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CALIFORNIA

## EBay Gets Boost as Middlemen Make Comeback

**Some of them have 'I' in their names, but the drop-off stores are doing the work for online auction participants.**

By Lisa Baertlein  
Reuters

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**EBay** Inc., the world's biggest online marketplace, is inspiring an unlikely entrepreneurial spinoff: bricks-and-mortar middlemen of the kind many thought Web retailing would force out of business.

The drop-off stores, including newly minted chains such as AuctionDrop, ISold It, QuikDrop, AuctionWagon and Pictureitsold, charge a commission to handle EBay auctions for people who are unwilling or unable to do it themselves.

The stores are important to EBay because the company's growth forecasts hinge on signing up more new

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EBay sellers and getting existing sellers to become more active.

"Only 8% of our customers have ever sold on eBay, so it's totally incremental for them," said Randy Adams, chief executive of AuctionDrop, the most richly funded of the drop-off stores that have sprung up in the last year.

EBay embraces the offline outgrowth of its business and says it has no plans to open stores of its own.

"It's just another way of extending the eBay marketplace," eBay spokesman Hani Durzy said. "We're happy to see this growing and expanding out of the trading assistants program."

Store owners say they have helped customers sell such diverse items as four lifetime seats for San Francisco 49ers professional football games, Lucchese handcrafted cowboy boots and new and "classic" computers.

Users say the stores — which take a commission and pay eBay fees before sending proceeds to customers — often do a better job than they could of taking pictures, researching fair value, writing sales blurbs and shipping.

Carol Shaffer, a software company training director, has been selling on eBay for almost six years and tried AuctionDrop after a new job left her too busy to oversee her own online moving sale on eBay.

All told, Shaffer said, she's sold well over 100 items via AuctionDrop, including several Coach purses and jewelry. "It was just the perfect idea at the perfect time," Shaffer said.

Thus far, AuctionDrop has collected \$6.6 million in venture funding from **Mobius Venture Capital** and **Draper Associates**. It operates four stores in the San Francisco Bay Area that feed into a central processing hub.

The value of items sold by AuctionDrop since it opened its first store in March is \$1.6 million, with \$300,000 of that coming in December, said Adams, who in 1994 sold his start-up Internet Shopping Network to the Home Shopping Network.

The windows of AuctionDrop's store in the wealthy Silicon Valley town of Los Altos display current for-sale items, including an oboe, an antique beaded handbag, a vintage Kodak camera and various high-end gadgets.

This year, AuctionDrop plans to add company-owned stores in the San Francisco and Los Angeles areas and to expand its West Coast hub. It then expects to open an East Coast hub in New Jersey and a Midwest hub in the Chicago environs, before launching other hubs in the Dallas and Atlanta areas to support local stores. Profitability is targeted for 2005, Adams said.

AuctionDrop's planned move into Los Angeles will put the company in direct competition with rival ISold It, which opened its first store in Pasadena in mid-December and already is selling franchises.

Also franchising is Costa Mesa-based QuikDrop, which has stores in Texas, California, Alabama, Montana, Virginia and South Carolina.

ISold It founder Elise Wetzel, who started the Wetzel's Pretzels franchise with her husband, got the idea for giving people an easy way to sell online after she arranged a school fundraiser in which parents raised money by selling items from their closets on EBay.

"You can do it yourself, but who has the time and the knowledge? We're giving people access that they don't have right now. It's a value-added service," said Wetzel, who is scouting locations for 15 stores in Southern California and thinks that there could be 500 ISold It stores in the United States by the end of 2005.

Wetzel said ISold It boasts a 95% sell-through rate and takes a 25% commission.

Including all fees, a person selling a \$100 item through ISold It would keep close to \$70, Wetzel said.

According to AuctionDrop's website, selling a \$100 item at one of its stores would net the seller about \$59.

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