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US chain of eBay shops opens up in Australia

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Competition among retailers specifically set up to trade goods on eBay is heating up, with a US-based chain of consignment stores opening in Australia this week.

iSold It, which claims to be the world's biggest chain of eBay consignment stores, now has a shop in Geelong, Victoria.

Customers who wish to sell items via the online auction house but don't want to do it themselves, can drop off their goods at the shop and wait for the cheque.

As the use of eBay as a global marketplace expands, consignment stores or drop-off shops — which make money by acting as a "middle man" — are emerging.

As a result, more than 52,000 Australians now claim to derive primary or secondary income selling goods on eBay, operating out of bedrooms, garages, warehouses, or small shops across the country.

Until recently, Melbourne-based Simply Sold, set up by Danny Gorog and David Gold a year ago, was the only known chain of consignment stores in Australia. They now have four stores and plan to open a fifth.

In comparison, iSold It has more than 900 franchises worldwide, and plans to open between 30 and 40 stores by the end of the year.



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The newcomer claims to have recorded phenomenal sales growth, but figures have not been released since last April when the company reported worldwide first-quarter sales were up 265 per cent to \$US14.4 million (\$18.4 million).

The growth is not surprising given eBay's own success. Founded in 1995 as an online marketplace, the auction site now has 212 million registered users worldwide, three million in Australia.

Global revenue increased 39 per cent to \$US4.5 billion in the 2005 financial year, boosting profit to \$US1.08 billion.

Ross Malcomson, master licensee for iSold It in Australia, was attracted to the concept of consignment stores because they are a relatively new concept for the Australian market.

He has tipped massive consolidation on the back of a growing selling culture and the increased use of eBay as a way for people to get rid of second-hand goods.

"Some people don't want to put out a classifieds ad and have strangers coming to the house, and who's got time to have garage sales anymore?" he said.

Mr Malcomson said selling goods online could be complicated and time-consuming. Sellers are typically required to provide digital photos and detailed descriptions of goods for sale, as well as promptly answer inquiries, and then handle the delivery once items are sold.

"My own research suggests we can get a a 40 per cent higher price than a first-time user," he said.

REBECCA URBAN