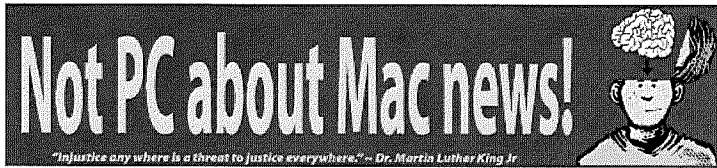


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TUESDAY, JANUARY 03, 2006

## Special Report: You Gotta Be Berserk To Use An eBay Listing Company! The Whole Story

In this special report ... I'll be telling my detailed story of using such a company and relate how my selling Apple Parts on eBay for 9 years has given me unique insight into the matter.



This is my story as experienced by me personally. I have dealt with a company called **BIDZIRK**, in my home town. I have also visited several competitors. In doing extensive Google research, I have found that my problems are almost universal ... but that only larger clients really complain. At the end, I will offer a checklist for you to use when choosing a listing company that includes questions you may not have thought of before. Please feel free to share your thoughts about these services and what you think about the article!

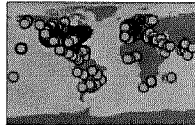
See **BIDZIRK** logo here advertising, "The Fast & Fun Way To Sell On eBay!"

### PART ONE: Fast & Fun?

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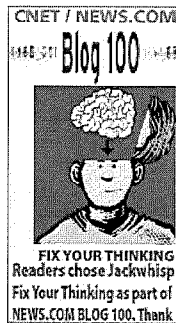
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In May of 2005, I decided to obtain the assistance of an eBay listing company to help move a friend's inventory consisting of computers, servers, laptop power supplies, laptop docks, mice, etc etc. Since a graphic design firm that I and a colleague serviced for Mac Tech Support over the years helped design the identity of a new listing company called **BIDZIRK**, we chose them to help us with listing this massive inventory on eBay ... so that we could start anew by January '06.

First, I'll give you a few bullet points about eBay listing companies in general and then tell my specific problems with **BIDZIRK**:

\* These listing companies (where you take items to them, they list them, and send you a check) are not upfront about their fees. (This seems to be a common problem if you do a google search on problems with eBay listing companies)

\* It seems reasonably fair to take out 25% to 35%, but by the time you get your check ... you are often splitting your auction 50 / 50. For most items, this is unfair and often less than you would receive from having a yard sale or having a day at the flea market, listing it in the local paper, or taking it to a *specialized curious goods dealer* (ie, pawn shop, collectibles shop, comics shop, etc)

\* These companies often have generic, mediocre listings that do not get top dollar.

\* Sometimes, these companies charge outrageous shipping and handling charges for your item, therefore lowering the final bid.

\* Listing companies do not pass savings along to the customer - ie ... if they use free picture listing services or list in their store, they charge YOU the same rate as if these pictures were hosted by eBay or listed as a regular listing which saves THEM tons of money! They also do not pass along promotionals at eBay. A few days each month, eBay will have discounted listing days. For example, on December 27th 2005, eBay offered 10¢ listing fees (regular charge 25¢ per item) ... if you are listing hundreds of items ... this quickly adds up. Some days, eBay offers 1¢ listings. On rare occasion they offer flat or no final



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their customers.

\* Listing companies do everything to protect themselves from not making any money. If they're going to make money no matter what, why should they put any special effort into creatively or effectively listing your product? Talk about customer expectations of *how its going to work vs. how its REALLY going to work*. Specifically, how customers perceive that because they do this for a living, their auctions should be BETTER than what the average eBay hack puts up.

\* They also tend to protect their feedback to your detriment ... meaning they will refund, accept returns without any hassle, and allow eBayers to abuse time schedules for payment for any reason ... without protest or investigation ... just to save their feedback rating ... therefore; delaying your check or causing you to not get your money at all!

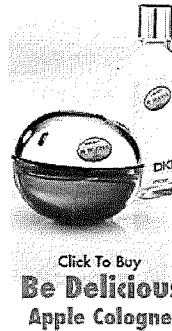
\* Typically, the length of time is 3 weeks from the date you bring in your item; until the time you get your check. These funds add up in their own Paypal accounts where they receive interest and if properly maintained; get them bonuses. (see story below) I had several checks delayed for 14 weeks!

\* As for laborers ... typically teenagers end up running the show for absentee owners. Essentially, the eBay version of McDonald's.

\* Also concerning laborers and owners ... on occasion you will find 40 and 50 somethings trying a mid life crisis career change ... they know nothing about how the eBay system works except what they have read in eBay For Dummies books. Usually they know nothing about pop culture (eBay's biggest market) or about electronics or computers (eBay's 2nd biggest market)

If you got here from a Google search, hopefully you're just contemplating using a listing company. By telling you my full story, I hope to give an understanding of what your expectations should be, and what terms you need to place into a contract before doing large scale business with a listing company...

One of my best friends who deals in procurement took an easier, more fitting job about 2 years ago, leaving behind an enormous eBay inventory spread out over 6 locations countywide ... some of these locations being very expensive premium warehouses in



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Greenville, South Carolina, my home town.

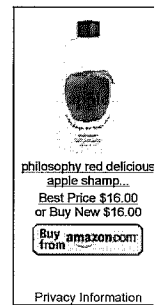
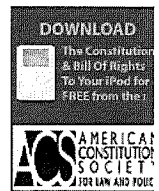
I had introduced this friend to eBay shortly after I met him; in 1998. He quickly passed me in feedback, as he was listing close to 500 items a month. This friend used to employ a staff of 5 to help list, pack, and do accounting for listings on eBay. Then, in late 2002, this friend had a bout of depression, let most of the eBay listing staff go and retreated to being a self employed computer repairman and a used computer salesman. He had several procurement sources ... and his local sales could not move the inventory as well as eBay ... things started to pile up in warehouse after warehouse, after warehouse. As the inventory grew, so did his overhead ... this all made him more depressed. His disorganization was affecting me ... I had no where to put some of my inventory, he had no money to front me for my own procurement, and the mess frankly; was overwhelming. Finally, in 2004, I stepped in and started to chip away at his inventory. I tried to carry some inventory to a local flea market ... while other small bits and pieces, here and there, I sold in my own Apple Computer Tech business.

It just wasn't working ...

So, in March of 2005, just as my friend and I were gearing up for a tour of companies to pitch a new product to ... we started to brainstorm. At first, I thought of a Tech Yard Sale. I thought we could rent a large building and get other people that I knew that had large amounts of computer inventory to also sell with us for a fee and maybe integrate local sponsors like high speed cable modem service and IT headhunting services.

I wanted to set some goals:

- Integrate all 6 locations into one large warehouse by summer's end
- Split the money with this friend 50/50 ... meaning: 25% me / 25% my colleague / 50% my friend
- Try to sell at the flea market at least 2 Saturdays a month for 5 months straight
- Organize the inventory for a proper appraisal
- Throw away any inventory that was of absolutely no value ( close to 20% of this inventory were large HP laser printers and broken yellowed monitors)



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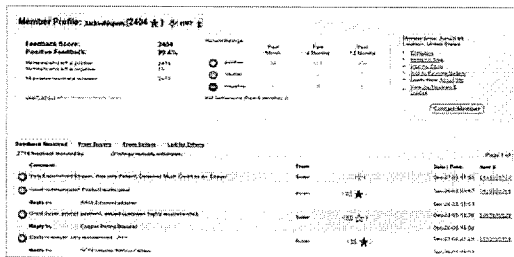
So ... my colleague (who had recently decided to make an income on his own) and I decided to take a crack at it. We dedicated about 3-8 hours a week to the task ... sometimes ... he, more hours; late at night, separately on his own ... others ... me, more hours; during the day, on my own.

Still, it wasn't working ...

Things were looking better ... but there was just so much inventory ... some pieces were large wide format printers and wide format scanners ... there were also large server cabinets. The large items were blocking more liquid inventory. Then, I thought of something ... what about using an eBay listing company?

I had seen a new store going up in a wealthier section of my home town called Bidzirk. When my cohort mentioned that a graphic design firm that we knew had done the ad campaign for them ... it was nearly solidified that we would use them ... to support our client; we would patronize their client.

Now, let me back up for a moment. If you knew me ... you would know that my suggesting the use of an eBay listing service was not something you would expect to hear from me. After all, most of my friends consider me an eBay guru. I know all the sales tactics to listing, I know how to spot all the scams, and know how to exploit ALL the facets of eBay to my favor (ethically of course). (Mainly through the use of discounts) I also taught eBay, in a continuing education course, at the local technical college.



\* my second (and current) eBay member ID page in use since April 1998.  
(Modified to protect seller and bidder identities)

amazon.com  
Books  
Click here



Pirates of Silicon Valley  
Noah Wyle, Joey Sla...  
Best Price \$13.43  
or Buy New \$14.99



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No image available

Jones Soda Carbonate  
Green Apple Ca...  
Jones Soda  
Best Price \$20.00  
or Buy New \$20.00



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So, I set up a time to meet with the Bidzirk owner.

I decided to meet him at a Barnes & Noble for a cup of coffee and shoot the breeze about entrepreneurship, what I bring to the table, and what he brings to the table.

Late for our first meeting, he explains his tardiness away by saying traffic was difficult. (A part that plays an important element later in this story)

We quickly start into what Bidzirk's philosophy is, how and why it was started, and what business we might do together.

From the beginning ... I could tell the owner was a yes man. Of course, I have to be honest ... eBay is; in and of itself a yes man paradise. Many sellers over promise and under deliver.

Although the owner seemed like a yes man ... I had done my home work ... he had owned an ecommerce B2B company called Channellinx. Tech savvy? Possibly ...

\* Channellinx is promoted at the Bidzirk site indirectly and at the bottom of each page as a technology & design assistance partner.

He explained to me how he had just gotten married and was planning his honeymoon in a week's time.

Wait! He was getting married, going on a honeymoon, and starting a (in his own words) 'multi-location business that will be national in 5 years time'?

At this initial meeting, we discussed an inventory survey and pickup of some large items to help us get started. I made it clear to the owner of Bidzirk that I had momentarily throttled my own Apple Tech business and that my partner was depending on the income that we saw from Bidzirk. I also made it clear that this income would be split 25/25/50. So, the owner signed off on a contract that was to my understanding 25% cut for Bidzirk 75% for me and my partner which would in turn be divided up 25/25/50.

EXAMPLE: A \$100 item would yield us \$75 / That \$75 then is

Apple Confidential 2.0  
Owen Linzmayer, Ow...  
Best Price \$10.73  
or Buy New \$13.57  
Buy from amazon.com

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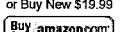
The Giving Tree  
Shel Silverstein  
Best Price \$4.22  
or Buy New \$11.55



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Apples to Apples Party  
Box Edition  
Vintage Sports Car...  
Best Price \$16.99  
or Buy New \$19.99



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divided into \$37.50 Friend (owner of inventory) / \$18.75 for me / \$18.75 for my partner

I was honestly expecting for my friend and I to average about \$9 an hour for our work. 2 hours work would equal \$18.75.

Even though this is simple math ... it's easy to see how this might get complicated as to the way things would be divided up.

I was under the impression (and contractual understanding) that Bidzirk charged 35% flat, once you had reached \$500 in sales, your rate went down to 25% flat.

Having sold 1000's of items on eBay myself, I could see how, after eBay and Paypal fees (which average 8.5% of the final winning bid), a business such as this could make a reasonable profit.

A couple of notes before I begin Part II:

I was served a letter from an attorney representing Bidzirk.

In this letter, the following was *alleged*:

1. *That I posted Bidzirk's logo without permission and that it is covered under trademark and service mark law.* I did post it, but as a reporter I have the right to publish it without permission. I am not profiting from this image, nor am I portraying that I sell items from Bidzirk. I am also not using the Bidzirk logo as my own. The attorney made mention of the Lanham Act but did not cite the specific reason for quoting this law. The Lanham Act *specifically* excludes my reporting.

Here's the 1st amendment to Lanham Act for the attorney and anyone else who wants to challenge my right to publish:



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## Article I

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

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 August (4)  
 July (6)  
 January (9)

### Directly as stated on The Cornell Law Website:

The Lanham Act defines the statutory and common law boundaries to trademarks and service marks. Trademarks (and service marks) are words or designs used in the advertising of goods and services. Rights to use a trademark are defined by the class(es) for which the trademark is used. Therefore, it is possible for different parties to use the same trademark in different classes. The Lanham Act defines the scope of a trademark, the process by which a federal registration can be obtained from the Patent and Trademark Office for a trademark, and penalties for trademark infringement.

### The following shall not be actionable under this section:

- (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.
- (B) Noncommercial use of a mark.
- (C) All forms of news reporting and news commentary.

2. *Their attorney says I am lumping all listing companies into one category and associating all of the problems faced with these companies to Bidzirk. According to this attorney this amounts to libel.* I have experienced all of the problems with Bidzirk as I have reported ... how does this attorney think I came up with the list of problems?

### Libel as defined by Nisus Thesaurus:

... consisting of false and malicious publication printed for the purpose of defaming a living person

3. *Objection was taken to my mention of the owner personally*; concerning his honeymoon and his difficulty with traffic ... that made him late to our first meeting. The claim is that these remarks are damaging to the owner's business reputation, the remarks were unprofessional, and mention of his previous business ventures were immaterial and slanted for sensationalism.

I have since updated the 1st installment to include a Greenville Journal link that shows how the owner promoted his business hand in hand (pun intended) with the start up of Bidzirk and his new marriage. It is also pertinent to my situation to convey involvement and how the owner (and other dropoff companies) might be overwhelmed ... and not able to handle business such as we brought to their company. I was promised and reassured several times that this was being handled as fast and as profitable as possible. It is worthy to note that a new marriage deserves dedication ... but that it may have taken away from time to dedicate to our level of customer.

---

## PART TWO: Fast Talking & Funny Business

eBay - Weird Al Yankovic

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I am reporting accurately on what happened to convey what COULD happen to others. My intent in reporting on this is to prevent recurrence of the same, not to destroy or damage Bidzirk, and certainly not in revenge. I am merely continuing to report as this site has for 2 years on issues that merit attention. This is a consumer advocacy site.

While listing companies may initially view the article as a deterrent to consumers using them, if they will conform to the practices suggested by this report, they will likely increase the amount of business that they do.

Two good analogies apply in this case.

The first is the consumer group such as Consumers Union (publisher of Consumer Reports) that has long reported on car companies and

dealers and their various consumer-harming and consumer beneficial practices. One such case, was that of the Suzuki Samurai and its rollover problems. That reporting resulted in the Consumers Union getting involved in a very long and expensive lawsuit, but you know what? Suzuki's newest cars don't have this problem anymore and people are purchasing their products as a result. Had they continued the Samurai line as is, they might be out of business by now. Had they responded to the Consumers Union by saying that they would do anything and everything to remedy the problem, they would probably be in even better shape as a company. They only did half of that and are probably only reaping half of the benefit. The Consumer's Union has continued to report as they always have and have made note when Suzuki produced cars that did not demonstrate these same problems. I think it is more than fair to say that the entire automotive industry took note of this and that consumers have become very well protected against what could have been a rollover epidemic. SUVs have certainly soared in popularity despite this reporting, so I think everyone benefited from the CU report. THAT is exactly what I am trying to do here. I'm reporting for the benefit of both the listing companies and the consumers involved.

The second analogy concerns the other practice that Americans have long made use of to sell things that they own: Real Estate. Think of what would happen if realtors started incorporating various fees into their billing aside from the 6% flat fee that represented their commission and that the total cost of selling a home started to approach 20%. People would be in an uproar, not because of the principle, but because of the outrageous amount of money that they would be losing. Most people are willing to shrug off a \$25 loss on a \$75 piece of collectible something or other and simply not ever use the service again. People will not shrug off a loss of \$10,000, however. In both cases, you feel you were misled. One is actionable, the other not.

One other legal issue, concerning this situation, that will be expanded on in Part III, concerns our final meeting with Bidzirk (to collect monies that were 4 months overdue). No longer wishing to negotiate with Bidzirk, and exhausted by delay after delay, I informed the owner I wanted a quick 5 minute meeting ... complaint/check/shake hands. I informed him of this several times. I also informed him that we were ready to throw in the towel with them and just wanted to part ways, but felt like we had enough grounds for breach of contract lawsuit on grounds of contract to sell, delayed payments without interest, underperformance from advertised "top dollar auctions", and for nondisclosure of full fee structure.

At this meeting, the owner brought in an accountant that was a recent hire and they proceeded to lay out paper after paper after paper. (Appearing to be laying out ways they were NOT going to compensate us fairly) I took exception to this ... reminded the owner of the *5 minute meeting request* ... he became angered ... I got upset (not to mention embarrassed) and he handed over a check after I used the term "robbery" and conveying that we felt robbed after receiving in some instances \$2-\$3 for laptop cases that sold for \$17-\$25 ... and that we regularly sold these in our store for \$16.00 each and regularly sold damaged cases at the local flea market for \$5, \$7, and \$10.

So ... the owner hands me a check and tells me to read the back of it ... (Handwritten) "*Cashing or Deposit of this check constitutes settlement between both parties*"

So, Bidzirk came into this meeting already on the defensive.

My attorney states the following:

*"Presenting a check with a handwritten notice (on the check) can not in any way make the check less liquid than immediate cash ... said check; given to anyone without an attorney present, or without previous typewritten notarized notice from an attorney is not binding. Further, it could be prosecuted as a post dated check. Checks are meant to be as liquid as cash and under banking law to have no restrictions unless monies provided are a loan, or the other party states agreement BY WRITTEN NOTICE and signature on a separate notarized agreement"*

I am using this article and heavily promoting it for listing companies to take notice. Hopefully, Bidzirk will change it's policies and learn from this experience as well.

I am not discouraging anyone from using listing companies ... I am encouraging them with my story to understand expectations ... but more importantly know what to expect... and to get a fair and unilaterally agreeable contract.

I want to put all subjects of my editorials on notice (in this case Bidzirk) ... threatening legal action over my right to publish truthful information is the wrong choice ... it exposes you to even more critique (elsewhere) and only serves to strengthen my point of view. My attorney is my most avid reader ... he warns me if anything I say

crosses the line ... but in reality ... he has yet to warn me ... because I always tell the truth and have facts, letters, links, witnesses, and recorded phone calls to back everything up.

Before any business threatens an individual over exposure of their business or their name; they should be aware of The 1st Ammdement, The Lanham Act, and Electronic Communications Privacy Act.

## PART THREE: Unfast & Unfun

eBay - Weird Al Yankovic

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I hope that yesterday's installment gave you insight into many issues ... not just about eBay listing companies. It's time now to back up a bit and finish the factual, detailed (and journaled) account of the rest of my experience. In this segment, I will lay the story part to rest. The final segment, tomorrow, will provide you with a checklist for using a listing company and negotiation tips for large contracts with such companies.

Bidzirk's logo looks like this, advertising that their service is *Fast & Fun*:



This logo exudes fun and pop culture!

My partner in this plan to use Bidzirk has maintained from the time of our first problems that I was uncharacteristically enthusiastic and leantiant considering all the problems we were having.

I loved the idea and I loved their logo and their nice looking stores. I wanted this to work. I was willing it to work really hard.

I'm going to repost the last segment of the story where I left off ... it is critical to understand.

At this initial meeting, we discussed an inventory survey and pickup of some large items to help us get started. I made it clear to the owner of Bidzirk that I had momentarily throttled my own Apple Tech business and that my partner was depending on the income that we saw from Bidzirk. I also made it clear that this income would be split 25/25/50. So, the owner signed off on a contract that was to my understanding 25% cut for Bidzirk 75% for me and my partner which would in turn be divided up 25/25/50.

EXAMPLE: A \$100 item would yield us \$75 / That \$75 then is divided into \$37.50 Friend (owner of inventory) / \$18.75 for me / \$18.75 for my partner

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I was under the impression (and contractual understanding) that Bidzirk charged 35% flat, once you had reached \$500 in sales, your rate went down to 25% flat.

Having sold 1000's of items on eBay myself, I could see how, after eBay and Paypal fees (which average 8.5% of the final winning bid), a business such as this could make a reasonable profit.

At the first pickup of inventory, the owner very kindly offered to bring a couple of SUVs, a trailer, and some manpower.

We opened up ONE of the two warehouses we had at the storage facility that we had the owner and his posse come to.

The owner introduced us to two of his employees ... young, hardworking, and intelligent men (around high school age).

The owner then introduced us to his wife and informed us that she would be writing down the inventory with two values:

What I expect to get from each item & estimated original value

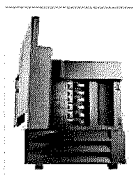
I informed her that my colleague was also writing down the inventory on his PDA.

As these items were being loaded onto the trucks, I pointed out that some components should be removed and sold separately. In particular, I pointed out that the server cabinets had 20 outlet surge protection strips bolted to the inside, that fetch up to \$70 separately on eBay. I also informed the owner that I had recently gotten around \$150 for server cabinets similar to the ones they were taking on this trip.



\* these particular cabinets are like the premium cabinets we gave them. I had recently sold a set similar for \$600. Bidzirk donated these (no sale) with the surge strips intact!

Further, for our consignment, they loaded IBM Netfinity Servers. I informed the owner that these fetched between \$350 and \$500 whole, but that they may want to test some of the auctions with parts ... these; being servers have easy to access and easy to remove parts.



The owner asked several times if we were writing everything down as it was placed on the trailer and the trucks.

In the course of about an hour we filled up three SUVs, a truck, and a trailer.

Estimated eBay value of this first trip: about \$3000 - \$4000.

This trip made a dent ... my colleague and I sighed with relief.

We set up a second trip.

On the second visit, graciously again, the owner obtained a moving truck with a large hauling area.

Things went pretty much the same. However, this time ... one of his employees was writing down the inventory.

One of them piped up and said, *"Do these things actually sell? These have like Pentium II Processors in them"* (referring to the IBM Netfinity Servers)

I said, *"They go for around \$400 each on eBay ... they originally sold for upwards of \$15,000 and as high as \$25,000 as configured."*

I told him these were in use just months ago and were released in 1999, 2000, and 2001. I also told him most of them were maxxed out as far as hard drives and memory.

The owner made a quick quip that they would be constrained for space between the two stores that they were operating, but assured us ... it could be done!

This second trip had an estimated eBay value (by me; a 9 year eBay veteran who had actually recently sold some of these items) of \$4000 - \$6,000

A third pickup was scheduled soon after as we informed the owner we had a timeframe of a complete empty of THIS particular storage facility by the end of June (2005) ... which was only a few days away.

At the previous meeting, I had suggested Bidzirk buy a long cab van and have it wrapped with their awesome logo.

At the third meeting, the owner wheels up in a shiny new long cab van ... speaking of how good an idea it was and how it would really help him serve big customers such as ourselves.

This meeting pretty much emptied this warehouse as much as possible. Estimated value of this trip/consignment: \$1500 - \$2500.

Due to some conflicts of my own, we were in the warehouse a few extra days ... but since I knew the manager really well, he let us have the extra days free.

All of this was the fast and fun part ... it happened according to my plan and to my colleague's disbelief. He thought my goal was unattainable ... but since he believed in me so much ... he was willing to give it a try.

A number of weeks passed ... a few small mediocre \$\$ amount checks had trickled in, most for items that were sold 4, 5, and 6 weeks prior.

We had told Bidzirk a rule on eBay they were unaware of: *The compete against yourself rule* ... if you list too many of the same item at the same time, your average ending bid will be lower, because people will just bid in your other auctions rather than bidding up other auctions.

I monitored the auctions closely. Things were being listed slowly, not at all, or with really overdone descriptions that focused too much on technical detail and pictorial content and not enough value to the buyer and what the bidder could actually do with the items.

Whole Netfinity servers were going for \$150 or less (or not at all)

We set up a meeting ... my colleague let me do most of the talking ... I am the eBay guru. However, he and I have a synergy to be able to convey any point, come up with amazing ideas, consult about anything, and solve any problem that exists ... we are working on the meaning of life right now. (laugh ... that was a joke!)

I am the technical and critical, he is the kind hearted seasoned



professional who you just ... well ... like.

Not overstepping our boundaries we made suggestions (almost like a thinktank) for the owner to implement into his stores and the listings ... hopefully to boost sales.

First and foremost ... we suggested using us to come in and consult (for free) on how to make the descriptions better to achieve not only higher winning bids ... but to intice bidder wars. We mentioned that if this consulting worked out ... maybe at future locations we could partner and have a quarterly seminar on the tactics for eBay listing. After all, my cohort was an excellent salesman who had worked with HP for several years. And ... I had actually taught eBay at the local technical college as a continuing education / adult education class.

One suggestion my colleague had was to produce T-Shirts with the cool Bidzirk logo on them and give them to high volume customers (wink wink) as incentives. Possibly even to sell these items up front in the store to customers that walked in. It was like free advertising ... my clients often ask me about the companies I support.

Another suggestion we made was ... make eBay more local. Have a window display with a rotating base ... like a Macy's New York streetside display. At the bottom of the rotating base ... have a monitor that showed the real time bidding and what the item was at or what it ended for ... it would sit there until payment was received and the item was shipped.

Part of the press release for Bidzirk to my community was:

***"Shopping locally strengthens our community"***

Not only would this idea bring in potential bidders who could pick the item up rather than risk shipping, but it would bring potential sellers into Bidzirk ... because they could say ... *I have something like that I could sell*

The owner thanked us for making the suggestions and said he would implement what he thought best.

More time passed ... fewer checks came in ... but this time, I had a payment issue ... the auctionwagon system that I had access to was indicating we had been paid almost double what we actually had ... another meeting was scheduled.

This meeting was essentially a rehash of the last ...

The owner met us at one of his dropoff stores and presented us each with T-Shirts, golf shirts, and hats. They were very high quality and even though nothing special, it gave me warm fuzzies.

At this meeting ... we brought up the importance of pictures ... one was watermarking pictures that were posted ... I had noticed that some people were selling identical laptop bags with the pictures Bidzirk was taking. I also stressed that too many sterile pictures only serves to overdue and undersell ... not to mention take extra time.

We suggested that Bidzirk try FreeCycle for items that did not sell and the seller did not want. Freecycle is a newsgroup where people can post items they do not want and people will come pick them up ... free. We thought this was an excellent suggestion ... freecyclers are almost always bargain hunters and resellers themselves. Most freecyclers, get items for the sole purpose of listing on eBay. What if Freecyclers came in for a pick up and thought, "Wow, instead of giving my stuff away, I might could make a little money from it" ?

We also discovered that a glitch in the accounting system prevented payment if the item had not shipped ... even if it had been paid for. ( For instances of local pickup )

We were made aware that someone had paid almost 40 days prior for a large portion of inventory, but had been slack about picking the items up. We pleaded with Bidzirk to take action and tell the buyer the items would be resold in 15 days if no pick up was made. The owner agreed.

Another couple of weeks went by ... same frustrations.

My cohort and I started to list duplicate items we had given to Bidzirk ourselves. ( He and I were both active on eBay already)

One day in August of 2005, I was at my cohort's office when I get a phone call from the owner of Bidzirk (recorded):

" ... I have to be honest, my temper has the best of me right now. I'm quite furious. You're selling laptop bags, using our picture and a slightly modified description. I thought we had an agreement to sell these bags for you. These were ours to sell. You had an agreement."

Remember how I described to the owner that people compete against you with your own pictures and descriptions?

We *had an agreement* ... the bags Bidzirk was selling were selling slow, we were getting 70/30 splits (Bidzirk's favor) and we had a mass inventory of these bags.

After talking through it ... we came to a resolution.

I felt (or in actuality was made to feel) I had done something wrong. My colleague had been upset for some time before this because we were not getting our fair share of funds from this arrangement. The owner of the inventory was starting to wonder if I had just taken some of the money. Now, the owner of Bidzirk was accusing me of intellectual property theft.

Without my partner knowing and against my own best judgement ... I asked the owner to come to another warehouse ... get more bags and more Netfinity Servers. At this time he also took several hundred video adapters and a few HP Netsevers. (Estimated value \$1200 - \$1500)

In late August, we met with the owner again ... this time to finally resolve our payment discrepancy ... at this meeting we discovered for the first time that we were actually being charged 35% + an average of 12% for fees (eBay listing fees and Paypal fees)

We addressed this with the owner and he apologized for the miscommunication ... as a concession (which I wasn't too pleased about) ... he lowered our percent to 30% + eBay and Paypal fees.

We accepted (my partner unwillingly, but continuing to trust my judgement)

In early September, I carried a few boxes of high end digital video and image editing software in a personal lot to Bidzirk. Estimated value (as I had already sold one of most every item I took to them) \$5000 - \$7500.

To the other Bidzirk location I also took some personal affects:

An SUV tiremount bike rack, an on the card Star Wars figure, and a boxed lot of Vintage Apple Computer Manuals, software, and a disk drive, and PowerBook RAM.

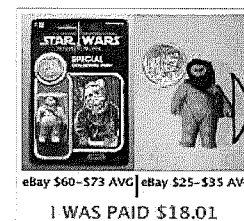
These items I was going to use as an experiment. With the exception of the bike rack, I had just sold these items in exact same condition on eBay myself.

The bike rack and PowerBook RAM actually got what I expected. In fact, the PowerBook 1400 RAM got a slight premium by about \$5 above the average auction ... but admittedly this was new, sealed in an Apple Service part box. Also, memory sells itself. No credit to Bidzirk on that one ... just an accurate title would have sold the auction at a premium.

This is the kicker ... my share was \$21.12! (From \$38.32)

As for the Star Wars figure which was still sealed in it's original package ...

Out of the package (and complete with accessories) it was averaging \$25 - \$35. On the card, the auctions ranged from \$60 - \$73. Bidzirk got \$33.50 ... my cut was \$18.01



Take into account that I was now at a 30% rate + 9% eBay and Paypal fees. The RAM was a 45% cut for Bidzirk. The Star Wars figure was a 47% cut for Bidzirk.

As for the Vintage Apple Computer manual lot - no winning bidder. This exact duplicate auction had gotten me \$60 just two weeks prior. This auction was in fact; donated. Suspiciously, I might add. As Bidzirk does business with another person locally that sells Apple Computer items through them. This is the only item on our invoice spreadsheet that says **DONATED** ... all other non selling items say **FREECYCLED** or **RETURNED**.

Several phone conversations and personal meetings with the two of us ... and eventually just me alone... continued throughout

September, and October.

Slow checks ... low amounts and no checks at all; continued.

In early November of 2005, I had scheduled a meeting in a brief face to face with the owner. The day before the meeting ... I get a phone call.

Paraphrased ... *"Rus, we're waiting on ya, did you forget?"*

No, I had specifically typed it in my phone for the following day and knew I would be at a client.

Maybe, I'm just being picky about this point and about our first meeting where he was late ... but these two instances just illustrate my points about involvement and dedication to our level of customer.

In this meeting we went over a mountain of paperwork ... I was introduced to two new hires ... and I was told I would have a check for the discrepancies (they had found) in 10 days. One of the new hires gave me his personal number. 10 days passed. I emailed. Reply came the next day saying accounting was still working on it, but that nothing would be done until after Thanksgiving.

In the meantime, my colleague and I had drawn up a new contract. I wanted to present this to the owner and have him sign it. I had called him in early November ... to remind him of a meeting we needed to schedule. He called me in Late November, apologizing for being late about being late to call me back! (Did you get that?)

My colleague and I scheduled a final meeting.

I spoke with the owner twice on the phone before this meeting saying I wanted this to be a quick 5 minute meeting and that I was not willing to go over any other figures.

(At this point we had completely thrown out the deal of a new contract)

At this meeting, the owner brought in an accountant that was a recent hire (mentioned before) and they proceeded to lay out paper after paper after paper. (Appearing to be laying out ways they were NOT going to compensate us fairly) I took exception to this ... reminded the owner of the 5 minute meeting request ... he became angered ... I got upset (not to mention embarrassed) and he handed over a check after I used the term "robbery" and conveying that we

felt robbed after receiving in some instances \$2-\$3 for laptop cases that sold for \$17-\$25 ... and that we regularly sold these in our store for \$16.00 each and regularly sold damaged cases at the local flea market for \$5, \$7, and \$10.

I won't even go into the issue of other items that I have since found out were FREECYCLED, unsold, or sold for far lower than average eBay auctions ... I feel embarrassed that this has happened to me and my business partners.

---

#### PART FOUR: Let's Get Out Of Here Fast & This Wasn't Any Fun

eBay - Weird Al Yankovic

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I could elaborate more, but honestly I'm trying to put this behind me. I will end with a few more details concerning my problems with an eBay dropoff ...

\* One thing I was not able to incorporate into the story well ... easy auction monitoring. At first, I received an email every couple of days telling me an item had been listed, then, a few days later, that the item had sold. After 60 days, I no longer received these emails. I had to monitor the auctions manually (which was time consuming). This is when things started going very wrong.

\* In total, the owner came to my warehouses 7 times ... these warehouses were within 2 miles of one location and 5 miles of another. I dropped off on 5 separate occasions \$7000 - \$9000 (eBay value) of additional inventory.

\* The owner constantly asked for more inventory and we constantly asked him to take it ... but in the end ... our excuse for underperformance was ... *"being overwhelmed"* ... something we had not really heard until the end. This made no sense to us ... Bidzirk has 10+ employees. If I dedicated my entire week to eBay ... I could list 100 items+ a week, and ship them. (I did just that in the year 2000)

\* Our auctions had accounted for nearly 1/8 of the total positive

feedback for both locations of Bidzirk ... with no negatives that I am aware of.

\* By my best estimate ... we accounted for nearly 1/8 of all revenue Bidzirk received for the first 4 months of our contract.

\* The ACTUAL APPRAISED value of the items we consigned, by a paid professional was \$40,000 ... for all items given to Bidzirk.

\* The estimated eBay value by me ( by doing research of completed listings and listing items myself ) was \$25,000- \$28,000.

\* Bidzirk received approximately \$7500 for all the inventory they consigned. They were given approximately 2700 items ... they sold approximately 300 items ... and returned approximately 1400 items. Take into account, that for 6 months work ... After I divided this up amongst my partners ... I received 1/4 of approximately \$7500!! When I was expecting to receive 1/4 of \$25,000 - \$28,000!!!

\* The discrepancy in items sold and returned vs given to consign is an issue of breaking items down and accounting for items that were sold in lots too large, items that were donated, recycled, or are missing or unaccounted for, at this time. It also consists of approximately 900 unsold video adapters that average \$5-\$7 each on eBay. These adapters were not even attempted for sale by Bidzirk.

\* It is important to note that just about all eBay sellers (even if they charge actual shipping) usually make about 10% of the auction end price back through shipping.

As an eBay veteran, I have learned different methods of shipping items that yield me reasonable money - that is in addition to the end price.

Most eBay listers get volume discounts from shipping companies and obtain special pricing on packaging materials.

In general, eBay sellers do not pass these savings to the buyer.

I charge within 10% of USPS Priority Mail Rate.

I ship larger packages by DHL - which on average is 30% lower than USPS Priority (with the discounts I use)

I ship smaller packages by USPS First Class rate which is 5% - 25% lower than USPS Priority in most cases.

I ship almost all software media rate which is 50% lower than USPS Priority.

I do not charge for boxes, packaging material, and I do not charge a handling fee. I get my packaging materials for free and I recycle materials.

I will give you an instance of how an eBay listing company makes money that they do not divide up with the consigner ...

If I sell an iLife '05 software package on eBay I charge \$4.50 for shipping. This consists of \$3.85 USPS Priority and 65 cents insurance.

I will ship this software for \$2.27 or less by Media Rate. As a seller, this gives me a 49% profit on the shipping. In most cases, the package arrives at the destination in the same time frame or one day later than USPS Priority.

Now, compare this to your average listing company:

They set minimum shipping charges ... on average something such as iLife '05 would cost \$4.95 - \$9.95 to ship from them.

It's important to understand this small tidbit of information.

If a listing company (such as Bidzirk) is charging you 44% (35% + 9% eBay/Paypal) fees (as Bidzirk does) then they make an average of 10% back on shipping of YOUR ITEM ... does any reader find this fair?

I will give credit to Bidzirk, in that, they were fair with the prices they charge for shipping. But the analogy above still applies.

Next ... my colleague and I were volume customers. A significant portion of the items Bidzirk sold, were items that could be relisted over and over again.

The first item is the bulk of the work ... research, typing description, database entry, figuring out shipping details.

The next 100 items are simply two mouse clicks ... that's it!

Should we be charged the same on the 100th item (44%+) as we were on the first item (44%+)?

This is where I drew an analogy of robbery with the owner in our final meeting. We gave them several hundred AS NEW Dell Laptop bags ...

on average these sell for between \$17 and \$25. On average we got approximately \$3 each for them as our cut. (Due to improper listing, relisting fees, bulk lot sales, etc)

It has taken me weeks of work (time that I did not have) to make sense of this accounting nightmare ... something I had conciously tried to avoid by using a dropoff in the first place ...

THE END ...

Here is a helpful checklist to use if you decide to use an eBay Dropoff:



Dodged answers to any of these questions should be looked at with skepticism. Some are tough questions for a business owner to answer honestly.

**Credentials:**

What did you do previously that qualifies you to list online auctions?

How long have you been in business as a dropoff?

Have you ever collected anything? (Collectors, hobbyists, enthusiasts are auction mentality and understand the value and salesmanship of the auction format)

What is your definition of the term "pop culture"?

**Fees:**

Your minimum & maximum percentage from an auction will be? (all fees included)

What has been your highest percent been thus far taken from a consigner's auction? Was that person happy with the split?

Have you ever had any problems with the way you divided up monies?

Can you show me a check or an actual breakdown of what you paid your last 3 customers?

If I sell a \$100 item ... I want to know the least and most money I can expect to receive ...

Will you consider a flat rate? Meaning (inclusive of all fees) a certain percent ... 25% 30% 33%?

Do you pass eBay special listing savings on to me (the consigner)? (eBay sometimes has specials such as 1 cent buy it now fee or 1 cent listing fee day)

**Payments:**

From the day I bring an item in, what is the exact day I can expect my money ... say I bring something in today?

What incentive do I get ... if you cannot meet this date?

Do you have any fees for checks? Do you offer discounts for check pickup?

Do you accept credit cards directly?

**Auctions:**

What will be done with my item if it doesn't sell?

If you donate items, do you take a tax writeoff for your business or can you obtain a receipt for me?

Do you know about Freecycle?

Can you send a link to my auctions via email?

Are you aware of "the compete against yourself rule" - if too many of the same item is listed or ebay is saturated with an item ...my items may not get a premium

**Shipping:**

What do you charge for shipping?

Do you make any money from shipping?

Do you think shipping prices affect bid totals?

Do you insure your items?

: [blogger's rights](#), [ebay](#), [Lawsuits](#)

**2 comments (click to read or make your own):**

**Paul Glowiak said...**

Experiences like yours are what makes it hard for smaller TA's like me to get customers. I can't understand why this guy is even still in business.

My user id on eBay is pauls-coins, I just started being a TA after 6 years on eBay.

I hope this guy rots in hell for not only what he did to you, but to the honest TA's reputations.

Paul

Sunday, January 01, 2006 10:14:00 PM

**Anonymous said...**

Brilliant article. Time well spent. I did some listings for friends, and I ran into some of the same dilemmas that you cover here, but from the perspective of the lister.

I learned enough then to put off my plans to accept commercial (non-friend) drop offs, and learned enough from you to almost certainly avoid the subject completely in the future. (Both as a lister and a listee)

I will just stick to listing them myself.

OninoMahoney 836 100% Positive

Saturday, January 07, 2006 11:48:00 PM

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