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Turnover boom for eBay businesses

Marketing

Online trading has cushioned many companies from the recession, writes **Jonathan Moules**

The recession has been good news for many businesses selling on eBay, with the number of £1m-plus turnover companies trading on the online marketplace set to double this year

Figures from eBay.co.uk show that 66 businesses turned over more than £1m last year, and only eight of those have experienced a

dip in turnover since.

Based on current sales trends, eBay expects this total to rise to 127 £1m-plus companies by the end of this year, with an average increase in turnover of about £600,000 per business.

The growth of these businesses represents a coming of age for small businesses trading online in the UK. It is also a sign of how effective eBay has become as a clearing mechanism for returned and secondhand goods.

Jeremy Wicks started in business as an 18-year-old, selling hi-fi items and televisions from a small shop in Colchester. Over time, he has moved almost entirely



Wired up: Jeremy Wicks now sells entirely online

Shaun Curry

online and now sells B-stock, pre-owned and ex-display electrical equipment under the brand Why Buy New UK.

His 22 employees check, pack and dispatch about 400 eBay orders a week, which are sold at a fixed price – rather than using eBay's traditional auction service.

Sales this year are expected to be £3.1m for 2010, up from £1.7m last year on gross margins of about 25 per cent, according to Wicks. "What I sell seems to be ideal for eBay," he said. "I haven't really noticed the recession."

Many of the companies that trade on eBay also use other online marketplaces,

such as Amazon.com, because each is felt to offer different benefits.

David Brackin's business, Stuff U Sell, which does the online trading on behalf of others, has grown into a £1.2m turnover operation within six years.

Although Stuff U Sell uses eBay for 90 per cent of its transactions, Brackin has found that other online marketplaces are also useful because they offer slightly different services.

"Amazon is the biggest catalogue in the world, and is good for selling anything with a barcode, while eBay tends to be best for more individual items," he explained.