



# How Pawnbrokers Can Compete Successfully Online:

A Study of  
E-Commerce Solutions

**QUALBE**  
MARKETING GROUP

# EXECUTIVE SUMMARY

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Customers increasingly expect a fully integrated online and brick-and-mortar experience with retail stores. In fact, millennials and Gen X'ers are more likely to shop [while in bed or even in the bathroom](#) than to physically walk into a store—at least at the beginning of their buying journey. Retail stores that cannot integrate their inventory have fallen behind and are struggling to adapt.

Because of the nature of their unique, one-of-a-kind items and historic reliance on foot traffic, pawnbrokers are suffering. Most pawnbrokers have added one or two online channels, such as eBay and GunBroker, to help move inventory, but are feeling the pinch of the cost of time required to manage them. In fact, over 90% of pawnbrokers surveyed said the biggest pain point in doing e-commerce was the ongoing labor cost of managing product listings. Even those with a pretty good handle on electronic inventory could compete much more effectively online if they had the resources to do so.

A majority of pawnbrokers surveyed currently use a POS, or point-of-sale system, other than the most popular platforms such as Bravo or Quickbooks, and at least a fourth are interested in a new e-commerce solution. This white paper explores some of the most popular options for pawnbrokers to help you discover what might work best for your business. Our goal is to uncover the simplest solution for an omni-channel presence in which pawnbrokers' online and in-store inventory are seamlessly integrated.

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# INTRODUCTION

The pawnbroker industry is currently experiencing pressure from at least five major forces:

- 1. Regulation:** As of October 2016, pawnbrokers needed to [comply with the terms of the MLA \(Military Lending Act\)](#), which limits the total cost of credit to active-duty personnel and their family members to 36% MAPR (Military Annual Percentage Rate). This has been a big issue for pawnbrokers to adapt to over the past year.
- 2. Consolidation:** In September 2016, First Cash Financial Services and Cash America International [completed their merger](#), representing about 20% of the U.S. pawn shop market with over 2,000 locations. Independent pawnbrokers will face increased pressure from larger chains, which are able to leverage economies of scale and lower cost of capital to compete more efficiently.
- 3. Economy:** The [slowly recovering economy](#) is beginning to put a drag on lending, which represents about 86% of pawnbrokers' business.
- 4. Online Retail Competition:** Whether your particular pawn shop views lending or retail as its core business, all pawnbrokers rely on retail sales to liquidate unredeemed collateral. Online marketplaces like Amazon and eBay place ever-growing [competitive pressure on all brick-and-mortar retailers](#), but they also function as important sales channels for pawnbrokers. The rapidly-evolving nature of consumer electronics means they lose value quickly, heightening the need to diversify channels in order to efficiently liquidate electronic inventory.
- 5. The Rise of Millennials:** Millennials, the largest demographic group in the U.S., represent an [increasing share of pawnbrokers' business](#). Since millennials are "digital natives," nearly half of their consumer decision journey is done online, which has contributed to the closure of 8,600 brick-and-mortar stores in 2017. That said, [50% of millennials still prefer shopping in a physical store](#)—indicating that retailers who successfully integrate their e-commerce and brick-and-mortar stores will see greater success going forward.



# INTRODUCTION

**This white paper will focus on the fourth point of pressure: helping pawnbrokers close the gap between online and in-store sales and inventory management.** A strongly integrated online and brick-and-mortar presence will help pawnbrokers adapt to the first three challenges of regulation, consolidation and the recovering economy, and has a natural impact on the rising millennial demographic.

Many pawnbrokers have digital platforms that are outdated, not mobile-responsive, and without online inventory to browse or purchase—placing them at a disadvantage when compared with other retailers with a stronger digital presence.

There are three major components to any pawnbroker's digital platform:

- 1. Mobile-responsive website, engineered for SEO**, which will help local customers find them and make contact for loan services and shopping.
- 2. Digital advertising** to drive local brand awareness and traffic to the website and nearby stores.
- 3. An e-commerce solution** that provides access to the largest-possible online shopping market driving the fastest-possible inventory turnover.

Qualbe has seen strong results from building a digital platform featuring all three components.

We now turn to the various platforms currently used by pawnbrokers to manage online inventory.

# E-COMMERCE OPTIONS

## eBay

Because of its low cost and widespread use, eBay is a popular e-commerce solution for pawnbrokers. Active registered users, including both buyers and sellers, were measured at [171 million](#) in the second quarter of 2017.

Think of eBay as [renting a space in a mall or selling items at a flea market](#). They provide the space, but not much support in marketing and selling your goods. That part is up to you—figuring out the system, marketing, advertising, integration and more.

A recent webinar “Looking for a Profitable Future?” by Bravo Pawn Systems reported that 71% of pawnbrokers sell on eBay. Look at these quick stats to see why eBay is such a popular e-commerce option:



A pair of shoes sells  
**every 2 seconds**



A women's handbag sells  
**every 6 seconds**



A cell phone sells  
**every 4 seconds**

In addition, some of the top-selling items on eBay are [smartphone accessories and Xbox consoles](#), making it an ideal channel for that quick-to-lose-value electronic inventory that pawnbrokers so often need to move quickly. A large proportion of eBay's customers are willing, and even looking to buy, used items, which is also an advantage for pawnbrokers.



# E-COMMERCE OPTIONS

While eBay used to be an online marketplace for vintage or novelty items, in recent years it has begun to look more and more like its competitor Amazon—selling cheap products, often from overseas, in bulk in the United States. Because of this shift, eBay’s suitability for the pawn industry has somewhat diminished, and we expect to see this trend continue in the future as other more localized online channels grow in popularity.

As with many e-commerce sites, pawnbrokers [cannot sell guns](#) on eBay, although they can still sell various kinds of knives.

## Major Features of eBay

You should take advantage of [eBay Seller Hub](#) if you’re serious about selling on eBay. It’s no additional charge on top of what you are already paying.

You can create listings and orders, get insight to help optimize your listings and see detailed sales information including how buyers find your products. The site also provides marketing and promotion tools.

With eBay Seller Hub, you can learn how many buyers are seeing and visiting your listings, your daily costs and how often visitors are able to see links to your listings. With a feature called Selling Manager, you can manage listings, track sales status, and follow up with customers.

## Automation of Posting Items

Although pawnbrokers can rarely use eBay’s “Sell Again” feature because they very rarely have two of the exact same item, whether due to condition, age of the product or another factor, they can still take advantage of eBay’s automated inventory management tools.

Tools like [eBay File Exchange](#) allow high-volume sellers to list and manage items in bulk. eBay File Exchange works with .csv files generated by applications like Excel and Google Sheets, and now Quickbooks (which we will discuss below) also uses .csv files, so eBay + QuickBooks can be a good integration option.

# E-COMMERCE OPTIONS

## The Cost

Up to 50 listings per month are free. Once over 50 items, you are charged one insertion fee per listing, regardless of the number of items. However, your insertion fee will be larger or smaller depending on the size of your eBay store.

## Insertion Fees and Selling Fees

Insertion fees for Store listings Fees are per listing				
Store type	Fixed price Number of free insertion fee listings per month (exclusions apply)	Auction-style Number of free insertion fee listings per month in select categories	After using your free listings	
			Auction-style insertion fees (credited back if your item sells)	Fixed price insertion fees
Basic	250	250	\$0.25	\$0.20
Premium	1,000	500	\$0.15	\$0.10
Anchor	10,000	1,000	\$0.10	\$0.05
All Store types	All listings appropriate for and listed in the <b>Musical Instruments &amp; Gear &gt; Guitars &amp; Bases</b> category have no insertion fees			

**Important note:** The above insertion fees are nonrefundable, even if your item does not sell. Then, if you sell outside of eBay but use its platform to exchange contact information, you are [charged a final value fee](#).

If you look at eBay's terms of service, the small fees can really stack up, whether you are auctioning or selling outright.

# E-COMMERCE OPTIONS

## Store Fees

Each of these types of stores costs money to maintain:

Subscription fees		
Store type	Monthly subscription fee	Yearly subscription fee
Basic	\$24.95 per month	\$19.95 per month
Premium	\$74.95 per month	\$59.95 per month
Anchor	\$349.95 per month	\$299.95 per month

You can pay either [month-to-month or year-to-year](#), but year-to-year is a cheaper method overall if you plan on keeping your store a while. If you are not sure if you intend to keep the store, month-to-month might be a better option because you can cancel without a year-long commitment.

## The Time Cost of Posting New Items

The sheer labor cost of uploading your inventory to eBay could outstrip the revenue generated by sales - especially if you fail to take advantage of automated tools like Seller Hub.

It's easy to list item after item on eBay without weighing the costs vs. benefits. Although listing is cheap, you can easily lose track of listing and relisting without considering [actual profitability](#).

Individuals report spending [anywhere from a few minutes to an hour or more](#) posting each listing, depending on how detailed and complicated the listings are (with pictures, descriptions, weight, etc.) and if they already have a template for the post or not.

If you do opt to post your inventory manually, use the "[Sell Similar](#)" button. One user says he can "[fly through stuff this way](#)."

Listings can take up to 24 hours to process, or as little as a few minutes. Users report that although listings appear immediately on the direct links, they [can take much longer to show up in search results](#). This delay can often be due to the category of the item.



# E-COMMERCE OPTIONS

The [eBay user agreement](#) states, “Your listing may not be immediately searchable by keyword or category for several hours (or up to 24 hours in some circumstances). eBay can't guarantee exact listing durations.”

If you're going to sell on eBay and do it right, expect to invest a significant amount of time.

## Is eBay Worth It?

According to the website [My Wife Quit Her Job](#), once you add up all the fees, eBay takes between [8-12% of your gross sales](#) by itself, but when coupled with PayPal, the final effect is that you lose 11-15% of your revenue.

When faced with the choice of using eBay as your primary selling channel vs. your own website, you have to weigh the benefits and costs of the relative ease of eBay vs. the technical expertise required to manage and market your own e-commerce shop.

Of course, is eBay really that much easier? The site is complicated and has rules that are changing all the time. If you try to find good blogs or books about selling on eBay, they are already out of date. The best source, of course, is eBay itself, but all the different features can be quite complex, making it difficult to discover which features are truly profitable for your pawnbroker business.

**Remember: With eBay, you are not just paying for the space but for a captive audience of millions of customers. You are paying for their SEO power too, as eBay listings often show up near the top of search engine results. Many single sellers say that eBay drives a majority of their online sales.**

If you ultimately choose to sell inventory on your own website, we recommend at least cross-listing on eBay while waiting for your authority to ramp up in search engines. We believe it shouldn't be an either/or approach. Ideally, you should be able to post inventory on your own website and simultaneously list it on eBay, with a management system that automatically synchronizes inventory in both places.

# E-COMMERCE OPTIONS

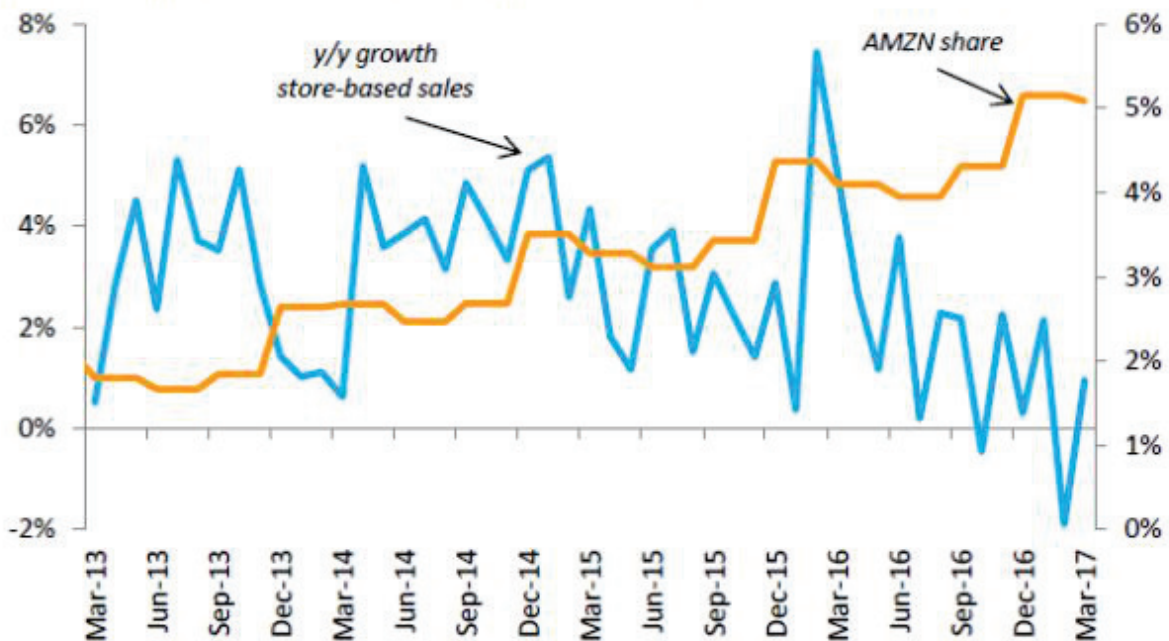
## Amazon

Amazon is the most popular e-commerce retailer in the United States, boasting [\\$136 billion in sales](#) in 2016. Its stock value has skyrocketed, more than doubling in the last year. Scores of traditional brick-and-mortar retailers have opened Amazon storefronts to take advantage of its enormous customer base.

Many have credited Amazon with the [decline of the retail industry](#):

### Growth in Store-based Sales vs. Amazon.com Share

(Amazon retail categories served, excluding food stores)



Left axis = y/y growth for store-based sales

Right axis = Amazon share of categories served

Source: U.S. Census, company reports, MKM estimates

For all its benefits, the Amazon Marketplace also presents [ferocious competition](#). Many retailers feel that they simply can't win in such a landscape. In addition, Amazon tends to be better-suited for new items that are produced in mass quantities, rather than secondhand, unique or one-of-a-kind items that pawnbrokers are known for. Currently, according to recent webinar "Looking for a Profitable Future" by Bravo Pawn Systems, only 9% of pawnbrokers use Amazon.

# E-COMMERCE OPTIONS

The big thing going for Amazon is its incredible customer base. [55% of customers in the U.S. start their shopping journey on Amazon](#), compared to 26% on search engines. Amazon is a powerful search engine in its own right, especially given the propensity of Prime members to take advantage of the service they've paid for.

If you have the scale to compete on Amazon, you'll want to look into selling to Amazon Prime members, who make up around [65 million extremely active customers](#). Because they pay \$99 a year for the service, they are actively looking for opportunities to use it so they can cash in on their investment. In fact, Prime members spend on average [\\$1,100 on the site per year](#), compared to \$600 for non-Prime users.

## Amazon's Major Features

The Bad:

1. Amazon [completely owns your listing](#)
2. As with eBay, [you can't sell guns](#)
3. Amazon doesn't have a high tolerance for quality issues and [will quickly ban sellers](#). Although you may painstakingly inspect your inventory, sometimes it can be difficult to ascertain a product's true quality, especially in categories like electronics. For this reason, you may want to only sell certain items on Amazon, such as jewelry.

# E-COMMERCE OPTIONS

## The Good:

1. There's a [15% conversion rate](#) once a buyer lands on your product page, which is pretty high.
  - a. The key: The [title of your listing must be spot-on](#), and your images must be fantastic. Use bullet points and great descriptions.
  - b. You must win the [buy box](#):

The screenshot shows an Amazon product page for a CAP Barbell kettlebell. The product is a black kettlebell with a handle. The page includes a product image, a title 'Cap Barbell Kettlebell', a price of \$19.56 + \$4.99 shipping, and a 'You Save' of \$9.69 (33%). The product is 'In Stock' and 'Ships from and sold by Wayfair'. A blue callout box labeled 'WINNERS' is positioned over the product title and price. A red callout box labeled 'LOSERS' is positioned over the 'Other Sellers on Amazon' section, which lists three alternative sellers with their prices and shipping costs. At the bottom, there is a 'Frequently Bought Together' section with a price of \$27.51 for two items.

2. Today, more than half of total sales on Amazon are by [third-party sellers](#).



# E-COMMERCE OPTIONS

## Posting and Automation

Allow [15 minutes for your product detail page to go live](#) once you've filled out the information. Depending on category and volume, your listing may become searchable almost immediately or may take as long as four days.

You need to manually post each listing on Amazon, unless you have duplicates of the exact same item in the exact same condition—not very likely for most pawnbrokers.

Amazon does have an [automated pricing feature](#) that enables you to set rules as well as minimum and maximum prices you're comfortable with. Although the tool is easy and free, it can be time-consuming because you must set minimum and maximum prices for each item individually if they are in different conditions.

You should monitor this tool carefully if you choose to use it, because other sellers may set rules that automatically [send your price down to the bare minimum](#), and the tool automatically combines sellers' rules.

## The Cost

If you want to sell as a professional on Amazon, unlike an individual, you cannot simply list goods for free.

Expect to pay \$39.99 a month for your store, [plus additional fees based on the value of the final sale](#).

Amazon Seller Fees	Amazon Seller: Individual Seller	Amazon Seller: Pro Merchant
Flat Fee	\$0.99 for each item sold (on top of %fee)	\$39.99/ month (no \$0.99 fee)
Sale Percentage Fee	Varies based on Category	Varies based on Category
Amazon Seller Fees	Amazon Seller: Individual Seller	Amazon Seller: Pro Merchant

# E-COMMERCE OPTIONS

The commission paid to Amazon depends on the [category](#). Like eBay, most commissions are somewhere between 8 and 15%, and then you need to keep in mind your monthly store fees and costs for Amazon fulfillment services if you choose to use them.

There is no contract for individuals, and professional accounts pay month-to-month.

## Extra Storage Costs

If you use Amazon's fulfillment services, you'll also need to take storage costs into account. Amazon's fulfillment services can make shipping and customer service a lot more convenient, but [you have to pay for storage space](#)—sometimes for an extended period of time, as is often the case with seasonal inventory.

The monthly storage rate for January - September is \$0.64 per cubic foot or \$0.43 per cubic foot for oversize, and in October - September \$2.35 per cubic foot for standard and \$1.15 per cubic foot for oversize items. Long-term fees apply to merchandise that is stored for more than 6 months. If you overstay your "Inventory Cleanup Date," you are charged a whopping \$22.50 per cubic foot on top of what you are already paying.

## Is Amazon Worth It?

There are some pawnbrokers on Amazon but not many. Even though Amazon has an incredibly large captive audience, it may not be the best channel for smaller pawnbrokers. It is much better for moving bulk, wholesale items than it is for selling one-of-a-kind items.

That said, Amazon might still be a good channel for selling a smaller volume of high-value collectible items like guitars and jewelry. With these kinds of items, the higher sale price and margin can cover the investment. Amazon may also be worth the cost if you are a larger, multi-site pawnbroker or use an external inventory management system that easily integrates with it.

# E-COMMERCE OPTIONS

## Craigslist

Craigslist [receives more than 50 billion pageviews a month](#) and boasts over 60 million users a month. Bravo Pawn Systems in their webinar “Looking for a Profitable Future?” reports that 74% of pawnbrokers currently sell on Craigslist.

Reasons pawnbrokers love Craigslist:

1. It's free! No setup or monthly cost.
2. Users go on Craigslist looking for specific, unique, secondhand items, and they don't expect there to be more than one. So when they find it, they're going to jump on it.
3. Unlike eBay and Amazon, Craigslist is a local channel, which gives pawnbrokers an advantage over other sellers. Customers can find your merchandise online, then come to the store to buy it, potentially picking up other items as well. They will also feel much more comfortable coming to a store than to a stranger's home to make their purchase.

## Major Features of Craigslist

People often perceive Craigslist and pawn shops to be in a competitive relationship. This is because some customers will buy products on Craigslist and then resell them to pawn shops for higher prices. Pawnbrokers may feel that they are competing with Craigslist.

Craigslist can also be a fantastic tool, though. It's free and easy to use, and because you're a business and not an individual, you don't have to worry about the safety concerns that deter many people from using Craigslist.

On that note, why not apply your customers' tricks? If you're ever short on inventory, scour Craigslist to find free or cheap items that you can then sell at your store for a higher price.

# E-COMMERCE OPTIONS

## Posting and Automation

Unfortunately, Craigslist has no automated posting. It may be free and cheap, but you're looking at another situation where you're spending a lot of man hours individually listing everything.

Postings on Craigslist [appear in minutes](#) and remain active for 30 days.

There are tools like [Crayzilla](#) for \$100 a month that claim to provide support for Craigslist and eBay classifieds, including renewal scheduling, but [most have limitations](#) such as daily posting volume limits and distorted images that create a lot of work on the back end for you.

## Is Craigslist Worth It?

Based on our limited survey data, a large number of pawnbrokers seem to use Craigslist to some extent. The website seems to be an especially good solution for local, one-location pawn shops, but may not be as cost-effective for larger, multi-location pawnbrokers with more complicated inventory management needs.

Because it is free and easy to use, if you're a smaller operation, why not post a few items on there, especially some of your most valuable or specialty/niche merchandise? While posting, keep an eye out for items you may be able to pick up and sell at a higher price. During slow seasons, have staff fill out Craigslist ads as a profitable time filler.



# E-COMMERCE OPTIONS

## OfferUp, Letgo and 5Miles

We won't spend much time on these hyper-local channels because they are so similar to Craigslist, but these are all up-and-coming apps that you will want to watch out for and integrate into your e-commerce solution if at all possible.

As of 2016, OfferUp had [already surpassed eBay's early-days' sales volume](#) and, along with Letgo, was dubbed a potential "[Craigslist killer](#)." Letgo came nipping at its heels by landing a [\\$175 million investment](#). 5Miles was started by an [SMU grad](#) and, though popular in cities across Texas, has yet to catch on in most other areas of the country. More and more customers are discovering or rediscovering their local pawnbrokers because of channels like these.

Just like with Craigslist, one huge advantage pawnbrokers have over most sellers on these channels is credibility. People feel much more comfortable walking into a storefront than they do into a stranger's home. If you post an item someone likes, and they can just come to your store, so much the better.

### Advantages over Craigslist

OfferUp and 5Miles both use [intelligent algorithms](#) that are designed to combat scammers and frauds, meaning that users already feel much safer using these platforms. However, the intelligent algorithm creates a couple of extra barriers to posting items.

Letgo has followed more in the lines of Craigslist and prioritized ease of access over an intelligent algorithm, which seems to be working so far as it's the [fastest growing](#) of the three. It's still too early, however, to see who will "win" this game.

Another advantage is design. Craigslist is famous for its incredibly simple, text-driven interface, but OfferUp is much more interactive and has even been described to be "[as addictive as Instagram](#)." Letgo and 5Miles, like OfferUp, are also image-based. Users spend large amounts of time on these websites because they feel more like social networks such as Snapchat than they do "stores," which is a great thing for any merchant.

Because of this, if you're going to sell effectively on OfferUp, Letgo, 5Miles or similar channels, your photographs must be excellent—as close to professional quality as possible.

Though posting is free and you get instant access to a wide array of local consumers, these channels still present the same issues as Craigslist. You can't automate posting, so these channels may be too time-consuming to use directly unless you have a small operation or use an e-commerce solution that integrates with them.

# E-COMMERCE OPTIONS

## ArmsList

What does ArmsList have that other online selling channels—even giants like eBay and Amazon—don't?

Weapons. And only weapons.

Since firearms make up a large portion of pawnbrokers' sales, pawnbrokers should not neglect this channel in their online sales.

Like Craigslist, listing and selling are free. Many pawnbrokers are already taking advantage of ArmsList.

The site was started by two men who had met at the Air Force Academy and decided to begin the website after Craigslist began banning ads promoting guns.

We particularly enjoy this section of their [FAQ](#):

**Q: Ok so tell me clear and simple, how does this work?**

One item for sale = one listing, in one location.

**But what if I...**

No

**But I saw a guy that...**

No

One item, one listing, one location, period. Play by the rules.

## Legal Issues

Unlike channels previously mentioned, the internet seems to be largely silent about ArmsList's revenue, investments and other business activities. You will find articles, however, claiming that [1 in 30 users of ArmsList already has a criminal record](#) or [questioning the site's legality](#). The site has also already been involved in a couple of high-profile lawsuits blaming the website for murders, one involving a [stalker](#) and one involving an [abusive husband](#).

So far, lawsuits have rarely involved the sellers themselves, and every lawsuit against ArmsList has been dismissed. The risk of lawsuit is always an intrinsic part of doing business, but be aware as you sell on ArmsList that your risk of lawsuit is probably higher than with other channels. As always, be sure to obey the laws of your state and follow your usual procedures when selling to people who find you on ArmsList.

# E-COMMERCE OPTIONS

## GunBroker

If ArmsList is the Craigslist of guns, GunBroker is eBay.

The site gives off a more professional vibe and has not been subject to the same kind of negative attention as ArmsList.

GunBroker uses an auction format in which users can bid on weapons, but like eBay, you can also choose a “BuyNow!” price or a fixed price.

The trade-off is that, like eBay, you have to pay a final value fee if your item sells:

Final Value	Final Value Fee
\$0 - \$50	5.0% of the final value
Over \$50	5.0% of the first \$50 (\$2.50), plus 2.5% of the remaining value

GunBroker takes completion of sales very seriously and terminates accounts of sellers that cannot complete a transaction. Therefore, if you use the site, you’ll want to have a system that makes delisting practically instantaneous if an item sells on another site or in your store, or keep the inventory separate.

# E-COMMERCE OPTIONS

## PawnGuru

PawnGuru's system involves a customer listing an item on the site for free and then multiple pawnbrokers in the area bidding on it. A customer is free to browse the site and bid on whatever item he or she may be interested in.

As of November 2017, the numbers on the [homepage](#) show that over 2,000 pawn shops and 260,000 customers use the system. As of 2012, there were [over 10,000 pawn establishments](#) in the U.S according to the census, and now that number has topped [11,000](#).

Based on available data, we estimate that somewhere around 18% of pawnbrokers use PawnGuru.

## What Sets PawnGuru Apart?

It's mainly a buying, not a selling, platform. The website is almost wholly geared at customers looking to sell their merchandise.

It doesn't hurt pawnbrokers to create a free account and at least see what's out there. You can be alerted when someone in your area posts an item.

You as the pawnbroker do not post anything; PawnGuru simply serves as a way to purchase inventory that you can then sell in your store and online.

Therefore, if you're going through a time of low inventory, PawnGuru can be a great benefit. However, it's no help if the primary issue you're dealing with is how to get rid of inventory.

## The Cost

PawnGuru is free for now for both sellers and buyers. However, in the future the company plans on [keeping a small percentage of the sale price](#) as a service charge, just like Amazon and eBay currently do.





# MANAGING E-COMMERCE SALES THROUGH A SAAS-BASED POS SYSTEM

As a pawnbroker, one of the issues you are constantly dealing with is getting rid of inventory you've had to keep as loan collateral.

Sometimes it can be difficult to locate the right buyers. This is where the internet really helps. Most pawnbrokers already have some kind of e-commerce solution, but you're looking for a way to make it better and more efficient.

You need a system that allows you to:

1. Easily post one-of-a-kind items, not multiples, and
2. Quickly and efficiently remove the listing once that one item is sold. Preferably, you want an integrated system that allows you to remove listings across different channels simultaneously.

This is one of the great pains of having a presence on Craigslist, eBay and Amazon all at once –posting and removing each listing from every single website individually. And it's one of the key issues that holds pawnbrokers back in today's e-commerce landscape.

Automatic, cheap integration is what we're after. Let's examine a few popular Sales-as-a-Service (SaaS)-based platforms.

# MANAGING E-COMMERCE SALES THROUGH A SAAS-BASED POS SYSTEM

## Bravo/Buya

This is often the first solution pawnbrokers think of—and with good reason. Bravo has created a very powerful interface and includes a built-in online store that allows you to sell your merchandise. It brands itself as an all-in-one solution.

### Major Features

Bravo/Buya includes the following features:

- Accounting
- Inventory Management
- eCommerce
- Loan Management
- Payment Tracking
- Police Reporting
- Price/Margin Management

Bravo also includes automatic updates, meaning you do not have to shut the system down to process an update.

### Payment Options

The system allows you to split commissions as well as issue or sell gift cards redeemable at all Bravo locations as an alternative to cash-back refunds. You can also accept [two or more payment types](#) in single transaction.

### Marketing Tools

Bravo [buys Google AdWords](#) for you to generate traffic to your listings and feeds your inventory into Google, Bing and Yahoo on a daily basis. It also uses social media websites to generate traffic for your business.

### Customer Service

It's difficult to find many customer complaints about Bravo. Their website is easy to use, and they make it simple for customers to contact them. Their technical support and customer service appear to be top-notch, so if you would rather someone else handle the technical know-how, Bravo will be a very responsive solution.

# MANAGING E-COMMERCE SALES THROUGH A SAAS-BASED POS SYSTEM

## The Cloud

The Bravo blog claims to have a [much more secure system](#) than competitors like PawnMaster because they use a private cloud rather than a public cloud (Amazon's). They reason that their enhanced security and quality justifies their higher price point.

## Integration

Bravo enables you to sell on [Buya, eBay, Craigslist, GunBroker, Amazon and more](#). It includes cloud POS for enhanced security, inventory management system, mobile integration and apps and e-commerce ([Buya](#)). Its goal is integration of your online and brick-and-mortar inventory and sales management.

Whether you use Apple or a PC, and whatever your hardware may be—even if your store has gone completely wireless—Bravo claims to work equally well.

## Complexity

The main complaint we see from multiple pawnbrokers is the complexity of Bravo. Even when they taken time to master the system, customers report that some functions which seem like they should only take on click are [much more convoluted in reality](#).

Another drawback of Bravo/Buya could be the lack of customization and control, if you are accustomed to managing your own POS system. It can be challenging to get in on the back end of the interface to change or track anything. This aspect could be frustrating for operators used to managing their own technology.

## The Cost

Most pawnbrokers who do not currently use Bravo/Buya responded in our survey that they have no future plans of doing so. Many have determined that the ROI is not worth the cost.

This powerful system can cost thousands of dollars per month. It's also pretty complicated—you must invest a lot of time and effort simply to learn how to use the system ([about six months, in fact](#)), so you have to take into account not only the financial cost of Bravo/Buya but the cost of the man hours required to operate it.

# MANAGING E-COMMERCE SALES THROUGH A SAAS-BASED POS SYSTEM

Another big drawback, in addition to overall cost, is the presence of “success fees.” Although Bravo has [lowered its eBay success fee from 8% to 5%](#), the fact that pawnbrokers still have to pay success fees on top of what they are already paying to use Bravo’s system, PLUS the normal fees to eBay, PayPal, etc., results in a big “ouch.”

That said, Bravo/Buya does make a pretty good case for its worth over the lifetime value of the customer. If the average acquisition cost is about \$75 for a pawnbroker, and the average 3-year value per customer is \$1,200, as their website claims, then Bravo/Buya may be a worthwhile investment if it enables you to reach that many more customers—[533% per year return on your customer acquisition cost](#).

It’s worth noting, however, that your online customer might be very different from your typical in-store customer. Your online customer may not have quite such a high lifetime value because they may have been looking for just one specific item and happened to run into you; they may not need you on a monthly basis in order to help pay rent and bills.

That said, your online customers do have potential to become typical in-store customers, as many customers will go online to “scope out” your inventory before making a purchase in person. In fact, according to Bravo’s recent webinar “Looking for a Profitable Future?” pawn shops with an e-commerce presence receive 20% more in-store visits than those without.

It will be up to the individual pawnbroker to determine if the system’s features result in sufficient labor savings to make up for the costs.

# MANAGING E-COMMERCE SALES THROUGH A SAAS-BASED POS SYSTEM

## PawnMaster

PawnMaster, the most popular software in the world for pawnbrokers, competes directly with Bravo/Buya. It has most of the same features without any success fees, and many customers claim it is more user-friendly. However, as with Bravo, cost may be a limiting factor for many pawnbrokers.

### Major Features

- Industry-leading software/hardware
- Excellent support
- Reduced-cost business supplies
- Text message/e-commerce platform
- Compliant with federal, local and state laws
- Cloud-based OR Classic options available
- Inventory and daily transactions management
- Scalable, with add-on modules available
- Most popular pawn management system/largest customer base
- Off-site backup
- Credit card processing
- Check advance/cashing
- Accounting
- Payment Tracking
- Police reporting
- Price/margin management

*\*Information summarized from [PawnMaster](#) and [Wise Small Business](#)*

### Integration

PawnMaster [integrates with e-commerce platforms](#) such as eBay, Craigslist, GunBroker and Amazon and uses Amazon for its cloud security. It offers a powerful system, especially for multi-location pawnbrokers, to share and sync data and inventory information between all the stores.



# MANAGING E-COMMERCE SALES THROUGH A SAAS-BASED POS SYSTEM

## User-Friendliness

PawnMaster offers an incredible variety of features and flexibility. However, it isn't without its flaws. According to [Pawn Nerd](#), although the "primary interface is so simple a baby could use it," the printer setup is not at all user-friendly. Also, it's difficult to see the life cycle of a product from the time it enters the store to the time it sells.

## Customer Service

As with Bravo, most customers report excellent service with PawnMaster -- although, as with any large company that serves many pawnbrokers, you may have to wait on the line a while for service with your technical support issue.

## Cost

As with Bravo/Buya, you need to contact them to get a quote. In [this video](#), PawnMaster says its competitors charge upward of \$4,000 a month. We can only assume they are talking about their main competitor in the industry, Bravo/Buya. Since PawnMaster is a direct competitor, you're still probably looking at paying up in the thousands each month to use their service.

## SaaS-Based POS Systems Summary

We've just gone over a couple of the most popular SaaS-based POS systems, but our general take is that they can be great options for syncing all of your inventory and receiving technical support. A couple of our clients have had very positive experiences with these systems.

However, you should be prepared for the investment of monthly fees + success fees + any additional support fees you may incur in addition to the cost of training all of your people, perhaps for months, in these new systems. You may end up not being satisfied with the interface, but you will have no way of customizing it.

In the next section, we'll consider another POS option.



# DIY POS

One of the most affordable and efficient arrangements we've found for pawnbrokers is a do-it-yourself point-of-sale system. You can integrate an accounting system like QuickBooks with an e-commerce solution like ecomdash + WooCommerce for maximum functionality and customization for a fraction of the cost of systems like Bravo/Buya and PawnMaster.

Systems like ecomdash automate the syndication of product listings between WooCommerce, QuickBooks Cloud, eBay, Amazon, GunBroker and more. In our conversations and surveys with those in the pawnbroker industry, the #1 difficulty in e-commerce solutions by far is dealing with the man hours spent keeping inventory updated, so this would be a great solution.

A big concern for a lot of operators when considering any DIY POS is the upfront cost of building out a new website and POS/e-commerce solution, which can run from \$10-\$20K on up. However, most pawnbrokers are far more concerned about the **ongoing cost** in both time and labor than the upfront cost of setting a great system up. If you could set up something that might be a deeper investment on the front end but that would streamline your omni-channel presence in the long term and cost far less in labor costs, wouldn't you?

You could possibly stagger out the costs over time by beginning with a small website that includes only a homepage, locations, lending and products/categories, as well as test-targeted, paid advertising to drive initial traffic. Then you can add more pages and features over time until you're able to hit the right mix of organic "free" and paid traffic.<sup>1</sup>

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<sup>1</sup> We put "free" in quotation marks to denote a common misconception that many have about organic traffic. Many online sellers draw a sharp distinction between "paid" advertising and "free" organic search traffic, but the reality is that good, qualified search traffic only arrives at your website organically after you put in many hours and wait months while your site authority ramps up. In fact, both "paid search" and "organic SEO" cost money, and both are necessary, though you will emphasize one or the other more at different times in your website's life cycle.

# DIY POS

The fact is that most pawnbrokers not already using Bravo/Buya or PawnMaster are not looking to start, unless their revenues were to dramatically increase. They are looking for a different solution. 80% are probably using some sort of in-house tool, but we want to look at integration with WooCommerce and other DIY options in this section. What setup allows you to get your listings on the most websites with the least amount of effort? What allows you to easily syndicate your listings?

Through our research, we've determined that if we were to build the ideal e-commerce solution for one of our clients, here are the pieces we would include:

- WordPress website
  - We like the Divi theme because of its mobile responsiveness and broad design flexibility
- WooCommerce shop
- An extension to automate syndication of inventory, like Unify or Ecomdash

**The Goal: Maximize exposure while minimizing labor and the costs of flipping inventory online.**

If you are already happy with their current inventory system and are just looking for a way to sell more efficiently online, this could be a relatively inexpensive option compared to Bravo/Buya if done right. Let's explore it a bit.

# DIY POS

## Quickbooks

Quickbooks advertises itself as an accounting platform that automates and organizes all your information. At the higher levels, it not only tracks income and expenses but also tracks inventory and manages bills. Quickbooks integrates with PayPal, Shopify, Amazon and other systems and channels.

We think Quickbooks can be a great, inexpensive option for managing finances and even inventory. Consider that some solutions cost thousands of dollars a month and then check out its pricing options:

The image shows three pricing tiers for Quickbooks: Simple Start, Essentials, and Plus. Each tier includes a 'Buy Now' button and a 'Free 30-Day Trial' option. The Plus plan is marked as 'MOST POPULAR'.

Plan	Price	Discount	Key Features
Simple Start	\$15 /mo (discounted from \$7)	Save 50% for 3 months	Send and track custom invoices, Track income and expenses, Create and manage estimates, Sync bank accounts <sup>1</sup> and apps
Essentials	\$35 /mo (discounted from \$17)	Save 50% for 3 months	Send and track custom invoices, Track income and expenses, Create and manage estimates, Sync bank accounts <sup>1</sup> and apps, Manage and pay bills, Instant sales and profit reports
Plus	\$50 /mo (discounted from \$25)	Save 50% for 3 months	Send and track custom invoices, Track income and expenses, Create and manage estimates, Sync bank accounts <sup>1</sup> and apps, Manage and pay bills, Instant sales and profit reports, Track inventory, Prepare and print 1099s

## Customer Service and Technical Glitches

Although the price point of Quickbooks is excellent, online research reveals that Quickbooks is known for being “glitchy,” which can cause problems when your business depends on it for your inventory tracking and payment.

Many users report [issues with customer service](#), especially with program updates and old versions being incompatible with newer ones.

# DIY POS

Even though the price point is low, you have to pay for upgrades that cost extra. If you're going to use QuickBooks, it needs to be [combined with a robust inventory management system](#) because Quickbooks [requires a lot of manual oversight](#) to ensure compliance.

QuickBooks does offer its own [POS system](#), which costs \$1,200-\$1,900 depending on the size of your pawnbroker business. This system enables you to track inventory, refunds and customers as well as accept payments. However, reviews seem to indicate that [the functionality is not worth the price](#).

In summary, although Quickbooks is relatively inexpensive, just know you may be getting what you're paying for when it comes to customer service, functionality and technical support.



# DIY POS

## WooCommerce

WooCommerce is the leading e-commerce system for WordPress sites and is used in anywhere from [28% to 41% of all online stores](#) and 94% of all WordPress e-commerce sites. Just to put it in perspective, its closest competitor commands only 5% of the e-commerce market.

It's a very widely-used and robust solution—yet extremely inexpensive. The base version is free, and extensions to add features, such as automatically posting to eBay, range from \$29 to \$299. Not only is WooCommerce built specifically to integrate well with WordPress, it also has capability to integrate with Facebook, Amazon Fulfillment and PayPal. It's compatible with any kind of product and includes over 400 optional extensions.

We've used WooCommerce on our WordPress websites for a while now and would highly recommend it for its affordability and flexibility. It has an extension called [Unify](#) that integrates seamlessly with Quickbooks, Amazon, eBay and other platforms and also automates accounting, stock and shipping.

Its main disadvantage is that WooCommerce can only be used with a WordPress site. If you do not switch to WordPress, you will need another solution like Shopify or Magento.

# DIY POS

## ecomdash

Ecomdash calls itself a “multichannel inventory control software for ecommerce sellers.” It can integrate with eBay, Amazon, Shopify, Etsy, Magento, GunBroker, QuickBooks and more.

It’s just \$50 a month to run the software, which is incredibly cheap. Just add another \$25 if you run more than 500 sales a month.

Ecomdash won the 2016 Expert’s Choice Award from FinancesOnline, a well-known SaaS software review platform, because of its ability to handle complex inventory and its flexibility with listing products on many different sales channels through its in-suite ecommerce listing tool.

The award indicates that ecomdash is in tune with the problems and needs its customers face every day and offers efficient solutions to solve them.

In addition, the platform won the [Great User Experience Award](#) for top inventory management software, demonstrating that the tools are “simple, intuitive and able to effectively improve work in a company.”

## Major Features

Ecomdash effectively allows you to manage all of your online stores from one screen – a pawnbroker’s ecommerce dream. Like Amazon, it even offers [fulfillment services](#), allowing for dropshippers, suppliers and warehouses to streamline fulfillment of your ecommerce orders. Among its primary features are:

- Cloud-based
- Multi-warehouse dropship management
- Barcode scanning and generation
- Automatic syncing of inventory
- Customization of inventory rules for each channel

Especially if you have a smaller operation, one thing we like about ecomdash is that it has multiple pricing levels and can grow with you. We also read in customer reviews that their customer service is great whether your business is big or small.

[One user writes](#), “We sell in a physical retail store, as well as Amazon, eBay and our own website and the system is great to sync inventory so we don't oversell.”

Ecomdash, when used in conjunction with QuickBooks, can help compensate for some of the shortcomings of QuickBooks.

# DIY POS

## Magento or WordPress?

Although [ecomdash integrates well with Magento](#), we've discussed why we (and most of the internet) like using WooCommerce, a WordPress plugin (which [ecomdash also integrates well with](#)). So what's the difference?

Although Magento has a lot of benefits such as catalog management, multiple pricing options and product alerts, it also requires a lot of development skill, extensive server resources and a dedicated hosting environment.

We've found that WordPress is often more user-friendly, and of course you get the advantage of using the WooCommerce plugin, which is also easy to use.

How exactly does WordPress integrate with ecomdash? Ecomdash provides a [great explanation](#):

Once integrated, ecomdash scans WooCommerce every few minutes. When we find a sale, we automatically update stock quantities for that item on every other channel you've integrated. We can automatically list an item as "out of stock" once it sells out, eliminating the risk of overselling and allowing you to grow your sales, deliver a better customer experience and expand your business with peace of mind.

We think ecomdash + WooCommerce is an excellent, user-friendly, inexpensive e-commerce solution.

## Functionality

The [main issues we see reported with ecomdash](#) are "glitchiness" in posting items and mixed customer support experiences. You have to keep in mind the requirements for each channel you are posting to, or not all your listings may post correctly. This is one of the reasons we went through some of the most popular online channels earlier in the paper, such as eBay and GunBroker, so you can better understand the pros and cons of each and whether it really makes sense for your business to invest in every single one.

Generally, what we see over and over is that users report excellent functionality for the cost. Although there are a few mixed customer service reports, most small businesses report excellent customer service from ecomdash. No system is perfect, but ecomdash seems to give you the best value for your money.



# CONCLUSION

Although the pawn industry currently faces pressure from regulation, consolidation, a slowly recovering economy, online retail competition and the rise of millennials as a large consumer base, we strongly believe pawnbrokers can still compete successfully by efficiently integrating their storefront and online presence.

As e-commerce websites proliferate and more and more customers shop online, it has become vital for pawnbrokers to not rely solely on their brick-and-mortar location plus maybe one or two e-commerce shops. Without an integrated e-commerce solution, pawnbrokers will struggle to compete successfully because of the man hours required to manually keep track of inventory and ensure accuracy.

The triple threat of a mobile-responsive website that is easily indexed by search engines, digital advertising and a good e-commerce platform that integrates across multiple digital channels and in-store sales are absolutely essential for pawnbrokers (or any independent retailer) to keep up with the changing ways customers are finding and purchasing what they need.

We have gone over the pros and cons of the most popular e-commerce sites currently used by the pawn industry, as well as systems that help you manage financial transactions and inventory. The best solution for you will depend on your budget, number of locations and number of employees.



# ABOUT QUALBE

Qualbe is an award-winning digital marketing company located in Fort Worth, Texas, that builds up businesses through helping customers find them online. We specialize in mobile-responsive web design, search engine optimization, digital advertising and more.