

RESEARCH BRIEF (eBay Stores)



ANNOUNCEMENTS

CALL FOR RESEARCH PARTICIPANTS

Are you a large eBay Power Seller interested in growing your business? Would you like to become part of a new research group specifically designed to find out what really works on eBay and other online marketplaces? Are you a retailer or manufacturer who would like to start to utilize eBay?

http://www.marketingexperiments.com/research_call.cfm

UPCOMING RESEARCH BRIEFS

1. 2005 Marketing Blueprint
2. Testing Free Trial Offers
3. Effective PPC Campaign Tracking
4. Planning Your Merchandising Calendar in 2005



SYNOPSIS

Topic: eBay Stores — What is an eBay Store and how can it be used as an effective sales tool?

We recently released the audio recording of our clinic on this topic. You can listen to a recording of this clinic here:

Windows Media Audio:

<http://meclabs.com/cgi-bin/pl/pl.cgi?c2w>

RealMedia:

<http://meclabs.com/cgi-bin/pl/pl.cgi?c2r>

This research brief will answer the following questions:

1. What is an eBay Store?
2. How effective is an eBay Store as a sales channel?
3. How can an eBay Store be optimized? (10 Key Techniques)



1. What is an eBay Store?

Clear your mind of any notion you have about how eBay works, what it does, who shops there, and what you know about it.

eBay has evolved over the past 10 years and it is more than just an auction site. In fact, billions of dollars in fixed-priced items sell there each year.

What started as a virtual flea market is now a thriving online marketplace that accounts for almost 10% of the entire world's ecommerce sales year after year:

eBay vs. The Rest of the Web		
Year	eBay	Global B2C
1999	\$2.8 Billion	\$30.1 Billion
2000	\$5.4 Billion	\$59.7 Billion
2001	\$9.3 Billion	\$101.1 Billion
2002	\$14.8 Billion	\$167.2 Billion
2003	\$23.8 Billion	\$250.0 Billion



What You Need To UNDERSTAND: Almost 10% of all ecommerce sales (worldwide) take place on eBay.

Source: eBay Annual Reports & eMarketer

From a branding perspective, serious web marketers can not afford to forget about eBay, and most successful marketers utilize eBay as a place not only to liquidate merchandise and generate brand awareness, but also to acquire new customers.

Seasoned eBay Power Sellers use eBay just like any other marketing channel. Merchandise often sells for less than it might on their own websites; however, the added marketing activity that eBay supplies more than makes up for the profit margin that might be lost on the actual sales.

eBay Stores <<http://www.ebay.com/stores/>> were introduced in 2001 as a way for eBay sellers to cross-sell their products. Stores were very basic and received very little traffic.

Today, eBay Stores constitute an essential factor in any eBay strategy. Because of eBay's very strict rules against advertising your website on eBay auction listings, directing traffic to an eBay Store is one of the only ways that you can cost-effectively advertise your brand and complete product line on eBay.

Advertising your products on an eBay Store costs as little as \$0.02 per product per month, and while eBay Store items do not typically show up in the main eBay search, they can be cross-linked from any of your featured eBay Auction listings.

eBay recently implemented some functionality that has started showing eBay Store listings as search results if less than 10 regular auction listings are returned for a given search.

Perhaps the most significant change to eBay Stores has been the added functionality that allows sellers to completely customize their own stores. This includes functionality for email marketing, web analytics, and merchandising tools, which are now standard with any eBay Store.

As a demonstration of just how far eBay Stores have come, they awarded cash prizes to innovative merchants who had customized their eBay Stores. These sellers had demonstrated innovative design, functionality, and personalization of each of their stores.

These winning stores can be viewed online at:

<http://pages.ebay.com/storefronts/bestinstores.html>

KEY POINT: eBay Stores allow you to advertise your brand and list many products on eBay at a fraction of the cost of standard eBay listings. eBay Stores can now be customized and tracked in much the same way as a standalone website.

2. How effective is an eBay Store as a sales channel?

Consideration of eBay Stores is an essential element of any eBay campaign. Michael Jansma, an eBay Power Seller and CEO of an online jewelry store <<http://www.gemaffair.com/>>, says that his eBay store allows buyers who are looking for a bargain but not interested in bidding on auctions to quickly and easily make a purchase.

"I use my eBay Store to convert eBay traffic. My actual website is catered to a different audience and I advertise products that may not be for sale on eBay," says Jansma. The eBay Store is used to convert eBay traffic, while traffic from other marketing channels is sent directly to his website.

At MEC, we wanted to test the effectiveness of an eBay Store for ourselves, so we sampled data from three large eBay Power Sellers.

We were interested in seeing how the three sellers' eBay Stores compared to their actual websites in terms of buyer conversion. While each of the eBay Stores did not match the sophistication or design of their actual websites, we were surprised at how well they worked.

We carefully measured how many shoppers came to each retailer's website and to the corresponding eBay Store. We then measured how many people made a purchase. The results are summarized in the following table:

Website vs. eBay Store Conversion Rate			
	Website	eBay Store	Percent Increase
Power Seller A	0.62%	0.74%	19%
Power Seller B	1.32%	2.57%	95%
Power Seller C	0.28%	3.36%	1100%
Averages	0.74%	2.22%	201%



What You Need To UNDERSTAND: All three eBay Stores performed better in terms of conversion rate than their corresponding website. Taken together, the three eBay Stores converted 201% better than the three websites.

We were surprised at how well the eBay Stores worked to generate sales. The average conversion rate (percentage of visits ending in a sale) for these three large Power Sellers was 2.22%. This was three times greater than the conversion rate of the corresponding standalone websites.

Since eBay Store traffic is highly targeted, one might expect a high percentage of shoppers to purchase, but the test results exceeded our expectations.

Our interest was piqued, so we decided to delve deeper. We subjected the same stores and websites to another 30-day test, this time measuring how much revenue was generated for each marketing medium and weighing it against the number of pages viewed. Revenue per page-view is often used as an indicator of merchandising effectiveness.

Website vs. eBay Store Merchandising Effectiveness (Revenue Per Page-View)			
	Website	eBay Store	Percent Increase
Power Seller A	\$0.54	\$1.89	250%
Power Seller B	\$0.76	\$4.12	442%
Power Seller C	\$0.11	\$0.86	682%
Averages	\$0.47	\$2.29	387%



What You Need To UNDERSTAND: The average amount of revenue generated for each eBay Store page-load was \$2.29. The eBay Stores outperformed the Sellers' standalone websites by nearly five to one.

Once again, while the direction of the metric's movement was as expected, the magnitude of the difference was surprising.

eBay staff declined to comment on our findings. However, they did indicate that the eBay platform will continue to become more conducive to customization and large-scale ecommerce integration in the near future.

Already, you can edit your own eBay Store to include custom HTML. eBay also has an excellent developer's program that allows a programmer to incorporate eBay into a back-end database system.

eBay Store users can design, track, and market their stores at a fraction of the cost and with most of the functionality of an enterprise-level website platform.

Furthermore, the eBay brand itself may be one of the most valuable marketing assets on the web. Buyers have come to trust the eBay name. Most eBay buyers are aware of eBay's commitment to buyer protection and fraud prevention.

eBay has certainly come a long way since its beginnings as a text-only site in 1995. With merchandise sales rivaling any of the largest retailers in the world, any serious online marketer should consider its potential when developing marketing strategy.

There are several reasons why a retailer may want to consider an eBay store:

1. An eBay Store allows a retailer to leverage eBay Auction traffic at a fraction of the cost of traditional eBay auctions.
2. eBay Store purchases are protected by the eBay Feedback system and are easy to make.
3. eBay Store inventory can be made available on 29 international sites, instantly exposing any retailer to an international buying community.
4. Increasingly, eBay Stores can be customized, tracked, and marketed like any website.

3. How can an eBay Store be optimized? (10 Key Techniques)

We found that the most effective eBay Stores are customized with a professional look and are carefully linked into a large number of high-traffic eBay auctions. We interviewed some of the top eBay sellers, spoke with eBay staff, and scoured the eBay website for suggestions on how to optimize an eBay Store. Here are our findings:

1. Use the XML export feature for indexing with search engines and comparison engines.
2. Use the eBay Store traffic reports to watch site path data, unique visitors, and search engine referrals. By carefully monitoring eBay Store activity you can make educated adjustments to your store that will improve sales.
3. Customize your store to match the look and feel of your website. This will create a consistent online persona for those who shop both your stand-alone website and your eBay Store.

4. Run low-reserve and "featured" auctions on eBay to drive traffic to your store. These will be automatically cross-linked from your auctions. Think of these auctions as loss leaders that will drive shoppers into your store.
5. List your entire inventory in your eBay Store. At \$0.02 per listing, 10,000 items will only cost \$200 per month. These products will not only get indexed by Google and Yahoo but may also show up in the main eBay Search.
6. Register and assign a domain name to your eBay Store. You can assign any domain to your eBay Store through your store manager.
7. Be sure to accept PayPal as a payment method so that eBay buyers can easily pay for items they purchase from you.
8. Improve the ranking of your store on the major search engines by inserting keywords into your store. You can do this from within your store manager.
9. Drive advertising to your store via eBay Keywords, links from your own website, or even paid search campaigns. The eBay brand and automatic buyer protection systems help to convert shoppers into buyers. Furthermore, eBay will credit 50% of the final value fee if you drive traffic to the store from outside of eBay.
10. Create a sensible navigation system. eBay allows you to create up to 20 product categories for easy buyer navigation. This category structure not only insures that buyers will be able to find what they are looking for, but it also increases the likelihood that your store will be indexed with Google and Yahoo.

From its humble beginnings, the eBay Store platform has evolved into a flexible, robust sales and marketing platform that should be added to the short list of fundamental channel options for virtually any serious online retailer.

To find out more or to sign up for an eBay store, visit:

<http://pages.ebay.com/stores/>



SOURCES:

eBay Referral Credit:

<http://pages.ebay.com/storefronts/referral-credit-steps.html>

Global Ecommerce Growth Numbers:

http://retailindustry.about.com/library/bl/bl_em0320.htm

eBay Store Test Results:

<http://www.infopia.com>

RELATED MEC REPORTS:

Linking Strategies Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mls>

Long Copy vs. Short Copy Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mlc>

Website Awards Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mwa>

Comparison Search Engines Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mcs>

DealTime Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mdt>

Yahoo! Store Changes Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?myc>

eBay Basics:

<http://meclabs.com/cgi-bin/pl/pl.cgi?meb>

Landing Pages Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mlp>

Order Process Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mdr>

Order Recovery Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mor>

Transparent Marketing:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mtm>



As part of our research on this topic, we have prepared a review of the best Internet resources on this topic.

Rating System

These sites were rated for usefulness and clarity, but alas, the rating is purely subjective.

* = Decent | ** = Good | *** = Excellent | **** = Indispensable

Custom Designed eBay Stores ***

<http://www.infopia.com>

eBay Store Pricing ***

<http://pages.ebay.com/storefronts/pricing.html>

eBay Store Traffic Reports ***

<http://pages.ebay.com/storefronts/traffic-reports.html>

eBay's Q&A ***

<http://pages.ebay.com/storefronts/openbenefits.html>

Promoting Your eBay Store **

<http://pages.ebay.com/help/stores/promoting-your-store.html>

Fully Customized eBay Store **

<http://stores.ebay.com/Glitz-N-Glamour-Jewelry>

eBay Stores Discussion Forum **

<http://forums.ebay.com/db2/forum.jsp?forum=21>

AuctionBytes **

<http://www.auctionbytes.com>

eBay Marketing Pros and Cons **

<http://meclabs.com/cgi-bin/pl/pl.cgi?sep>

SEO for an eBay Store **

<http://forums.searchenginewatch.com/showthread.php?threadid=1298>

How Effective Are eBay Stores for Small Business? **

<http://www.webproworld.com/viewtopic.php?t=28598>

Making Your eBay Store Search Savvy, Part 1 **

<http://meclabs.com/cgi-bin/pl/pl.cgi?se1>

Making Your eBay Store Search Savvy, Part 2 **

<http://meclabs.com/cgi-bin/pl/pl.cgi?se2>

Making Storefront Connections to eBay **

<http://ecommerce-guide.com/essentials/ebay/article.php/3432941>

Getting Started on eBay **

<http://ecommerce-guide.com/essentials/ebay/article.php/3423341>

eBay to Tweak "Item Not Received" Process **

<http://ecommerce-guide.com/essentials/ebay/article.php/3438151>

Outsource Your eBay Selling **

<http://ecommerce-guide.com/essentials/ebay/article.php/3378081>

Putting a Local Spin on eBay Stores **

<http://ecommerce-guide.com/essentials/ebay/article.php/3355741>

Buying and Selling through eBay Stores **

<http://experts.about.com/q/2160/3581842.htm>

Running an eBay Business: The FAQs **

<http://www.entrepreneur.com/article/0,4621,317281-2,00.html>

Is It Worth It to Get an eBay Store? **

<http://www.wahm.com/boards/Forum58/HTML/001585.html>

How to Make Cash on eBay **

<http://www.pcworld.com/howto/article/0,aid,110664,00.asp>

Choosing Keywords for Your eBay Store **

<http://theauctionboard.com/ezine.html>

Guide to eBay for Sellers **

<http://www.samizdat.com/ebay.html>

AuctionInsights.com **

<http://auctioninsights.com/auction-sellers.html>

Cool eBay Tools **

<http://www.coolebaytools.com/>

Vendio (formerly AuctionWatch) **

<http://www.vendio.com/>

eBay Starts Keyword Advertising **

<http://www.clickz.com/news/article.php/2226631>

Marketing the eBay Way **

<http://clickz.com/experts/brand/capital/article.php/2243471>

Meet Your New Agency (PayPal Accepted) **

<http://clickz.com/experts/brand/buzz/article.php/3097921>

Auctions Are Not Easy Money *

<http://meclabs.com/cgi-bin/pl/pl.cgi?sce>

The Internet Auction List **

<http://www.internetauctionlist.com/>



ABOUT THIS BRIEF

Credits:

1. Editor — Flint McGlaughlin
2. Writer — Jalali Hartman
3. Contributor — Brian Alt
4. HTML Designer — Cliff Rainer