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Drop-off stores making eBay easy for customers

Offline locations sell clients' items through auction site for a fee

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By IEVA M. AUGSTUMS / The Dallas Morning News

Craig Stewart has a handmade hunter green and purple Scottish plaid kilt he wore once in a wedding, and he never wants to wear it again.

"It's a beautiful kilt, but can you picture me in this?" Mr. Stewart asked, holding the \$500 kilt up to his waist. "If I can get a couple of hundred dollars for it, I'd be happy."

So the 30-year-old businessman from Plano dropped it off last week at Cash It In, an eBay storefront in Far North Dallas. For a fee, the store lists customers' items on the online auction Web site.

Drop-off stores, the newest eBay middlemen, are opening their doors in North Texas. Two are located within a few miles of each other in and around Richardson, and a third will open soon. Two are independently owned, and one is a franchise.

Cash It In, a business started by two Texas A&M grads, began accepting items a week ago.

AuctionGateway.com has sold hundreds of items on eBay since it opened in early March.

And QuikDrop, a Nevada-based franchisor, will open this month at the northwest corner of Coit and Campbell roads.

"Buying on eBay is easy, but selling isn't," said Mike Poss of Dallas, one of AuctionGateway.com's four founders. "A lot of people don't like the hassle factor associated with trying to sell something on eBay. Others are just not familiar with the process."

Although business models vary, the concept is simple.

Customers bring in new or used items that they want to get rid of and for a fee (usually about half of the eBay selling price) the stores do all the work.

Store associates take the photos and post a description of the merchandise on eBay. They track the bids, answer e-mails from potential buyers and handle the payment and shipping details with the winning bidder.



Melanie Burford / DMN

Matt Thompson, left, and Jon Paul Hull, right, are the owners of the Cash It In.

A week later, the customer receives a check in the mail for the amount of the sale less the store's commission.

"It's a whole new class of retailing, and it's a class that is generating a lot of customers," said Jack Reynolds, co-founder of QuikDrop International Inc., which has seven locations in five states, including one in Mount Vernon, Texas, and another in Wichita Falls. "You do it once and you end up coming back."

Added attention

The notion of new and repeat customers has eBay Inc. officials embracing the offline growth of its business, even though the California-based company has no plans to open any drop-off stores of its own.

"Anything that increases the vibrancy of the eBay marketplace and brings more sellers and buyers to eBay we are happy to see," eBay spokesman Hani Durzy said. "We like and encourage entrepreneurial spirit."

The drop-off store model is an extension of eBay's trading assistants program, Mr. Durzy said. The program, which started in February 2002, has about 34,000 registered trading assistants, or people who sell items on eBay for others.

"There is an opportunity for anyone to open up a store and survive and thrive," Mr. Durzy said. "People like selling stuff on eBay. Why not help them out?"

With close to about 200 drop-off stores in the United States, Mr. Durzy said he expects many more to open.

However, the proximity of the three eBay businesses here has some franchise experts like David E. Omholt skeptical.

"There's definitely some encroachment there," said Mr. Omholt, founder and chief executive of Plano-based Entrepreneur Authority LLC. "Because they offer pretty much the same service, it's going to be a survival of the fittest."

The ones with the lowest fees will survive, Mr. Omholt predicted.

Fee scales

QuikDrop has a sliding fee scale, taking 38 percent of the first \$200 sold, 30 percent of the next \$300 and 20 percent of the remaining sale price of items more than \$500.

Cash It In gets a simple 25 percent of the final eBay selling price plus \$10.

For now, AuctionGateway.com has the simplest deal of all, taking 35 percent of the total eBay sale.

"If the only thing you are competing on is price, then beginning your business could be the end of your business," Mr. Omholt said. "It should be interesting to watch and see who is going to come out ahead."

Mel Bratman isn't worried.

The former Zale Corp. executive has purchased QuikDrop franchise rights for Collin, Denton, Dallas and Tarrant counties.

"As we grow and get the name recognition, we will sell more because of our name and our branding," Mr. Bratman said. "We have the support, the branding and the research and development. I'm not concerned about the competition."

Over the next two years, he said, he plans to open 35 QuikDrop stores with a start-up cost of roughly \$50,000 each.

"It seems like a lot, but I believe there is a need for these stores," Mr. Bratman said. "People want to sell stuff."

And that includes Mr. Stewart.

"If you fancy Scottish attire, it's there for the taking," he said.

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