

Consumer Reports WebWatch's 'Look Before You Click' Campaign Do's and Don'ts Before You Bid, Buy, or Sell

Dozens of Web sites and blogs offer free and unsolicited advice on how best to transact on eBay and other auction sites. In fact, the sites themselves offer helpful tips from users. We've collected some of the best here. Also, in August 2007, Consumer Reports magazine published [Winning at eBay: How to Bid Smart & Play Safe](#). The article recommended consumers avoid common pitfalls by following some basic rules:

- Check feedback. Only trade with buyers or sellers who have a high positive feedback score of at least 99%.
- Read the fine print. This means understanding the specific terms of each auction, determining the shipping costs, and learning about the return policies.
- Avoid shady sellers. Check if the seller has changed identities by clicking on the seller's information, clicking on the feedback score, and selecting More Options and View ID History.
- Contact the seller by email and confirm a physical address or phone number. Don't hesitate to ask questions or request more information or photos of the product. If there is no response or the response is vague, do not transact.
- Comparison shop. Do your homework to determine if an item up for auction really is a bargain. New products can be compared online or offline while used products such as collectibles usually are covered by pricing guides and/or appraisers. Insist that the seller provide proof of authenticity and condition.
- Read between the lines. Fishy terms such as "inspired by" can indicate an item is a replica or knock-off.
- Bid smart. It's best to decide what your top price will be—and then stick to it. Bidding by proxy removes the temptation of surpassing your budget.
- Keep your reputation. There are many reasons for not backing out of a deal, but two good ones are it can harm your feedback reputation and even lead to a suspended account.
- Don't bite on phishing schemes. One way to avoid responding to hackers posing as eBay employees is to download the site's [Toolbar with Account Guard](#); if you mistakenly click on an unofficial link, the eBay toolbar turns red.

Choosing a Payment Method

Among the respondents to the 2007 [Consumer Reports National Research Center survey](#), PayPal was far and away the most popular mode of payment (89%). In fact, 11% of buyers who were surveyed suggested other buyers only use PayPal as a payment method. Conversely, 14% of sellers said they only accept PayPal. Only 3% said they do not accept PayPal.

In its 2007 article on eBay, Consumer Reports dubbed PayPal "fast, simple, and safe" and suggested users link their account to a charge card so charges can be reversed if there's a dispute. As for using charge cards directly with sellers, they do provide some measure of safety, but the risk is sharing such personal information with strangers via the Internet. A limited-time use charge card is one alternative.

In the past, many accusations of fraud related directly to the use of checks, money orders and bank-to-bank wire transfers. But this fall, eBay will eliminate all non-electronic payment options. All transactions will require charge cards, PayPal, or ProPay; cash, checks, and money orders no longer will be allowed. For big-ticket items, it may pay to use Escrow.com, which eBay has approved to provide safety for buyers as well as sellers.

As for settling disputes, the Consumer Reports survey found that while only 23% of users chose to file a formal complaint through PayPal, two-thirds (66%) said it worked. If that doesn't work, eBay offers free negotiation through Square Trade or the services of a professional mediator for \$15.

Keep In Mind: Seller Feedback Affects Surcharges

There's evidence buyers are more skeptical when interacting with sellers on auction sites such as eBay who have insufficient or negative feedback. A recent research paper points out one key drawback.

In February 2008, Amar Cheema, assistant professor of marketing at the Olin Business School at Washington University in St. Louis, published a paper in the Journal of Consumer Research called "[Surcharges and Seller Reputation](#)." These added costs—primarily for shipping and handling—hurt sellers with poor feedback. Cheema examined 271 auctions of DVDs over two years and concluded sellers with weak reputations suffered on average by \$1.18 in bids for every \$1 in surcharges.

The author summarized the research in this way: "We propose that consumers buying from low- (vs. high-) reputation sellers pay greater attention to surcharges. Thus, reputation moderates the effect of surcharges on purchase. Data from eBay show that consumers adjust bids to account for surcharges when buying from low-reputation sellers but not when buying from high-reputation sellers."

Miscellaneous Advice

- Be wary of sellers who are friendly but vague and fall back on the excuse, "I'm selling this for a friend so I'm not sure about the details." If they can't provide adequate answers to your questions, don't bid.
- Use common sense when interacting with either buyers or sellers in person, particularly for big-buck items such as cars. More than one prospective buyer has been lured to a false "closing" and robbed instead.
- If you're concerned about getting into a bidding war, you may not want your user ID to display your passions. For example, if you're "65mustanglover" you could well find the ante being raised on, say, a '65 Mustang.