

## LESSON

## 03

# *The Secret Art of Discovering What REALLY Sells on eBay... And How to Create Your Own "Hot Items"*

## Overview

1. The answer to your biggest question: "What should I sell on eBay?"
2. Mine your own skills and interests for eBay success
3. How to find out what's hot and what's not on eBay
4. Understand how the value of the items you choose to sell affects your bottom line
5. The top 10 secrets of finding "HOT" products to sell on eBay
6. Where to source products to sell on eBay
7. Final thoughts

## 1. The answer to your biggest question: "What should I sell on eBay?"

The first thing everyone wants to know when they're starting out on eBay is "What the heck should I sell?" You can start off like most people do by selling the contents of your grandmother's attic (and basement and spare bedroom, for that matter)... your childhood Lego collection... Uncle Albert's false teeth... but when your stash of family heirlooms, household items, and plain old weird stuff runs out, what then?

It's the number one question on eBay discussion boards and forums across the Internet. And if you ever meet someone who makes a living on eBay, we guarantee the first thing you'll quiz them on is the products they sell.

The answer, however, isn't simple. The fact is, most top eBayers are reluctant to broadcast exactly what they sell for fear of losing their competitive advantage. After all, if you found a gold mine, would you tell people where it was before you'd mined it yourself? Most sellers will only talk about their products when the market for them has receded or become flooded because then it's too late for anyone else to muscle in on their business!

But there are plenty of ways that you can do some research yourself by using eBay resources and third-party software. You can easily find out valuable information like —

- What eBay products are hot
- What's selling right now
- What's just been sold

Then, once you're familiar with the three elements of any successful eBay product (which we'll tell you about shortly), you can use this knowledge to find your own hot products.

We'll even share with you our "Top 10 Secrets" for generating your very own product ideas, and tell you whether it's better to sell a lot of items for a lower price... or fewer items at a higher price. But first, let's look at the dangers of trying to break into popular markets on eBay.

### **a. Why selling what everyone else is selling won't make you money**

Many people spend a lot of time researching eBay's "Hot Categories" (the most active categories) in an effort to decide what to sell. However, this is not necessarily the best way to achieve a long-term, sustainable income on eBay.

eBay is a constantly changing marketplace. There are several ways that you can find out what the most active categories are on eBay right now — the Hot Categories — as we'll show you a little later.

However, because the eBay market moves so fast, by the time you've sourced suitable products and created your listings, that market could have reached saturation point. The sheer number of sellers competing in the market and the corresponding drop in prices will make it very difficult for you to make a profit.

For example, two eBay categories that we could describe as saturated markets are DVDs and Consumer Electronics. You can still enter these markets, and may well be able to sell quantities of these products because they are desirable items. But — unless you luck out and find a supplier who can sell you items at rock-bottom prices so you can maintain decent profit margins — it may be difficult to generate enough profit to earn a decent full-time or even part-time income.

That's because you'll be competing with "Powersellers" — seasoned eBay merchants who have built up a big customer base, earned a good reputation, and established long-term relationships with suppliers. Not only that, but because they sell so much product, they can afford to sell at lower prices.

Competing with these big hitters is a hard task when you're just starting out. That's why we recommend that you carry out some in-depth product research if you want to join their ranks rather than jump in straight away and duke it out with them in the highly competitive eBay marketplace. This is particularly true in categories peppered with hot items that are selling well and attracting lots of bids.

### Power Tip: Become a PowerSeller

Becoming a PowerSeller is free, and being one helps give your eBay business more credibility in the eyes of bidders. PowerSellers also receive benefits such as free advertising and improved customer service according to their level (go to <http://pages.ebay.com/services/buyandsell/powerseller/benefits.html> for the full list).

eBay assesses eligibility each month and notifies qualified sellers via e-mail. To qualify, members must —

- Comply with all the usual eBay rules and regulations
- Average at least \$1,000 in sales every month for three consecutive months
- Achieve an overall feedback rating of 100, of which 98% or more is positive
- Have been an active member for 90 days, with an average of at least four listings a month

There are five tiers of PowerSellers, based on gross monthly sales (not profits):

1. Bronze (\$1,000)
2. Silver (\$3,000)
3. Gold (\$10,000)
4. Platinum (\$25,000)
5. Titanium (\$30,000)

Understand that you can enter these markets — and you can even make good money — but it's going to be a longer, more difficult process than it might be in less saturated categories.

No matter what market or category you decide to operate in, identifying products that will sell well in that market is an art in itself. However, there is a formula for identifying products that *will* sell — and sell well — in any market...

#### b. The three-step formula for identifying a moneymaking eBay product

We'll talk more about "Hot Items" in Section 3 of this lesson and explain why focusing on what's hot at any particular time is not necessarily the easiest way to make money on eBay.

But before you do any research into what sells on eBay, it's important that you understand how to identify a product that will sell.

There is a winning three-step formula for identifying products that will sell like hotcakes on eBay. Once you know this formula, all you have to do is apply it to the product you're considering for sale and find out for certain whether or not you have a winner. Ask yourself the following questions:

1. **Is this item scarce?** Scarcity is an essential component of any best-selling eBay item. As well as looking for a bargain, people go to eBay to find what they can't find anywhere else. It could be a hot product like a new MP3 player that's selling out

quickly in the shops, or it could be a rare and collectible movie poster. As well as looking for products that are scarce outside eBay, you should try to find items that are in short supply ON eBay, too.

2. **Is this item desirable?** The desirability of an item depends on its market, as different people desire different things — an MP3 player is an example of a mass-marketed desirable item, while a vintage poster is desirable mainly to collectors. Scarcity and desirability are intertwined as an item's scarcity makes it more desirable, and desirable items fly off the shelves quicker — making them rarer.
3. **Is this item in demand?** An item that is seen as having value is desirable, but when a large number of people find that item desirable, then it is in demand. And if you put “scarcity” and “desirability” together with “demand,” you have a winning formula for eBay profits. An item that's in demand is something that's very desirable to a large number of people at certain times, and is also often in short supply because of its desirability.

New MP3 players are in demand when first released because they've been successfully marketed as desirable items. That means they sell out quickly and become scarce *when first released*. Antiques and other vintage or collectible items tend to *always* be in demand by individual collectors because they are, by nature, rare — making them very desirable.

It's a formula that's commonly used for pricing collectible items and antiques. (Remember, eBay started life as a place for collectors to gather online to buy and sell hard-to-find items.)

It makes sense... an item that is rare and desirable is more likely to achieve a higher price than something that is easy to find. If, at any particular time, this item also suddenly increases in demand (meaning more people want it or are willing to buy more of it), then the increased competition coupled with its rarity and desirability will drive up the price even more — particularly during the bidding frenzy a popular item can generate on eBay.

And this is when you can make serious money as a seller!

## 2. Mine your own skills and interests for eBay success

Now that you know the formula for identifying saleable products, you should also know that one of the best ways to make money on eBay is to focus on your own areas of expertise. Look at the subjects you're interested in and find products to sell that relate to them. So when you're carrying out the kind of research that we'll detail in the next section, keep an eye out for opportunities in areas in which you're knowledgeable.

For example, if you collected comic books when you were a kid and built up an in-depth knowledge of the characters, cartoonists, writers, and publishers, the first categories you should check are those relating to comics. Likewise, if you've always been a movie buff, check out all the movie-related categories — not just DVDs, but posters and collectibles, too.