

# How To Survive eBay's Recent Changes

By  
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Make your eBay auctions **MORE PROFITABLE**,  
and **Improve Buyer Satisfaction**  
while working within the new eBay rules.

A new report by the bestselling author of  
**The Auction Revolution**

**2008 Edition**

This report contains three newsletter articles I sent to my students regarding the recently announced eBay changes. After you've read this report, you can sign up for my newsletter by taking the [Free eBay Seller's Quiz](#).

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## **My Initial Reactions To eBay's Changes**

Written Jan. 24th 2008

eBay just announced their new fee structure last night, and at first glance it looks like the cost of selling on eBay is going UP. I say this because while insertion fees are declining, final value fees are much higher.

On the other hand, the fee for gallery images has been dropped.

Here's some numbers. . .

If you use gallery images and start your auctions below a dollar:

1. The fees including final value fees will be lower for items that sell for under \$11.41.
2. An item that sells at \$25.00 will cost 48 cents more in eBay fees.
3. A \$1000 item will cost \$2.43 more in fees.
4. If you're a PowerSeller with a detailed seller rating (DSR) of 4.6 or above you get a fee discount.

Based on these numbers, unless you are selling items with a low markup in the \$20-40 range, you shouldn't have any problem absorbing these extra costs.

I think some eBay sellers who aren't very profitable will use this increase as an excuse to go back to working at McDonalds. If enough leave, bid prices might go up more than the extra fees those of us who stay pay.

Feedback seems to be another area people are whining about. Let's look at feedback.

## **Dealing With The New eBay Feedback Rules**

Written Feb. 15th 2008

Ebay has made four important changes to the feedback system:

1. Buyers and sellers will be able to earn up to one Feedback per week from the same trading partner.
2. Sellers will no longer be able to leave negative or neutral Feedback for buyers.
3. Removal of negative and neutral Feedback left by members who are suspended or who fail to respond to the Unpaid Item (UPI) Process.
4. Positive Feedback percentage will be based on the past 12 months of Feedback, rather than lifetime, since it is most indicative of the seller's recent performance.

Three of these changes are obviously good things. Having multiple feedbacks count from the same buyers, removal of feedback left by suspended users, and basing the feedback percentage shown in auctions on the only the past year's worth of feedback haven't created any discussion among sellers.

The fourth change - sellers will no longer be able to leave negative or neutral feedback for buyers - has caused much complaining among eBay sellers.

Some background. . .

EBay has made this change because sellers were using the threat of retaliatory negative feedback to prevent buyers from leaving honest feedback.

This is an issue because the many of the articles in the media about eBay are about scams and rip offs.

### **The truth about feedback. . .**

I looked at ten years of my feedback on one selling account with high feedback. I have 12 neutral and 13 negative.

Then I looked at the feedback I'd left and found 55 negatives.

Then I matched the negatives I'd received with the ones I left for buyers. 11 of my negatives were left for me after I left the buyer a negative for nonpayment or abusive behavior.

One negative was left by a buyer who won a \$45 auction and then left me a negative when I refused to allow him to make three monthly payments.

Note: I have done payment plans on items over \$1000 for buyers who ask first and are able to pay with 60 days. Most of the bidders who ask for payment plans end up in second place - no extra work, just extra profit. The few that have won paid on time and were willing to wait until I was fully paid to get their item.

The 13th negative was from a buyer who confused me with another seller when he was leaving feedback. That was back before you could have feedback mutually withdrawn so I am stuck with it.

Think about that for a minute.

If I hadn't left negative feedback for problem buyers, I'd now have 2 negatives in ten years rather than 13.

To check this, I went a little deeper and looked at large volume sellers who leave negatives for nonpayment and abusive behavior. I looked at sellers I know who offer return policies like mine, and are pleasant to deal with. In other words good sellers.

Guess what I found?

The same relationships. Once you throw out the reciprocal negatives you get odd negatives like the my two.

That's important. ODD.

When you look at the other feedback left by people who leave odd negatives you quickly see a pattern of abuse. You can easily see they have problems with almost everyone they buy from.

For example, the payment plan buyer I mentioned earlier had 15 negatives for non payment before he was tossed off eBay a month after winning my item.

I saw a buyer who left 22 negatives for sellers saying they didn't respond to emails asking for a payment address in a 3 month period then he was thrown off eBay. (Spam filter?)

These buyers leave a trail of negatives in their wake. Any potential bidder who looks at your feedback should be able to see this with little effort. But I don't think they'll have to look.

The new eBay rules deal with these buyers:

*"When a member is suspended, all their negative and neutral Feedback will be removed."*

And,

*"Buyers will be held more accountable when sellers report an unpaid item or commit other policy violations."*

This means these problem buyers and the feedback they left will quickly disappear.

Side note - You should always use the eBay message system to deal with problem buyers so eBay can see your communications. Aggressive or threatening messages result in IMMEDIATE suspension and dropping of any open disputes. Other behaviors result in investigations.

One last point if you haven't figured out where I'm going yet. . .

The last negative I got was over three years ago from the payment plan buyer. Under the new rules this wouldn't be counted in the percentage shown on my feedback page and auctions.

In January 2005 I stopped paying a lot of attention to my feedback and rarely left any feedback at all as a seller.

One other point first. . .

While I was looking at feedback I also saw a lot of petty exchanges. When I look at the ones on my accounts I remember the bastards and how badly they deserved it, but when I look at other seller accounts these don't make either side look good.

After looking at the new feedback rules I first thought I'd just continue to leave no feedback at all, but I had second thoughts. Now I think rather than not leaving feedback at all it might be better to leave positive feedback for every buyer.

My auctions end early in the week, and I ship later in the week. If I come home from the post office and leave feedback for every package shipped that day I might increase buyer satisfaction.

Here's the feedback I'll leave:

"Thanks for your payment your package shipped today."

This might take me an extra 10 minutes a week, but would certainly stop the emails begging for feedback, and might even improve buyer satisfaction.

After all you have nothing to lose by leaving feedback for a buyer because your only choice is to leave a positive or nothing.

Next week we'll talk about Detailed Seller Ratings.

## Improving Your Detailed Seller Ratings

Written Feb 19th 2008

Detailed Seller Ratings allow buyers to anonymously rate your performance on a scale of 1 to 5 in four areas. A rating of 5 is the best service; a rating of 1 is the worst service.

These areas are:

1. Item as described
2. Communication
3. Shipping time
4. Shipping and handling charges.

The problem with these ratings is the average buyer has no idea how to rate a seller. It seems like they are just selecting numbers at random, but the truth is they have no basis for assigning ratings. In this section, we are going to give them reasons for assigning high ratings to us.

Getting a high average DSR will result in better search positions and discounted fees for PowerSellers. The discounted fees are 5% if all your ratings being at least 4.6, and 15% if all your ratings are at least 4.8.

Here's my current DSR numbers for each category:

Item as described	4.8
Communication	4.7
Shipping time	4.6
Shipping and handling charges	4.6

My lowest rating is a 4.6 so I get a 5% discount on my fees.

I looked at other sellers and saw similar numbers. Of the 30 sellers I looked at, none of them had a 5.0 rating in any category, and all had lower numbers for the two shipping questions. In fact, didn't see a seller with a shipping and handling cost rating above 4.7.

My numbers show buyers are leaving low ratings for shipping and handling charges even when I charge the buyer less than the actual postage cost. I asked other sellers about this and heard the same thing. We are losing money on shipping, but buyers think they are being overcharged.

NONE of the sellers I looked at will get the 15% discount, but 25 of them will get the 5% discount.

These low shipping ratings are costing us money.

Shipping costs appears to be a big problem. I made changes to an auction last week and got this warning from eBay:

~!~

Attention Seller!

We noticed your shipping cost looks high compared to other listings in your category with similar shipping services.

We've found that buyers are sensitive to shipping costs. Items with high shipping costs may be less likely to sell and may get less visibility in search results. Listings that violate the eBay Excessive Shipping Charges policy may be removed from the site.

Please review your shipping costs and make changes if necessary.

~!~

That warning was for an item with a stated shipping cost of \$15 that will cost me between \$14.50 and 18.00 to ship depending on the buyer's address.

There is a sentence in the second paragraph of eBay's warning that is interesting:

"ITEMS WITH HIGH SHIPPING COSTS. . . MAY GET LESS VISIBILITY IN SEARCH RESULTS."

I know eBay is going to incorporate DSR into "Best Match" searches. I am not sure if the statement above refers to having low DSR for shipping and handling charges or for the shipping specified in the auction, but I bet it is related to the DSR.

Based on my sales, the new "Best Match" way of listing search results won't effect me because my buyers are category browsers not searchers. Once "Best Match" comes online, I'll figure out what it is based on and write an article for the weekly newsletter.

For now lets just assume higher DSRs will have a positive effect on "Best Match" searches and concentrate on improving your DSR so you can get the PowerSeller discounts.

While I am concentrating mostly on the two shipping categories ratings anything I can incorporate that will improve buyer perception is good.

Here's what I started doing with my auctions that ended last night.

I send invoices through the eBay system within an hour of the auction end. I do this anyway, but if you're waiting, start doing this too. It will make your Communication look better.

When I packed the items, every package got a slip of paper with my double guarantee on it.

Here's the double guarantee insert:

### **Your Double Guarantee**

The shipping costs you paid were based on an estimate I made before the item was packed. My goal is to pass along the shipping costs rounded to the nearest dollar. The extra few cents helps cover the cost of packing material and the gas to go to the post office. If the postage sticker on this package is more than \$1.00 below what you paid, send me an email and I'll refund you everything above the amount you paid.

I want you to enjoy your trains as much as I enjoy mine so I am offering you this second guarantee. If you are unhappy with this purchase for ANY REASON, send it back and I will refund your money including shipping costs BOTH WAYS.

Terry Gibbs  
ADDRESS HERE  
PHONE HERE  
EMAIL ADDRESS HERE

These package inserts are printed four on a sheet then cut up. I used red paper so it stands out among the packing materials.

Lets go over the insert section by section.

The first thing is the headline - "Your Double Guarantee." (The headline is actually printed in bold centered on the slip, but I can't do that in an email.)

The headline is there to capture the buyer's attention so he reads the insert. The insert is also small so it looks like it won't take time to read.

The first paragraph explains my shipping guarantee. I'm telling my buyers I'll refund any shipping I charged them above the postage on the box IF the postage is less than \$1.00 above what they paid.

The shipping guarantee is designed to get the buyer to look at the postage on the box and compare it to what he paid.

I know what he will see. For your information, I'll break it down by percentages based on my last three months of eBay sales.

31% of the packages I ship cost me MORE than the buyer pays. These buyers will realize I lost money on the shipping. In a few cases the postage I paid will SIGNIFIGANTLY higher than what the buyer paid.

62% of the packages will have postage on them for 15 to 40 cents less than they paid in shipping fees. These are flat rate boxes and small items weighing under a pound.

And finally 7% of my buyers will see postage on the box that is more than \$1.00 less than they paid. These people will be the only ones eligible for refunds. In almost no cases is the excess shipping I collect more than \$2.50. This only happened once for \$3.20 in the past 3 months.

Looking at my numbers for the past three months, only 15 buyers out of 225 sales would be eligible for a refund. If all of them asked for a refund, I'd be out less than \$30.

Think about those numbers. 31% paid less postage, and 62% paid up to a dollar more than the postage on their boxes.

This means 93% of my buyers in the last 3 months have NO REASON TO BE UPSET ABOUT the shipping I charged them.

Yet, these same buyers are giving me a low ratings for my shipping costs???

The first paragraph on the package insert will stop buyers from leaving low ratings when I lose money or barely break even on postage costs.

For the 7% of buyers who paid me more than \$1.00 above actual postage costs for shipping and handling, offering a refund of the difference - and giving it to those who ask - will be enough to raise their impression of my shipping charges.

The second paragraph explains my satisfaction guarantee. I've been using this for years, and this guarantee has served to cut off buyer complaints over a hundred times.

I average about 1 complaint for every 100 auctions, and 1 return for every 900 auctions. These are "guestimates" because I haven't tracked complaints or returns.

The difference between the number of complaints and the number of returns is because the buyer decided to keep the item rather than send it back 90% of the time when confronted with my guarantee.

This works because the guarantee forces the buyer to decide if he got a good deal. If your auction description matches the item he holds in his hand, the buyer will decide he got a good deal almost all the time.

He'll keep the item and probably give you a better rating for your item description when he leaves feedback.

This guarantee also serves to make you stand out from other eBay sellers, and will cut off negative feedback. In 10 years of eBay selling I have NEVER gotten a negative feedback from an unhappy buyer.

At the bottom of the insert is my address and phone number so the box can get back to me if the label gets torn off in the mail. I've had this happen twice over the years and got both boxes back because my address was inside.

I think some of you may be hesitant to put your phone numbers in packages. There is no reason to be. I've been doing this for 8 years and only had two phone calls in that time.

One call was from a guy who spent a lot of money buying the train set his father had given him for Christmas in 1954 and wanted some advice on setting it up.

The other was from a buyer who just called to tell me how happy he was with his purchase.

So don't worry about your buyers harassing you. I also include my email address because lots of buyers are hesitant to call on the phone.

So now I've shown you how to improve you buyer's impression of your shipping charges and your item description.

Including your name and phone number might be interpreted by buyers as an invitation to communicate, but you can't rely on that. Sending invoices quickly will also help you there.

Now let me tell you how to improve the buyer's impression of your shipping time while making him think you're communicating at the same time.

The problem here is buyers have no idea of how long items take in the mail. They tend to think about the shipping time from when the auction ends to when they get the box.

For some reason buyers also seem to count the 10 days it took them to pay, but there is nothing we can do about that!!!

What we need to do is make the buyer realize how much time the package was in the mail. This isn't that hard either.

If you are printing shipping labels with PayPal, the buyer will get an email when you print the label. This tells him the item was shipped and stops the clock on the shipping time. UPS also does this if you enter the buyer's email when you ship it.

If you're not using paypal or shipping by UPS, send buyers an email saying the item was shipped instead. I've been resisting doing this for years, but will start doing so this week.

I'll use shortcuts to send a simple message like the one below:

Hi,  
Your purchase will be shipped today. If you don't get the package within 5 days, let me know and I will track it for you.  
Terry

ShortkeysLite is a free text replacement program. When I write the label out for each purchase, I can just hit reply to the PayPal payment email and type a few keys to get the longer message inserted.

You can get shortkeyslite at:

<http://www.shortkeys.com/lite.htm>

Last week I recommended not leaving feedback at all because there is nothing to gain from leaving feedback.

THAT WAS WRONG.

Actually, you should start leaving feedback for all buyers when the package is shipped.

Whether you send an email out when you ship or not, leave feedback when you ship. I ship once a week, usually on Fridays.

The truth is you have nothing to LOSE by leaving feedback, but leaving feedback for buyers - especially the idiots who are obsessed with feedback - will help you improve the buyer's impression of your communication and shipping times.

I can easily look at the wall behind me and see what items weren't shipped. If the box is gone, the buyer gets positive feedback.

Here's the feedback I'll be leaving:

"Thanks for your payment. Box was shipped today."

Doing these two new activities shouldn't take me more than 5 extra minutes a week. That's based on my current practice of listing 20 to 30 auctions a week.

You can pick and choose which of these recommendations you do, but as a group they'll work best.

Terry

## **PayPal To Hold Money For Up To 21 Days**

Feb 20st 2008

EBay has also announced an anti-fraud measure many sellers are complaining about. They are calling this Occasional Holds On Payment. It only effects transactions completed through PayPal.

Here's the language on the eBay site:

In a small percentage of cases where it has been determined the risk of dissatisfied buyers is higher, PayPal may delay release of the payment funds to the seller until the buyer has left a positive feedback or 21 days have passed without a dispute, claim, chargeback or reversal filed on that transaction.

Many sellers are complaining about these holds. Some are even threatening to stop taking PayPal.

The truth is this possible hold is unlikely to effect many sellers, but might help buyers.

Here's eBay's explanation of who won't have money held by PayPal.

Your payments **WILL BE NOT HELD** if you meet all the following requirements:

- eBay Tenure: Greater than 6-months
- Total Feedback score: More than 100
- Dissatisfied Buyers %: Less than 5%

Or if you meet all the following requirements:

- Detailed Seller Rating: Greater than 4.5
- Total Detailed Seller Ratings Received: More than 20 in the last 12-months

The eBay Tenure, Total Feedback and Total Detailed Seller Ratings Received requirements are just a matter of time and listing enough items on eBay. We've already looked at ways to improve your DSR. Leaving the only new variable of buyer satisfaction.

EBay assumes buyers are dissatisfied if the buyer:

1. leaves negative or neutral feedback
2. leaves a DSR of 1 or 2 on any of the categories
3. files a dispute alleging Item not received or not as described.

If you follow my advice on improving your DSR, you won't have to worry about PayPal holding your money.

This isn't an issue either.

Terry Gibbs  
Feb 20, 2008

These articles were originally written for my newsletter subscribers. The newsletter is usually a longer article with information you can use to improve your eBay business.

If you've learned from these articles, you can sign up for my newsletter by taking the [Free eBay Seller's Quiz](#).