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Contents

1. Introduction	Page 2
2. How Penny Auctions Work	Page 3
3. Signing Up for a Bidding Account	Page 7
4. Tips for Winning Penny Auctions	Page 8
5. Examples of Penny Auction Bidding	Page 10
6. Cautions	Page 14
7. Concluding Thoughts	Page 15

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Introduction

Thank you for purchasing our book Penny Auction Profits.

This book has been produced to show you how you can make money on eBay by selling items you win at penny auctions. The content should not be considered as a get-rich-quick scheme however we believe a decent profit is attainable.

The key to success in using this method is having solid knowledge about how penny auctions work and knowing which products you should aim to win along with general winning tips.

In this book we will focus on the workings of penny auctions rather than eBay because most people will already be familiar with eBay (if not there are thousands of books available explaining how to sell on eBay).

How Penny Auctions Work

Penny auctions are different from traditional auctions. The owners of the penny auction websites source the products from the following:

- Warehouse products
- Overstock surplus
- Manufacturer stock
- Warehouse close outs
- Wholesale stock

The name penny auction comes from the fact that auction prices go up by 1p at a time. Participants cannot decide how much they want to increase the auction price because it is already pre-set at 1p increments.

Key points about penny auctions

- Sign-up is free.
- You need to pay to participate in auctions but if you just want to browse and shop, you can do so without joining the auctions.
- You will likely want to join the auctions because this is where the big discounts are, therefore you will need to buy a credit package.

Credit packages

- Credits are a form of currency used in penny auctions. One credit usually has a value of 10p however in many cases you will often receive a

discount for buying large amounts. You can check the price per credit by simply dividing the number of credits in a package by the price you buy them. For example if 550 credits cost £27.99 then one credit would be worth 5p.

- When you have your credits, you will notice the auctions list how many credits are required to place a bid. Normally items of higher value require more credits to place a bid. You should start with smaller value items so you can become familiar with the system. Smaller value items will normally have less competition so you will usually have to spend less to win an item.
- Each time you place a bid, you will see the number of credits that the auction requires deducted from your account. It is recommended that you have plenty of credits available before bidding for an item so you don't need to top up your account half way through a bidding session.

Timer

- You will also notice that every auction has a timer. The amount of time often varies for different auctions. A car auction might have a one minute count-down timer but an auction for headphones might have a 20 second count-down timer.
- It is very important to watch the timer because when the timer runs out and hits the magical 00:00 it means the auction is closed and the most recent bidder has won the auction.
- 30 seconds might not sound like a long time for an auction, however the fun part is that every time somebody bids, the timer will re-start. This

means that the timer might count down to five seconds but if somebody places a bid, it will start again at 30 seconds and count down again until nobody places a bid and the timer hits 00:00.

Winning an auction

- If you are the last person to bid before the timer runs out, you win whatever you were bidding on. In this case you should receive a message on the screen with a summary of that auction saying you won.
- To claim your product, you will have to pay the auction closing price which is on average 80% cheaper than the retail price (as mentioned the auction prices only go up by 1p).
- You may also need to pay a shipping charge to get your product delivered, however this is normally in line with what most standard online retailers would charge.
- Your product should be delivered with a manufacture seal and all the original packaging, regardless of the auction closing price. Make sure to check all the contents are there when it's delivered.

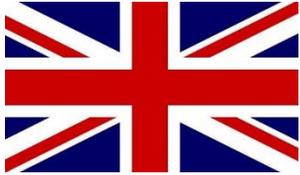
Not winning an auction

- If you do not win an auction, the value of the credits you used can be applied as a discount on the buy now price (normally the recommended retail price of the product).

- That way you do not lose the value of the credits you used while trying to win an auction, even if you lost – at most you would pay the recommended retail price.

With the background explained, the next task is to sign up for a bidding account.

Signing Up for a Bidding Account



If you are based in the UK, you can sign up for a bidding account at 321bid.

Go to 321bid:

<https://www.321bid.co.uk/>



If you are based in the US, you can sign up for a bidding account at QuiBids.

Go to QuiBids:

<http://www.quibids.com/>

Tips for Winning Penny Auctions

Choosing items to bid on is very important. If you are buying items at penny auctions with a view to selling them you need to buy items that people want. Here are some examples that are good and the reasons why:

- Gift cards – at penny auctions you will often find gift cards for sale which are ideal items to sell on eBay. Gift cards are very safe items to bid on because even if you do not win the auction itself, you can redeem a discount on the face value of the amount you spent in bid credits. In this case you would reach the break-even point, however the competition for gift cards is not great so you will hopefully find you win at a discount more often than you need to buy at face value.
- Popular electronics – most electronics are quite popular as there are a lot of iPhones, iPads, games consoles and HD televisions. If you do happen to win, there can be quite a bit of profit available.

In general it is important to research the items before you start bidding and see how much you could potentially sell them for on eBay.

As well as carefully choosing the items you want to bid on, there are other considerations to be aware of that can help you win more penny auctions:

- Never be the first bidder – most people that are good at winning penny auctions would recommend you are not the first bidder as many people can be watching the same auction. You do not want to start using credits to place bids and then find out that lots of other people are watching the item and placing bids.

- Stay away from auctions where there are more than ten bidders – if an auction has a lot of bidders, it is popular and the bidding competition will be high. These auctions will go on for some time which could result in you needing to make more bids to win the item and so it will become less profitable when you come to sell the item.
- Bid with the intent to buy – if you come across as a serious bidder, others are more likely to drop out of the bidding process earlier on.
- Stay away from intense bidding wars – often the high value items will have a lot of competition and there will be regular bidders placing bid after bid. By watching the bidding screen you can see the usernames of serious bidders and can learn to steer clear where there are several of them competing for the same item.
- Bid off peak where possible – penny auctions are becoming popular, especially where high value items are concerned. If you can bid off peak – typically from midnight until early morning – you should find there are less people bidding and the timer is more likely to go to 00:00 after a bid that you have placed.

Examples of Penny Auction Bidding

Here are some examples of how bidding on penny auctions can unfold to obtain a good profit on resale:

HP ENVY 23-n250na Touchscreen All-in-One PC

The RRP on this item was £899.00.

At the beginning of the auction the price rose steadily as there were many bidders competing to get in on the auction. At around the time the price reached £150.00 the number of bidders reduced as they spent their credits. The suitable time to start bidding was therefore £150 and the auction closed at £159.73.

The bid cost was 12 credits (i.e. £1.20 per bid) and there were around 8 bidders bidding until the end. With this number of bidders, 122 bids would have been needed to win the item meaning the bids cost £146.40. The total cost of the item was therefore £306.13.

To sell the item on ebay for a price of £650.00 (saving £249.00 off the RRP) the cost would have been £102.30 (ebay fees, Paypal fees and postage).

This item would have therefore represented a profit of £241.60.

Philips SensoTouch Shaver RQ1197/22

The RRP on this item was £280.00.

This is a small household appliance rather than a popular electronic item and so 10% of the RRP would have been a good time to start bidding – let's say once the price hits £30.00 – and the auction closed at £35.31.

The bid cost was 7 credits (i.e. £0.70 per bid) and there were around 5 bidders bidding until the end. With this number of bidders, 106 bids would have been

needed to win the item meaning the bids cost £74.20. The total cost of the item was therefore £109.51.

To sell the item on ebay for a price of £180.00 (saving £100.00 off the RRP) the cost would have been £29.32 (ebay fees, Paypal fees and postage).

This item would have therefore represented a profit of £41.17.

Xbox One Ultimate Edition Bundle

The RRP on this item was £499.99.

This is an example of a popular electronic item and so care should be taken as the competition would normally be quite high. However in this case there were other high end auctions going on at the same time (iPhones and iPads) and so the heavy bidders were busy elsewhere. The suitable time to start bidding was therefore £75.00 (when the other high end auctions were becoming popular) and the auction closed at £92.92.

The bid cost was 8 credits (i.e. £0.80 per bid) and there were around 8 bidders bidding until the end. With this number of bidders, 224 bids would have been needed to win the item meaning the bids cost £179.20. The total cost of the item was therefore £272.12.

To sell the item on ebay for a price of £350.00 (saving £149.99 off the RRP) the cost would have been £57.10 (ebay fees, Paypal fees and postage).

This item would have therefore represented a profit of £20.78.

Braun Pro 6500 Plus Bonus Handle

The RRP on this item was £249.99.

There were hardly any bidders on this item so the plan would have been to go in early on this auction. The suitable time to start bidding was therefore £0.50 as it was fairly quiet on the site overall. The auction closed at just £0.88.

The bid cost was 6 credits (i.e. £0.60 per bid) and there were around 3 bidders bidding until the end. With this number of bidders, only 13 bids would have been needed to win the item meaning the bids cost £7.80. The total cost of the item was therefore £8.68.

To sell the item on ebay for a price of £100.00 (saving £149.99 off the RRP) the cost would have been £18.60 (ebay fees, Paypal fees and postage).

This item would have therefore represented a profit of £72.72.

Samsung 48 Inch Wireless Sound Bar

The RRP on this item was £499.99.

There were hardly any bidders on this item so the plan would have been to go in early on this auction. The suitable time to start bidding was therefore £5.00. The auction closed at £7.19.

The bid cost was 10 credits (i.e. £1.00 per bid) and there were around 5 bidders bidding until the end. With this number of bidders, 44 bids would have been needed to win the item meaning the bids cost £44.00. The total cost of the item was therefore £51.19.

To sell the item on ebay for a price of £300.00 (saving 199.99 off the RRP) the cost would have been £55.40 (ebay fees, Paypal fees and postage).

This item would have therefore represented a profit of £193.40.

Michael Kors Jet Set Tote Bag

The RRP on this item was £299.99.

This is an example of an item that is not so popular at penny auctions as it seems the heavy bidders go for more electronic based products. For resale value it is therefore an ideal item to win and the suitable time to start bidding was £10.00 and the auction closed at £11.70.

The bid cost was 7 credits (i.e. £0.70 per bid) and given the lower popularity of the item compared to electronic items, there were just 2 bidders bidding until the end. With this number of bidders, 85 bids would have been needed to win the item meaning the bids cost £59.50. The total cost of the item was therefore £71.20.

To sell the item on ebay for a price of £120.00 (saving £179.99 off the RRP) the cost would have been £21.28 (ebay fees, Paypal fees and postage).

This item would therefore have represented a profit of £27.52.

Cautions

Penny auctions can be lucrative if you want to buy something for yourself or buy things to sell on eBay however we do have some words of caution.

- Penny auctions can be time consuming – especially in popular auctions, the timer can reset to a 30 second or more countdown numerous times. If you are aiming to win, be aware that an auction could take well over an hour to conclude.
- Penny auctions can be addictive – many people compare penny auctions to gambling so it is important to take note of the tips we have given here and if an auction is not going your way, stop and look at other auctions you might want to have a go at.

Concluding thoughts

Penny auctions can be a fun way to buy products especially if you are looking to buy things to sell. It is important to read the advice we have given here and even more important to spend some time watching the auctions before you start bidding. That way you will be armed with the knowledge and experience needed to win.

We wish you the best of luck!