannot show you a list of 10 people who were happy like we do with our eBay feedback. You don't know if somebody just left the door a few minutes ago and was unhappy with something. When someone buys from us on eBay, they see 25,000 people who were happy.

PowerPoint

Positive feedback serves as a potent customer referral mechanism.

Joyner: And they actually get to read those consumer comments in the eBay feedback forum.

Hollander: Exactly.

On top of this, we offer a full refund. It's really a win-win situation. We want you to be happy. The idea is not to make one sale. We

don't want to make one sale and that's all. We know that repeat customers are our core business. We want them to come again and again.

We are very dedicated. I am very committed to online sales and to customer service. I work very hard on the description of the item to make sure a piece of jewelry is accurately depicted online.

Joyner: How difficult is it to accurately depict diamonds and other jewelry on a computer screen so that customers can have the confidence to bid and won't be disappointed in the item after the purchase?

In other words, how do you show me the sparkle on the screen?

Hollander: It's very, very tough. A lot of diamonds look the same. If you go to all the biggest online jewelry and diamond sites, everything is a stock picture. There's no real picture of the actual item you're buying. It's all a representative sample.

But it's a different audience on eBay.

Joyner: Buyers want the picture of the precise item that they are bidding on?

Hollander: Exactly.

Even though I have the real description and the real picture and after all the e-mails, I totally understand that customers sometimes may not be satisfied with an item after they purchase it. That's why we have a full refund policy regardless of anything.

Somebody bought an item yesterday for \$6,000. Yes, she can return it if she wants. I don't think she will because the item is so nice and attractive. Because our photographs and description are correct and very detailed, most of the time we don't get returns. But we do have some. It's part of online business.

Power Pointer

One of the most effective ways to instill confidence in buyers is to offer a full refund if they are unsatisfied for any reason.

Joyner: How do you protect yourself against fraud?

Hollander: That's a good question. A lot of people think as a buyer that they need to protect themselves from fraud. But to be honest, I can say as a big seller, we have been targeted from all over by buyers who are trying to send us false credit cards and false information.

Through experience, we've learned when to ship, when to accept the payment, and what kind of payment to accept.

I will tell you that we have been burned. It was a learning curve.

We learned a lot by trial and error.

Joyner: How have you been burned?

Hollander: Let's say somebody pays with a credit card. Everything seems okay, so you ship the item once you have the money in your account. A month later, the credit card is reported stolen and the company reverses the charges. You have no money and the item is gone. It happens a lot if you're not careful about verifying that the person using the credit card is really the owner of that card.

Joyner: You've spoken a lot about transparency to the consumer. I'm hoping you can elaborate a little bit more on that. What product disclosures are important in your category or any category?

Hollander: When I say transparency, obviously I mean the description. The same way we grade a diamond in the trade, selling to our friends in the trade, that's the same way that we'll grade it to the consumer. We'll show them the same estimate, picture, description, and certification whether we're selling to a wholesale customer or someone on eBay.

Obviously consumers don't understand as much as we do about jewelry. So, a lot of fraudulent sellers will use this to their benefit and use false authenticity or appraisal certificates that aren't worth the paper itself.

When I say transparency, it means having a toll-free phone number that customers can call with questions. It means answering all e-mails. It means writing accurate descriptions. In the case of eBay, feedback is so important. If any seller has significant feedback, I think it's a proof of honesty.

Joyner: When you've got a feedback score of more than 25,000 that has to mean something to bidders.

Hollander: Exactly. It means that you're working very hard to satisfy your customers and do all the things I enumerated before. You cannot achieve success without doing that because people are so picky. If you do something even a little bit wrong, they will let you know. This transparency, this feedback system, along with the generous refund policy creates amazing assurance for the customer.

Joyner: As a seller, you definitely want that positive feedback. That's the Holy Grail of eBay, and it seems to be crucial to the success of most PowerSeller. How, then, do you deal with negative feedback from

customers?

Hollander: I try to reply and show customers what really happened from my perspective. If it's something that we can resolve through mutual arbitration, I'll do it.

Power Pointer

Don't ignore customers who write to you with complaints or provide negative feedback. Show your side of the story, and try to come to a mutual compromise so you both end up happy. You may be able to convince the customer to withdraw their negative feedback.

Joyner: I gather it's important for you to find out the reason behind that negative feedback.

Hollander: Always. I want to see what I did and learn what I should change and do differently next time.

Joyner: Do you get many calls from eBay customers asking questions about an item before they bid?

Hollander: I can say for a fact that the amount of customer service required per item on eBay is much higher compared to sales through Amazon or our web site. eBay buyers are much more demanding and require a lot more customer service. This is something that takes a lot of your time.

I basically don't believe in the idea that people should have to call you before making a purchase. I do list a phone number with all my auctions. If it's an expensive and difficult item to sell, I want buyers to be able to ask all the questions they need to in order to really feel assured and secure when they buy the item. But I really believe that in a pure online environment, all of the pertinent information needs to be in the auction listing itself so buyers can make an informed decision.

Joyner: Still, you include your phone number with every auction so that if people have a question, they can call and get that question answered.

Hollander: Right. I believe in full transparency. I put the phone number in because I want them to call if they feel they need to call.

Power Pointer

Full transparency is crucial: Make sure customers can get in touch with you in a variety of ways, including e-mail and

telephone.

Joyner: What's your approach to pricing merchandise? It seems like you use a variety of techniques, including 99-cent opening bids and Buy It Now pricing.

Hollander: We have run a lot of auctions with low opening bids, and most closed at prices we could live with. Today, however, the auction prices on jewelry have really gone down. Customers need to be very careful when they see a low-starting-bid auction on a medium- to high-end item because that's very risky for the seller.

Joyner: I trust that to protect your profit margins, you're much more likely now to set a Buy It Now price, or sell at a fixed price through your eBay store, than to put expensive items up for bid at 99 cents. But by doing this, do you miss out on the competitive draw of auctions and the natural consumer desire to haggle for a good deal?

Hollander: When eBay came up with the "Make Offer feature, we Incorporated that into our business. Haggling is something that is common in the wholesale trade. On eBay, we also are able to accept, decline, or counter an offer that is being given by our customer. You can make up to three offers and counteroffers per customer, so it's a dynamic feature.

Joyner: I'm not sure that many buyers and sellers are familiar with the Make Offer or Best Offer option on eBay. In essence, a seller sets a Buy It Now price, which a customer could agree to pay. But under these options, the customer can also begin a price negotiation by making a lower offer.

Hollander: We don't always allow customers to make an offer. Sometimes I just put in the very best price, the minimum price I'm willing to accept, and don't entertain any offers. But for a lot of items, yes, we will take offers.

Joyner: I'm looking at a ring you're selling right now with a Buy It Now price of \$735. But you're also giving shoppers the opportunity to make an offer. Why would anyone buy the ring for \$735 when they could make an offer and get it for less?

Power Pointer

If you have any flexibility with high-priced items, consider using eBay's "Make Offer" or "Best Offer" features, which give buyers the upper hand in haggling.

Hollander: A lot of people don't understand the concept, and they have wishful thinking. They think that if I put a ring worth \$10,000 on

eBay, I'll take their offer of \$10. Obviously there are those who don't understand the concept.

Then you have a lot of serious people who make an offer that is a small percentage below your asking price. It's at that point the negotiation starts. It's interactive. The bidder still thinks that they win an item for a better price, which is true, by the way.

There are sellers who will say this is not a good practice. All over the world, though, people are used to bargaining and negotiating when somebody gives them a price. Here in America, we are spoiled. You go to the store-that's the price you pay.

Joyner: Right. But the Make Offer feature gives consumers some control over what they pay, just as an auction does. It creates some of that back-and-forth negotiation that some people really enjoy, like when you go to buy a car or haggle over prices at an antique store or a flea market.

Hollander: For some items-a diamond solitaire, for example-there really is a market price. It's a commodity. And there's no reason in the world to sell it below this price. So, we probably wouldn't entertain offers on items like that. But maybe my father and I manufactured a particular piece of jewelry that we thought was going to be a really good seller. But you know what? It's been sitting there a year, and it's not moving. Why not allow somebody to make me an offer? In this case, entertaining an offer makes a lot of sense.

Joyner: How often do you refuse offers?

Hollander: Today, somebody put in an offer for \$2,000 on an item that she really wanted. I declined. I gave her a counteroffer. She sent me an e-mail saying she really wanted it for her anniversary. The note was really touching, but I cannot sell below cost. I told her that. I gave her a ridiculous price, and it's the best price in the world. Nobody can beat this price, but she wants to pay less. Maybe that's her budget, but I just cannot sell her the jewelry for her price. So it happens quite a bit when people are unrealistic.

Joyner: When you accept an offer from someone, how are your eBay fees calculated? Is eBay's fee based on your initial asking price or the final price of the item?

Hollander: The final-value fee.

Joyner: But your initial insertion fee is based on the initial asking

price? That means you're paying a little bit higher fee when you choose to entertain offers.

Hollander: Yeah, that's true, but in my case, my average selling price is about \$500. It used to be lower. I'm already paying a high insertion fee regardless. It averages around \$5.

Joyner: What's the advantage of selling some items through eBay auctions and others through your eBay store?

Hollander: It allows us to diversify. Even though we don't always get the best price for auctions because you have no control over the bidders, we still do them. Some people are getting a really good bargain at the end of the day. But auctions are definitely a loss leader. They bring traffic to your store.

Joyner: So, you believe in using all the different listing methods available to you as a way of advertising your products on eBay and achieving the best possible sell-through rate and the highest possible profits?

Hollander: Yes. I have a lot of expenses as a serious, dedicated business. I have employees. I have office space. I need to cover these expenses.

Joyner: How important are other channels to you beyond eBay? Do you sell a lot through your own web site and as an affiliate of Amazon.com? How have you diversified these past six years?

Power Pointer

While there's no denying the huge audience available to you through eBay, be on the lookout for other sales channels, including Amazon.com and your own web site.

Hollander: Right now, not enough. It's something we are targeting this year, and we are now doing all kinds of things to increase our off-eBay business.

Obviously we have the wholesale business, and we have some off eBay business, but eBay is still a very big part of our online business, and we want to continue to increase it if we can.

We still believe in eBay. We like eBay, even though it's tough and difficult at times. We like the whole concept of eBay. eBay is something that is part of my life. On the other hand, I'm also thinking of other channels.

Joyner: Readers wanting to learn more about how to grow their business through various other channels beyond eBay should check

out my book *The Online Millionaire*, which discusses the whole concept of multi channel online marketing. Given that you have such a high percentage of repeat business on eBay, how are you cultivating that? Are you marketing directly to people who've bought from you before?

Hollander: Sure. We e-mail them with all kinds of messages. Once a customer is yours, and you have his e-mail and his permission to market to him, you can send him coupons, deals, and other offers.

Power Pointer

Once you have a customer's permission, stay in regular communication by sending out periodic e-mail messages with coupons, deals, and other offers.

Joyner: In that way, you must be bringing in some repeat business to your web site and other channels instead of to eBay. Is that your goal, to have people buy from you on your own web site instead of on eBay so you avoid paying the auction site's transaction fees?

Hollander: I have no problem with funneling buyers to eBay. A lot of sellers will tell you the idea of marketing is to bring people to your off eBay site. But in my opinion, in my stage of the business, I just want them to buy. Whatever and wherever they buy, it is good. Whatever they feel comfortable with, that's good for me.

Joyner: I guess part of the reason they're coming back to you on eBay is that they already feel comfortable buying from you there.

Hollander: They're eBay shoppers, at the end of the day. They like the concept of making an offer, or bidding, or using PayPal. They have an account on eBay. They trust feedback.

Joyner: You're very active with PeSA, the Professional eBay Sellers Alliance. How has that been important to your business? What do you think sellers gain from being a member of a group like PeSA, or what I like to call The eBay Billionaires' Club?

Power Pointer

Network with other successful eBay sellers so you can share and benefit from mutual best practices.

Hollander: We are all trying to leverage our networking and know how to increase our business, and not only on eBay. It's networking at the end of the day. For example, in 2006, we met in San Francisco with representatives of Amazon, Yahoo!, eBay,

and Google.

It was a lot of experience in one room-all the big sellers in different categories who really know a lot of things. It was the best networking ever.

Joyner: I'm always surprised at how willing these big sellers are to share their knowledge and expertise with others. It's a competitive field, but most Power Sellers are forthcoming when it comes to talking about their businesses and sharing tips for selling on eBay.

Hollander: Yes. We are sharing things that can help all of us. As Hollander can attest, working together and sharing best practices really benefit everyone. Don't hesitate to call on other merchants as you grow your online business to share your respective secrets of success. You're all bound to benefit from the dialogue.