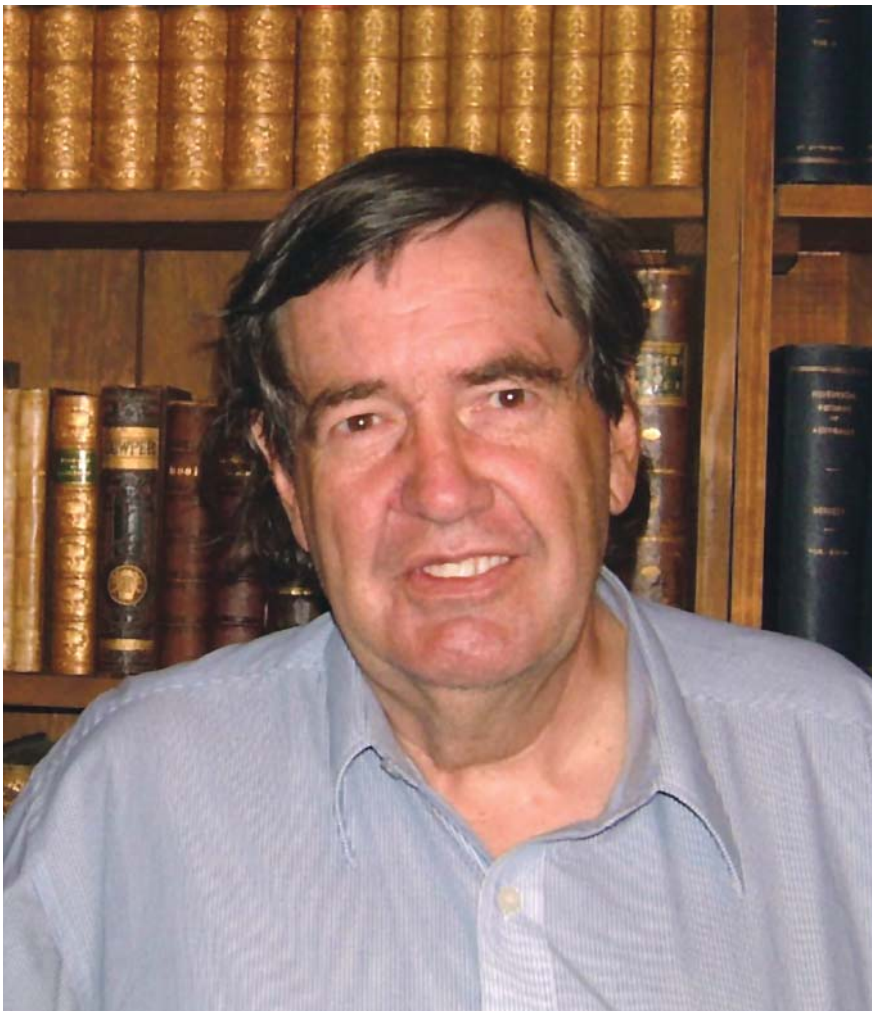




# Online commerce drives higher retail foot traffic

The growth of online sales is also sparking increased customer traffic for a number of traditional shopfront retailers who have been canny enough to recognise that online selling can be an opportunity as well as a threat. Traditional retailers, however, who ignore the eBay bandwagon need to be aware of the risks they may face in the future.  
**By Nerada Stern**



Antiquarian bookseller, Paul Feain, was initially sceptical about using eBay to sell his specialist books. But he's now a convert having seen a big rise in sales at his shop as well as through eBay.

If you had any doubt about whether online selling can drive more customers to a retailers' bricks- and-mortar store, then simply ask Paul Feain, a respected antiquarian bookseller, and proprietor of the Cornstalk Bookshop in Sydney's trendy Glebe.

Feain was in the middle of an interview about eCommerce when a customer walks into his bookshop to collect purchases bought on eBay. The customer came in to collect a \$20 purchase. Once inside the shop crammed floor to ceiling with gorgeous collectable books he will no doubt add to his purchase. That is the beauty of having dual sales streams.

"Walk-in traffic [from eBay] is more and more important to business. We started on eBay with an anonymous style name but not longer after that we renamed our eBay User ID using our brand name Cornstalk Bookshop (UserID Cornstalk-Bookshop). The brand name is critical, and it's the best thing we've ever done. The phone rings constantly with people saying 'I've seen you on eBay and I wonder if you have x book in stock. eBay customers become very good sales. We've had wonderful success turning a \$20 sale into a \$2000 sale. I want everyone in the world to know that I sell on eBay."

Many antiquarian booksellers are horrified that Feain openly trades on eBay, as antiquarian booksellers have a proud tradition of being exclusive. Feain still doesn't list his most valuable books on eBay, but has often been surprised

by how much money people will pay for second quality books. Sometimes books sell for more than the price listed on the Cornstalk bookshop website.

Feain believes that uneducated book purchasers often pay far too much and get carried away especially if an item was published say in 1748. One of the first items Feain listed on eBay was a Charles Dickens 1st edition, which was not in great condition and Feain was a bit ashamed to display it in his store. The book had a listing price of \$100 and was in stock for 6-9 months, when he decided to list it on eBay. He was amazed that the item sold for \$350.

In addition to being a profitable way to dispose of excess stock, eBay sales give Feain immediate cashflow. The delay between sale of goods and funds received can take a year or more in the shop, even longer if the purchaser is one of Feain's library or foreign university clients. eBay purchasers pay for their item within seven days of a sale, so the money comes into the business very quickly." eBay sales will account for 30-35% of Cornstalk's total turnover this year. Two full-time and two part-time staff are employed specifically "to punch away on eBay".

Hillel Lithwick, the proprietor of Macintosh specialist Palaeographics (eBay store: Palaeographics.com.au Auctions) points out that it is really important to know eBay's policies about cross promotion. Recently eBay has cracked down on sellers who include URLs for their own website on their eBay item description, citing it as fee circumvention.

The penalty for including inappropriate links is that the listing is deleted completely which in many cases means that the seller has to recreate the listing from scratch. Litchwick comments that the next staff member he hires will need to be experienced in eBay, as the eBay platform becomes an increasingly important source of referral to his business.

Shona Farr from Atomic Boom (userID: Atomic-Boom), the only vintage fabric store in Brisbane and the largest



The vintage fabrics business of Shona Farr and Jason Reid in Brisbane is picking up clients around the globe from their eBay site.

vintage fabric seller on eBay, comments "I was discussing with a customer today that I don't know how businesses survive without eBay. We couldn't." Farr's partner Jason Reid adds that currently 60% of their income comes from eBay, and only 40% from the shop.

Reid estimates that probably half of their walk-in customers in the shop are eBay-related. Being in a niche market eBay works well for us. "When they come to the store to pick up eBay purchases they will look around. Generally when they are in the shop they will buy something else as well." Farr and Reid give walk-in customers a 10% discount voucher to encourage further direct sales.

Reid says "people think if you've got a bricks-and-mortar shop it gives you credibility straight away. People know that if they have a problem they can ring you, that you offer customer service, especially people who are new to online buying." Selling items on eBay means your shop is open 24 hours a day. Communication is the key, so your customer service has to be exceptional.

Overseas orders comprise half of their eBay sales, mostly from United States, United Kingdom and Scandinavia. Reid notes that overseas customers are prepared to pay higher prices for some of the vintage and retro

fabrics in stock than local customers in Brisbane would pay. Last week, Reid sent parcels to Iceland and Belgium.

For big-ticket items, and products that customers need to research and think about, "eBay is an incredibly effective advertising medium," says Paul Oliver owner of DrumPower (Store ID DrumPowerAustralia located in Bayswater Victoria) eBay allows retailers an unlimited amount of product information on their listing. "Unlike the Yellow Pages, Trading Post or just about every type of advertising based on content or words, where you pay for the space, eBay charges a sliding scale from 5.25% to 1.50% based on the value of the item, not the length of the ad. "The commission is usually between \$5-\$20, and we can post an unlimited amount of information for that amount. It is the most competitive advertising medium I've ever seen."

Throughout the year eBay accounts for 30% of Drum Power's turnover,





rising to 50% of turnover around Christmas. Even so, it is hard to calculate the total number of sales generated by eBay. The high volume of hits on eBay listings, interstate orders and walk-in customers is a clear indicator that eBay advertising has raised the store's profile. Up to 20 customers a day will come into the Drum Power store to pay for items purchased on eBay or discuss items listed on eBay.

Currently 4.2 million Australian shoppers buy online according to Melbourne IT publication Online Success. In addition many customers do their homework on eBay and then come into the store, armed with information, when they are ready to close the sale. In addition to the large volume of sales completed on eBay, Oliver has no doubt that eBay is working as an effective advertising medium for the bricks-and-mortar store. "Customers tell us, 'I've seen this product on eBay,'" he says. "It is a big help because the sales time is decreased in terms of staff time on the floor and one-on-one customer contact. They come into the shop ready to finalise their purchase rather than to learn. It saves time and improves revenue."

Oliver adds that, since listing items for sale on eBay in 2003, he has made no changes to customer contact staff "but we are selling more than ever, more in the shop and also selling loads on eBay." eBay has also enabled Drum Power to reach a much broader customer base than Oliver would have anticipated. Oliver was surprised to receive an order from Broome in Western Australia, "it was the last place I would have imagined we'd get orders from. Who'd expect people to call us in Bayswater when there's hundred of drum shops closer. We're no longer limited to local clientele."

There are currently over three million Australian eBay members - or one in every five adult Australians - and the velocity of items traded on eBay continues to climb. eBay users worldwide trade more than US \$1,511 worth on goods on the site every second, often at below the retail prices found in traditional high street stores and shopping centres.

The trend to selling items for cheaper prices follows growing competition not from traditional retailers but from home-based businesses that procure goods directly from overseas.

Sellers who list items in an auction format with a starting price of 99c are more likely to spark a bidding frenzy amongst emotionally charged purchasers. From an advertising perspective the more people bidding on an item, the greater the awareness of the supplier for current and future sales. Long-time eBay sellers have noticed the growing competition is shaving profit margins.

Previously items listed by Drum Power on eBay with a starting price of 99c consistently would achieve at least 60% of the standard retail price found in physical stores. Now there are backyard operators selling at 30% of retail.

Like Oliver, Feain also bemoans the reduced prices of second-hand books, as retired people and people who wish they were booksellers list their own books for sale. Last year he closed his second-hand bookshop in Newtown, Sydney, which had been open for 18 years. Feain believes that second-hand bookshops are on their way out, but with eBay making it easier to work from home, as a bookseller he doesn't intend to ever retire.

According to Meg Whitman, the President and CEO of eBay, more than a third of sales on eBay sites now are bought instantly at fixed prices rather

Such is the importance of eBay for Melbourne Macintosh specialist, Palaeographics, that owner Hillel Lithwick, says that future employees will need to be experienced with eBay.



than through the auction format which established eBay's reputation. Globally, items sold in fixed-price formats accounted for 34% of total gross merchandise value during Q4 2005.

Earlier this year, Whitman told a press conference in Brussels that "convenience-orientated buyers" who did not want to wait until the end of the auction period for an item, or who did not want to risk missing out on an item, were driving the trend to fixed-price format, and transforming the online auction site to an eCommerce site.



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### 10 Tips for attracting more online and offline sales:

1. Use your store name as your eBay User ID (but not your URL) and include photos of your physical store (a userID cannot be an email address or a website)
2. Include your address and telephone number in item descriptions and in your eBay store.
3. Do not include your own website URL on an eBay listing page, (you can include a web link in an About Me page).
4. Create an About Me page on eBay, write about all the services you offer, and include your own website as your favourite link.
5. Use lots of keywords in the title for your eBay listing.
6. Show your professionalism - include the recommended retail price and any warranty periods offered or delivery or installation assistance in the title or subtitle.
7. Keep the language simple and include lots of images. Presentation is critical.
8. You can include a whole brochure in your eBay listing. If you have your own website, you can even host all your own images rather than paying eBay to host your images so there is every reason to expand your listing and include more images.
9. Let eBay customers know you welcome pick-ups from your store.
10. Ask new customers how they found out about the store and track customer purchases to turn eBay customers into regular customers.

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