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A Guide to Making Maximum Profit at the Auction Hall

By: Semnae

A visit to the auction house can be incredibly overwhelming to the beginner player. They are faced with questions like, 'What should I sell my items for?' and, 'Should I put a buyout price?'. This guide's purpose is to instruct new players on how to get the best deal for their items and how to make maximum profit at the auction house. Although this guide is designed for beginners, I encourage all players to read through it, as there may be something here you may not have considered.

Getting Started with Professions:

If your profession is recipe based (tailoring, blacksmithing, leatherworking, alchemy, or engineering), the first thing you need to know is what items will make a profit. This is most difficult when you are first starting out, due to your limited number of known recipes. In my experience, 'token items', which are equipment that has their name spelled in gray/white text, does not sell very well. You should focus almost entirely on making items named with colored text, as they will give you the biggest profit. Equipment that are used as reagents, bags, quivers, ammo pouches, consumables, and a few others can be an exception to this.

The first thing you need to do is go to the auction house and find out the going price for the reagents you need to make items that will increase your skill in your chosen profession. For example, if you are a leatherworker, and you need to find the going price for light leather, you would type in light leather where it says name in the browse window and do a search. From here you can see what other players are selling their light leather for. When trying to determine the going price of reagents, you need to only be concerned with the buyout price. This is because most people are not willing to wait several hours for the reagents they need. To calculate the going price, you take the buyout prices of each stack and divide them by the quantity in the stack. The going price will be around the lowest amount per each item. For example, if the buyout prices listed for light leather are 3 silver for 1, 50 silver for 10, 40 silver for 10, 24 silver 84 copper for 10, 35 silver for 10, 30 silver for 10, 40 silver for 5, 25 silver for 10, and 34 silver for 10, then then you can determine that these buyout prices per each light leather are 3 silver, 5 silver, 4 silver, 2 silver 49 copper, 3 silver 51 copper, 3 silver 1 copper, 4 silver 5 copper, 2 silver 51 copper, and 3 silver 41 copper respectively. From this we can see that the going price is about 3 to 4 silver per light leather.

Next, you need to put some consideration into what type of item you want to make. Again, try to avoid making equipment with gray/white text. Look at your list of known recipes, and focus on the items with orange and yellow text, because these items will raise your skill the most per item made. Go to the auction house and search for the options you are considering. Avoid making items that already have several up for sale, because with every additional item of the same type for sale along with yours, the odds of you selling your item is diminished. Make sure the item you want to make is profitable to sell. You can do this by adding up the costs of the reagents, then doing a search on the item to see if the going price is higher or lower than that number. For example, if you want to make Rugged Leather Pants, which requires 5 light leather and 5 coarse thread, then you would multiply the upper estimate of the going price, which we determined earlier to be 4 silver, by 5, and add 2 silver to cover the costs of the coarse thread, which the npc sells for 40 copper each. The total is 22 silver, and this will be the minimum price you can sell this item for without suffering losses. This amount can often make a good starting price for your item. If the buyout price is equal to or less than this amount, do not make this item and choose something else.

Once you have finally decided on what item you want to make, you can buy the reagents you need and get to work. Be sure only to buy reagents priced less than the upper estimate of the going price you calculated earlier, or you will have to reevaluate the minimum price for which you can sell the item. Do not worry if you spend a lot of money on reagents, it takes money to make money, and if you are successful, it will all come back to you and more very soon.

Once you have made your items, you are finally ready to sell them at the auction house. Your starting price should be somewhere around the minimum profit amount calculated earlier. Your buyout price should equal the going price for the item. To find the going price for equipment, do a search for the item. The going price is usually the lowest price you can buy it for. If one or two items seem to be priced unusually lower than the others being sold, buy them and put them back for sale at a higher price. Always put a semi-reasonable buyout price, because people usually want to buy an item so they can use it for a quest they are working on right away. Go ahead and use the 24 hour time period, if the item sells in less than 8hrs, the extra money will be returned to you in the email added in with the amount you sold the item for.

Things To Keep in Mind:

Avoid charging for less than the lowest buyout price. If you think that the going price is unreasonably high, and there is no possible way anybody would ever buy your items at that price, then undercutting might be understandable, but undercutting is almost always a bad idea. Be patient. Just because your item doesn't sell the first time you put it up for sale, doesn't necessarily mean your charging too much. If everybody else is charging 70 silver for an item, it may seem like a good idea at the time to charge 65 silver for yours to get the buyers to buy your items instead of theirs, but this will hurt you in the long run because this causes a price war. Another seller will see this, and think he can do the same

by charging 60 silver for his items, then another seller will see that and charge 55 for his. This catastrophe will continue until the item becomes completely unprofitable. To make matters worse, a person trying to sell equipment a level higher than the equipment your selling may base their buyout price on yours, and another seller may base his buyout price for equipment a level higher than that on his. This domino effect may cause the prices to lower for equipment of the same type for several levels higher. When sellers try to compete with other sellers, you lose.

If you have 20 of the same item, do not flood the market. Put 15 in the bank, and put 5 up for auction, and when those 5 sell, put 5 more up for auction. Patience is not just a virtue, it's a necessity. If you flood the market, the odds of a consumer buying from players selling the same item for the same price become so diminished, that they will feel they must competitively price their items to stand a chance, resulting in the catastrophe mentioned above. The odd of selling 20 of the same item in one day are extremely low anyways, so by not flooding the market, you are saving a lot of money in deposits.

Be reasonable. If auction house prices are too high, buyers will just farm and quest for the new equipment they need. There is a point at which the price of items becomes too high.

Competitive vs. Non-Competitive Markets:

There is a great deal of controversy over this issue, so I will try to go into detail to try and explain why a non-competitive market is better than a competitive market in this game.

First, you need to understand that each player goes through 3 economic stages. These stages are the supplier, the seller, and the consumer. The player cycles through these stages, and how well the player does in one stage affects how well the player does in the other two. For comparative purposes, I have drawn two diagrams so you can see how a competitive market compares to a non-competitive market in each of these three stages.

As you can see, selling competitively hurts the player throughout the entire cycle. In fact, selling non-competitively is the only way to make a profit with recipe based professions. If you aren't willing to price non-competitively, then you might as well change your professions to mining/skinning or herbalism/skinning, because there is no way someone who prices competitively can make more money on items than someone who sells reagents alone. Contrary to popular belief, recipe based professions can be extremely profitable, but only if you price non-competitively.

For those of you who think the consumer is getting the short end of the stick, just remember that all consumers become sellers, and every seller sells far more items than the consumer buys. The consumer, though it's not immediately obvious, actually benefits in the long run from higher prices, because he will have a great deal more money to buy with.

Monopolies and Cartels:

Monopolies and cartels are illegal in most countries, but they are perfectly fine in World of Warcraft. Contrary to what happens in the real world, World of Warcraft is designed in such a way that monopolies and cartels will actually help the economy! Driving up prices stimulates economic growth and allows all players, not just you, the opportunity to make more money. So here's how you create monopolies and cartels.

If you have enough money, you may realize that you can buy almost all the lower level items of a certain type up for sale. It is very easy to create an in-game monopoly over a portion of the Auction House market this way. Simply buy all those lower level items and sell them at higher prices. If you are considering this strategy, keep in mind that maintaining a monopoly can be very time consuming. People are constantly finding and putting more items up for sale, so you need to be able to check the auction hall every few hours to make sure no one is trying to undercut you. So long as you keep buying people out, the monopoly will keep growing larger. If someone decides to undercut you by a small amount, you have the choice of either buying them out and keeping a "true" monopoly, matching their price, or just letting it go and hope that their item will sell quickly enough that it won't affect you much.

If you have a guild, try creating a guild cartel! One powerful guild with several members can easily dominate the entire market. You can discuss prices in the guild chat, and quickly extend your cartel to all types of items. If your going away for a week, you can have a trusted guild member take care of your portion of the cartel for you while your gone. Having multiple players share a cartel is not nearly as tedious and time consuming as a one man monopoly.

If you are trying to sell an item which has a going price of 80 silver, and only one or two people are also selling that item, try whispering them. You may be able to jack the going price up to a gold or more. Most players are more than willing to be involved in cartels that will get them more money.

Stack Sizes:

If your selling reagents, you will want to sell in small stacks. People don't like to buy more than they need, and smaller stacks give the appearance of being lower priced, and are often placed at the top, so smaller stacks sell better. Don't sell them individually unless they are used on an individual basis, because items are not stacked automatically when taken out of the mailbox, and you don't want to annoy the consumer. There are two basic strategies you will want to use for determining the stack sizes of the items you wish to sell.

This first strategy is probably the one you'll use the most. Let's say, for example, you have 60 medium leather you need to sell. If you look at the recipes, you will see that almost all of the recipes requiring medium leather require them in factors of 2. You don't want to make the stack sizes too small, but you don't want them too large either, and to best suit the customers needs, you will need to sell them in stack sizes that are in factors

of 2. Taking a mid-ground, we can see that the optimal stack size for medium leather is stacks of 4 and 6.

The second strategy is the hotdog/hotdog bun strategy. Ever wonder why hotdogs come in packages of 8 while hotdog buns come in packages of 10? The answer is because to have a hotdog bun for every hotdog, you will have to buy 5 packages of hotdogs and 4 packages of hotdog buns. The same principle can be used at the auction house. This strategy is best used for reagents that are difficult to farm, like shadowcat hide. Two shadowcat hide can be used to make dusky boot, and 8 can be used to make shadowskin gloves. The maximum stack size for shadowcat hide is 5. This is also the optimum stack size for shadowcat hide, because we know that if the buyer is making dusky boots, they will have to buy 10 to use them all up, and if the buyer is making shadowskin gloves, he will have to buy 40.

Additional Strategies:

When you have an item you found that you want to sell, but nobody is selling an item of the same type, then search in that item's classification within a small level range around the level of that item. It takes a little guess work, but you can usually figure out what the buyout price should be. For example, if you are trying to sell a level 29 Insignia Belt, but there is no other seller to match prices with, search for armor-leather-waist between level 27 and 31. In this particular case, I found a level 28 Raptor Hide Belt on sale for 90 silver, and a level 31 Sentinel Girdle of the Wolf for 1 gold. From this you can estimate that your Insignia Belt should have a buyout price of about 93 silver.

You can make a great deal of money at the auction house just by buying lower priced items, and reselling them at higher prices. Not rocket science, and this is probably one of the best strategies you have when your first starting out at a low level.

Buy items when the server your on is busiest, and sell when it is not busy. On busy days, a lot more people are on, meaning a lot more items will be for sale. This will generally make prices lower on certain days of the week, and higher on others.

Try to price your items using 8's and 4's instead of 9's. If you price an item at 59 silver 99copper, it's obvious that you want 60 silver for the item. 58 silver 48 copper, on the other hand, is just a little lower and is not quite as obvious.

When selling items, try to get your items toward the top of the list when sorted by bidding price. The items toward the top are the ones usually sold first, so if another seller has a starting price of 50 silver, put your starting price at 49 silver. Keep in mind that this refers to the starting price only, not the buyout price! Undercutting the starting price does not prompt competition, because most people prefer to buy items at the buyout price rather than wait for up to several hours for an item. Don't get carried away, however, because some people don't mind waiting and might take you up on your bid offer.

Auctioneer, which can be downloaded at <http://auctioneer-wow.sourceforge.net/>, is an add-on I've found to be incredibly useful. I almost never use the suggested price it automatically puts in for me, but it can give you vital information that serves as a reference for what you should charge for your items, and also gives you a rough estimate of what reagents will cost without doing a bunch of searches. It takes a few scans at the auction house before you have enough to work with. This add-on tends to be a memory hog, so if you are experiencing errors, go to your add-on's menu and raise the number in the upper right corner. I have mine at 128, and it works without problems.

Reputation:

It has been suggested that if you use some of the ideas in this guide, you will gain a bad reputation and won't be able to find groups for instances, ect. This is completely false. You cannot gain a bad reputation from something you did at the auction hall. If you don't believe me, go ask anybody playing what the names of the last three sellers they bought from were. Unless they are standing in the auction hall and just bought from those three people seconds ago, they probably won't even remember a single one. When people shop, they usually don't bother to even look at the seller name. This just isn't important information to consumers. Other sellers will never know who bought their item, so you need not worry about buying someones items and selling it right away at a higher price. The idea that someone would hold a grudge against another player for good driving up prices is just silly, because you are helping everyone in the entire game make more money when they are selling their own items. I've been doing these sorts of business practices since I first started playing World of Warcraft, and I have never had problems finding people to group with. My advice is to just ignore these threats of a bad reputation.

Thanks: