

eBay HACKS

100 Industrial-Strength Tips & Tools



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HACK
#25

Take Advantage of Bid Increments

A slight adjustment to your bidding strategy will help you save money and win more auctions.

Every auction has a minimum bid, a dollar amount shown just above the Place Bid button on the auction page, as shown in Figure 3-4. If the auction hasn't received any bids, the minimum bid is the same as the starting bid. Otherwise, the minimum bid is equal to the current price plus a bid increment.

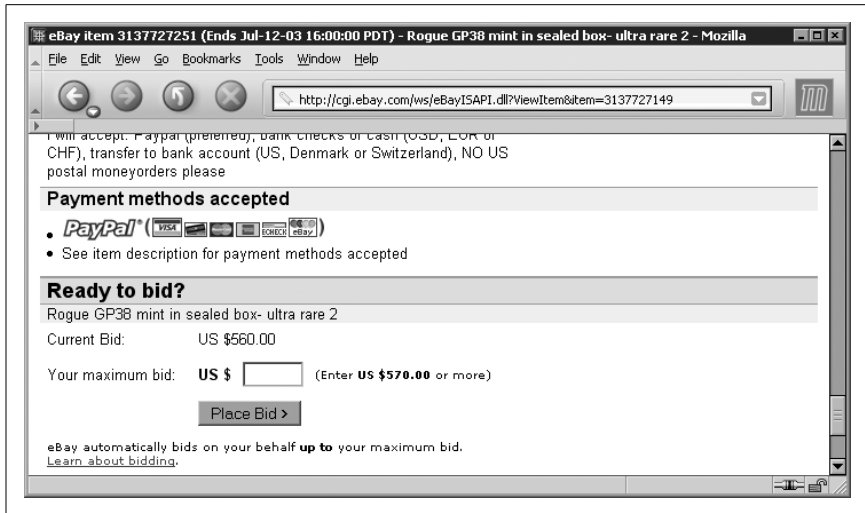


Figure 3-4. The Bidding Section shows the current bid increment and minimum bid

Bid increments, at least in theory, prevent bidders from outbidding one another by a single cent, and are calculated as follows:

Current price	Bid increment
\$0.01 – \$0.99	\$0.05
\$1.00 – \$4.99	\$0.25
\$5.00 – \$24.99	\$0.50
\$25.00 – \$99.99	\$1.00
\$100.00 – \$249.99	\$2.50
\$250.00 – \$499.99	\$5.00
\$500.00 – \$999.99	\$10.00
\$1000.00 – \$2499.99	\$25.00
\$2500.00 – \$4999.99	\$50.00
\$5000.00 and up	\$100.00

For example, an auction currently at \$68.45 will have a minimum bid of \$69.45 (\$1.00 more), so you wouldn't be able to bid \$69.00 even though it's higher than the current price.

Bid increments also come into play when calculating the current price. If there's more than one bidder, the current price is equal to the second-highest bidder's bid plus the bid increment. So if someone bids \$114 and someone else bids \$157, the current price will be \$116.50 ($\$114 + \2.50), and the minimum bid for future bidders will be \$119 ($\$116.50 + \2.50).

As more bids are placed, the current price continues to rise, always equal to the second-highest bid plus the bid increment. But it gets more interesting when someone places a bid very close to the high bidder's maximum bid. The bid increment rule is compromised by another rule: eBay will never raise the current price above the highest bidder's maximum bid. Here's how this works:

- If someone bids \$156.80 on this auction, it will raise the current bid to \$157, even though it's only 20 cents above the second-highest bidder's maximum.
- If a subsequent bidder enters a bid of \$157, the current price will be exactly \$157. The original bidder will still be the high bidder, because earlier bids take precedence over later bids of the same amount.
- If the later bidder bids \$157.01, the current price will be raised to \$157.01 (one cent above the previous high bid), and the newcomer will become the high bidder.

This loophole effectively allows you to outbid another bidder by as little as a single cent. But why is this important, and how is this useful?

Outbidding the High Bidder

Bid amounts are always kept hidden until an auction closes. As described above, however, you can easily determine the second-highest bidder's maximum bid by subtracting the bid increment from the current price. Only the high bidder's maximum remains elusive.

Most bidders type whole, round numbers when bidding, primarily out of habit and sometimes out of laziness. You can take advantage of this by guessing a high bidder's maximum and adding a penny.

For example, if an auction with a starting bid of \$7.99 has only one bidder, the current price is \$7.99. If that bidder is relatively new to eBay (having a feedback rating of, say, less than 30), that bidder most likely typed either \$8 or \$10 as a maximum bid. Although you couldn't bid \$8.01, as the mini-

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mum bid would be \$8.49, you could bid \$10.01 and have a pretty good chance of outbidding the other bidder by a single cent. Contrast this to a bid of \$15.00, which would result in a final price of \$10.50 (\$10 plus the 50-cent increment). You've just saved 49 cents.



More experienced bidders won't type whole numbers, but they will likely be just as predictable. If you want to outbid someone by a single cent, try searching for past auctions they've bid on (see [Chapter 2](#)); look at the bidding history of *closed* auctions they *didn't* win, and you'll see their exact bids. Look at two or three old auctions, and you'll likely find a pattern.

Understanding bid increments is also extremely useful if you bid and don't end up as the high bidder. If, after you bid, the current price ends up *lower* than your bid plus the bid increment (you bid \$40 and the price rises to \$40.17), then the high bidder's maximum bid is equal to the current price (in this case, \$40.17). This means that all you need to do is place one more bid of at least \$41.17 to put yourself in the lead. Combine this with [sniping \[Hack #22\]](#), and you've won the auction!

Take It One Step Further

You can take steps to prevent other bidders from outbidding you by one cent (and they will) while allowing you to more readily outbid others. Instead of bidding whole, round numbers, make a habit of bidding odd numbers, such as \$10.07 or \$11.39. That way, if someone bids \$10.01 or \$11.01, respectively, you'll still be the high bidder. Likewise, you'll also be more likely to outbid others who type bid amounts like \$10.01.