

Ebay – fixing an online marketing pioneer essay sample



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FACTS:

- Ebay is one of the biggest Web success stories in the history of, well the World Wide Web.
- Started in 1995 as an auction house
- Current CEO is John Donahoe, replacing Meg Whitman
- Was able to generate billions of revenues and income for 15 years before it hit its speed bump

1. Analyze the marketing environment and the forces shaping eBay's business over the years.

In the beginning eBay did not have any serious competitors so the marketing environment was simple. There were no threats of substitutes, a high importance of supplier products, specialized products, and niche market. As years pass, competitors came in and threatened eBay.

2. How has the changes in the nature of eBay sellers affected the creation of value for buyers?

Ebay buyers started to grow away from the auction format;

buyers wanted the ability to buy products when they

wanted them opposed to waiting for an auction to end.

Ebay sellers have changed in respect to a fixed price, quick service, and free shipping creating value to the buyer.

3. Do you agree or disagree with Donahoe that eBay's current strategy doesn't mean that certain sellers will lose?

DISAGREE. Traditional retailers lose out on sales.

Donahoe's strategy was favored to big merchants and the little sellers were having a hard time doing their business.

4. Is eBay doing the right thing by sticking to its current strategy? What changes if any, would you recommend to Donahoe?

If more mainstream online retailing will raise eBay to heights in the future, then eBay is following a sound strategy by focusing on its power seller.

But if this focus cannot compensate for the loss of revenue that occurred on the traditional seller and buyer side, then it is not following a sound strategy.

* eBay must master online payments. Trust issues could be overcome if eBay partners with local banks, insurance firms, and even competitors to establish best practices

* Stay as how they first were. Expand into new, but auction-related businesses through acquisition. The acquisition route could be risky, however, if eBay tries to diversify into unrelated businesses.