

Ebay case study: assess how the characteristic

[Business](#)



A Brief History of the Growth of beyond of the world's most famous dot-coms was founded as Auctioneer In San Jose, California, on September 3, 1995, by French-born Iranian computer programmer Pierre Midair. This was 1995 when the World Wide Web or ' information superhighway' as it was known, was just a few years old. On September 12, Pierre Midair posts a list of the non-computer related items that are available on his new Auctions Website to the miss. Forsake. Non-computer newsgroup; just nineteen Items which Include a Mark Mark's signed underwear and a Yamaha motorcycle. By the following February, the website had become a popular place with 10,000 registered users.

" The site has become more popular than I ever expected", Pierre posted on the websites forum, " and I began to realize this was indeed a grand experiment In Internet commerce". (Peel, 2006)Having been on an upward curve, 1997 was a reallocates year. The one-millionth Item was sold, and Auctioneer officially changed its name toEbay(short for Echo Bay Technology Group, Molder's consulting firm). Bay went public on September 21, 1998, and Midair became an instant billionaire.

Currently, eBay comprises for three main businesses, or as the previous CEO Whitman calls ' the power of three' strategy: I .

The eBay Marketplace: eBay describes this as " online platform for the sale of goods and services by a passionate community of Individuals and small businesses" where " anyone can buy anything. " 2. Papal: Acquired by eBay in 2002, Papal aims to " create a new global standard for online Payments" and enable " any individual or business with an email address to securely,

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easily and quickly send and receive payments online. . Seep: Seep, bought by eBay in 2005, is an Internet communication company whose aim is to “ people everywhere to make unlimited voice and video communication for free between the users of Keep steward.

” loyal, eBay Is a phenomenon winos size Ana magnitude Is almost difficult to comprehend. The number of registered users on eBay by the end of 2008 was approximately 406 million, rising from 276 million the previous year. EBay also generated net revenue worth \$8. 5 million in the year 2008, compared to \$7. Million the previous year, and Just \$3.

3 million in 2004. However, over the years, the commerce company has been experiencing slowing growth, and now declining revenue, as illustrated by the graph below (Keller, 2009). Figure 1 This is also represented in the financial reports, where the company posted fourth quarter revenue of \$2. 04 billion. This represents a \$145 million year-over-year decrease which they relate primarily to the impact on eBay “ of a stronger dollar and macroeconomic conditions globally” (eBay Inc.

Fourth Quarter and Full Year 2008 Results, 2009). Characteristics of the digital media and the Internet-commerce is the trade of products and services by means of the Internet or other computer networks. To understand the growth and success of eBay as an commerce website, one must be aware of the characteristics and advantages of the digital media and the internet. Fifteen years ago, the term internet was practically unknown to most people. And yet today, the internet has become the one of the most powerful communication tools available.

Bay, being one of the first websites to take advantage of the numerous possibilities the internet had to offer before the beginnings of the dot com rush, is an ideal example to show how the characteristics of the digital media and the internet can help expand a business. By having the internet at the core of the business, eBay has been able to offer buyers maximum convenience and accessibility. Users with an access to an internet connection, whether on a computer or mobile phone, can visit eBay around round the clock to compare prices and make purchases, without having to leave their homes or offices from around the world.

By being independent of a location, eBay has been able to reach into global markets and increase their consumer base drastically. For sellers, e-commerce offers a way to cut costs and expand their markets.

In eBay, sellers do not need to build, staff, or maintain a physical store or print and distribute mail order catalogues. While there are fees involved in setting up an 'eBay Store' and postage costs involved in distributing products, these costs are much less significant compared to setting up a physical store.

Since most of the transactions are ICC, there is a lot more interactivity involved in which the consumer initiates contact and has a lot more control. Another main advantage of the Internet is speed. Electronic communications have allowed messages to cross the world almost instantaneously, thus eliminating the need to wait for weeks for a catalogue or message.

Strategies Tort growlingly ten strategies eBay nave uses Tort growth are numerous, this report has divided them into four main categories, with the aim of these strategies to increase: I .

Acquisition: the number of newly registered users. Activation: the number of registered users that become active buyers and sellers. Activity: the volume and value of transactions that are conducted by each user (Chaffed, Mayer, Johnson, & Ellis-Chadwick, 2006)Partnerships and Acquisitions increase the number of newly registered users on the eBay Marketplace, eBay has acquired more than a hundred subsidiaries and formed partnerships with other firms, some of which are listed below: Papal: was founded in December 1998 and bought by eBay in 2002.

Palsy's purpose is to " build on the existing financial infrastructure of bank accounts and credit cards and use the world's most advanced proprietary fraud prevention systems to create a safe payment solution" (The eBay Company).

Today, Papal has 70 million active accounts and has local websites in 18 markets including Australia, Belgium, Canada, China, France, Germany, Italy, Spain, Singapore, Poland, the United States and the United Kingdom.

In the fourth quarter of 2008, Papal generated revenue of 623 million, up 11 percent year over year, and expanded its reach on the Web with the launch of merchant service account deals with American Airlines (U. S.), Hoots Cinemas (Australia), Prompt (Germany), and Aledo Shoes (Canada), Just to name a few. Seep: was founded in August 2003, and acquired by eBay in October 2005 for \$2.

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6 billion. Seep has more than 370 million users, most of whom use Seep to communicate with others through free voice and video calls, as well as instant messages.

Seep for Windows Mobile has been downloaded more than 11 million times. In the third quarter of 2008, Seep posted total revenue of \$143 million, representing 46 percent year-over-year growth and delivered the seventh consecutive quarter of profitability. (eBay Inc. Fourth Quarter and Full Year 2008 Stubby: was founded in 2000 and acquired by eBay in January 2007 for \$310 million.

It acts as an online marketplace for buyers and sellers of tickets for sports, concerts, theatre and other entertainment events at fair market prices. In 2006 Stubby sold more than \$400 million worth of concert, sports and event tickets.

While announcing the acquisition, Bill Cob, president, eBay North America Marketplaces said that “ Stubby has been extremely successful in the online tickets segment, and it’s a perfect complement to eBay’s tickets business...

Together we can strengthen both businesses and provide fans with more choice and better service. ” (The eBay Company)shopping. Com: was acquired by eBay in August 2005 and is one of the fastest growing online shopping destinations on the Internet, with sites in the United States, the United Kingdom, France, Germany and Australia. Rent. Com: was acquired by eBay in February 2005 and is one of the most visited online apartment listing service in the United States, with more than 20, 000 repertories listed across the country. Toner Classless Ana calculations: eBay’s online classless <https://assignbuster.com/ebay-case-study-assess-how-the-characteristic/>

wheelles are available In hundreds regions around the world and a few notable sites include Kiwi, Gummier.

Com, Liquor. Com, Into, Netherlands-based Marketplaces. MI, and German automotive classifieds site mobile. De. In 2006, eBay also entered into strategic partnerships with Yahoo! NDGoogle, and a Joint venture with Backbone where students can now participate in student-to-student transactions for used textbooks.

In addition, eBay also owns a minority investment in Scraggliest. Most of these partnerships and acquisitions have been very good for eBay, especially in the past few years. The eBay Marketplace has been experiencing slowing growth (and now revenue), which eBay attributes to the current turbulent economic conditions. The Marketplaces business unit, which consists of eBay, Shopping. Com, Stubby, Kiwi and other commerce sites, recorded a 16% year-over-year decline.

On the contrary, Seep had a 26% year-over-year growth in revenue and Palsy's revenue increased by 11% year over year. Thus it is clear that many of eBay's acquisitions are eloping to make up for the shrinking revenue currently experienced the e-commerce site. Yet, there have been criticisms on eBay for acquiring many of these companies. Critics argue that eBay seemed to have gone on a ' shopping spree' and that many of these acquisitions have been misfits. Seep has since grown, but what exactly is it doing in eBay? How is Rent. Com helping Stubby, or Papal helping Kiwi? Keller, 2009).

EBay has especially received a lot of criticism in purchasing Seep, with critics arguing that there is no synergy within the companies and that it has turned eBay onto a mishmash of scattered websites. "We're done apologizing for Seep," eBay executive Donahue said, addressing Wall Street's criticism. He added that the company would make "the right decisions" to maximize Kepi's value. (Sage, 2009). Payment Oppositions, in an effort to increase the number of active buyers and sellers, increased the number of payment options available.

Some of these options include: Auction listings: this was the traditional format, and allows the seller to offer one or more items for sale on a specified number of days. The seller can establish a reserve price. Fixed price format: allow the seller to offer one or more items at a 'Buy It Now' fixed price. Buyers who agree to buy at that price win the auction immediately. Dutch auction: allow the seller to offer two or more identical items in the same auctions. Bidders can bid on any number, from just one item to the total number offered.

Bay also incorporated PayPal as a payment option (discussed above), and developed eBay Stores to enable sellers to sell and showcase a wide range of products in a more traditional retail format. EBay also acquired Bill Me Later in 2008, a service that helps online merchants decide if they should provide a transactional credit to any buyer ruling at ten moment AT purchase. I en PayPal Ana Bal I Me Later accommodation will allow users to buy multiple products on eBay and choose if they want to pay for them immediately or over time.

The Localized Marketplace increase marketplace growth, eBay developed specific sites for different geographies. Today, there are 24 localized marketplaces, ten in the Asia-Pacific region, fourteen in the Europe region, and two in North-America. Some of these marketplaces include Australia, Canada, Germany, India, France and Sweden, just to name a few.

These localized marketplaces enable eBay to cater to each region's specific and differing tastes, languages and trends. For example, ice hockey items are very popular and expensive on eBay Canada.

In eBay Germany however, the travel section is much more popular, and you also have the option to browse the site by "stars", which gives you a list auctions that feature popular German actors and singers. Increased Categories make it easier for shoppers to find what they need in, which can be rather daunting with the diverse inventory eBay offers, eBay divides the vast number of products available into different categories. Some of these categories include Antiques, Collectible, Music, Real Estate, Books etc, with all these main categories then having subcategories of their own I. E.

Books > Children's Books. In addition, eBay increased the number of categories available to sellers up to 300 in 2006. For example, with 300 categories, a clothes eBay Store can now have subcategories that go down levels from gender to size to style. So, you might have the following Store category design: Women's > Jackets > size 8. This makes it a lot easier for potential buyers to find exactly what they're after, and enables eBay to increase the volume and value to transactions that are conducted.

Reduction in fees late 2008, eBay announced that it is planning on cutting the fees U.

S. Sellers pay on its site for fixed-price items, in an attempt to increase merchandise for sale, lure new buyers and take on competitors. Instead of charging sellers to list each item separately, eBay will charge 35 cents to list any number of the same types of fixed-price items. Similar changes will be made in Germany and Britain, eBay's second- and third-largest auction markets. Conclusions its humble beginnings in 1995, today eBay is a phenomenon whose size and magnitude is almost difficult to comprehend.

The growth and success of eBay can be accredited to the combination of the characteristics of the digital media and Internet, some of which include speed and convenience, and to eBay's own strategies such as acquisitions with PayPal and Seep, having localized marketplaces, and providing users with more payment options. Openhandedness's A(I) Data is represented in millions, except percentages. (2) All users, excluding users AT HaIT. Com, Studded Ana Internet Auction co. , eBay's Korean subsidiary, who bid on, bought, or listed an item within the previous 12- onto period.