

# Business strategy

Business



When eBay realized that fact they began using Ballpoint as an online payment system. Soon after that, Papal was introduced and it was very heavily outweighing the daily use of eBay's Ballpoint service. It was clear that consumers preferred Papal over Ballpoint so eBay then proceeded in 2002 to purchase Papal to use on their website for 1.5 billion dollars. Today, eBay has over 94 million users worldwide and in 2010 the total worth of goods sold on eBay's website was 62 billion dollars ("Who We Are").

eBay's auction site is a place for both buyers and sellers to come together and buy and sell just about anything imaginable. Sellers come to eBay and list the item or items that they want to sell and then are able to choose from two options. The first option is a traditional auction scenario where the seller lists the item and then selects a price for bidding to start and then a set time that the item will stay listed and then at the end of the time the buyer with the highest bid wins the item.

The second option that a seller can choose is a buy now option where the seller sets a price for the item and the first buyer to pay that wins the item ("What is eBay?"). Today, eBay has over 94 million users worldwide and in 2010 the total worth of goods sold on eBay's website was 62 billion dollars ("Who We Are"). As a company, it's also own other e-commerce companies such as Stub Hub, Shopping. Com, Half. Com, entrant. Com. Also included in our portfolio are payment services such as Papal and Bill Mission and Vision Statements At eBay do not have either a clearly defined mission statement or vision statement.

However, if you look at their 2010 Annual Report you will find the following two statements: " Our purpose is to pioneer new communities around the world built on commerce, sustained by trust and inspired by opportunity' (Ebay 2010 Annual Report). " We seek to create a global platform that provides individuals and businesses of all types and sizes with access to broad markets" (Ebay 2010 Annual Report). I believe that eBay vision is encompassed in the second statement above. A vision statement should always answer " What do eBay want to become? In this statement it's discussed what eBay want business to be come. Not only do that eBay ant to play a part in commerce and payments but it's wanted to create a fully global platform that combines their products. EBay want these products to work together for both individuals and businesses and allow their consumers to reach more markets than they would typically have been able to reach. This statement however could be a little more specific possibly, and mention something about commerce and payments. As for the mission, I believe that the first statement above could constitute eBay's mission.

In that statement it's mentioned exploring the Hub, the trust, which involves making Paypal an even more dependable and trusted moment service, and opportunity which means capitalizing on any venture that it can add to benefit their company. There is a lot missing from this statement to make it a quality mission statement. To make this a better mission statement it's could; mention their customers more specifically, explain the state of our current technology, give a brief statement on the beliefs and ethics of their company, and mention the employees of their company.

Organizational Objectives As with any company, it is important for the eBay company to have objectives that they can strive for. These objectives along with the mission and vision give eBay and their employees a goal to focus their activities on. Having these organizational objectives helps their company to continue to grow and improve different aspects that we need to in the future. eBay's 2010 Annual Report lists in the section to their stockholders certain areas that we have been working on and plan to work on in the future.

These areas include; extending our lead in payments, delivering a better eBay experience for customers, expanding our capabilities, connecting buyers and sellers anywhere, anytime, any device, driving sustainable commerce, and operating more efficiently and reducing costs (eBay 2010 Annual Report). For our company to extend our lead in payments, we have to work to attract more buyers and sellers to PayPal. In order to attract more buyers and sellers, we need to expand our PayPal more and more internationally.

Some ways that we have done that recently are by forming partnerships with local governments and banks and also in Mexico, Brazil, and China we have been working along with mobile providers. Not only is it our goal to expand PayPal more globally but we are aiming to expand it more for digital products. Another objective for our company to increase payments is by attracting more volume to our Bill Me Later service (eBay 2010 Annual Report). eBay have also been striving to make consumers feel more comfortable and better about using their products.

In order to help consumers feel more comfortable, it's worked on adding features to eBay's sites to protect consumers and highlight which other users are more trusted to do business with. Not only have it's added those features but eBay has been adding additional features to make the overall site much easier to use and find the stuff that you want (Ebay 2010 Annual Report). For our company to expand our capabilities it comes down to our ability to purchase and work with companies that improve our reach locally, globally, and digitally.

There are countless companies across the world that will help in improving our company and help against our competition (Ebay 2010 Annual Report). Going along with other objectives of our company is the objective of connecting buyers and sellers anytime, anywhere, and on any device. eBay are continually aiming to increase the total volume that they can see on their mobile platforms. Also according to their 2010 Annual Report, in 2010 eBay annual mobile volume increase to over billion dollars. Bay focus is to constantly increase the total number of people using these mobile applications in every market in the world (Ebay 2010 Annual Report). N the business world it is becoming more of a need to meet increasing environmental needs. At eBay we recognize these growing needs. That is why eBay has been determined to make their company more environmentally conscious and sustainable. They have been enacting various working to benefit the environment that way but they have been encouraging their workers to go out into their communities and help with the environment as well (Ebay 2010 Annual Report). T is also important for eBay company to

reach a goal that we set in 2009 of reducing our cost structure by billion dollars over a 3 year period.

At the time our 2010 Annual Report came out we were still on track to meet that goal that we set. They are not just focused on reducing our cost structure but eBay also working to find other ways to improve their financial standing (Ebay 2010 Annual Report). Company Background Name eBay Inc. Logo Industries served Internet, Online retailing Geographic areas served Worldwide Headquarters U. S. Current CEO John Donahue Revenue \$ 14. 07 billion (2012) Profit \$ 2. 0 billion (2012) Employees 27, 770 (2012) Main Competitors Amazon. Mom, Scraggliest, Ibid, ibid Auctions, Google, Overstock. Com and many other companies. For any business to grow and prosper, managers of the business must be able to anticipate, recognize and deal with change in the internal and external environment. Change is a certainty, and for this reason business managers must actively engage in a process that identifies change and modifies business activity to take best advantage of change. That process is strategic planning. Internal and External Environment All businesses have an internal and external environment.

The internal environment is very much associated with the human resource of the business or organization, and the manner in which people undertake work in accordance with the mission of the organization. To some extent, the internal environment is controllable and changeable through planning and management processes. The external environment, on the other hand is not controllable. The managers of a business have no control over business competitors, or changes to law, or general economic conditions. However the <https://assignbuster.com/business-strategy/>

managers of a business or organization do have some environment. 1. 3

### Strategic Business Planning Process

When the company processing a strategic planning, it must be using following steps they are; Identify the various steps in the strategic planning process Initiate and manage a strategic planning process Determine appropriate tools for strategic planning Understand strategies for evaluation Initiate community support and involvement in the process Develop communication strategies to promote the strategic planning process Identify partners to be involved in strategic planning process Participate in the strategic planning process (if applicable) Core Values At eBay it has a list of five core values that eBay Company follows each and every day to make sure that eBay run an ethical and legal business. This last of core values can be taken from their Code of Business Conduct and Ethics.

It includes that: eBay believe people are basically good eBay recognize and respect everyone as a unique individual eBay believe everyone has something to contribute eBay encourage people to treat others the way they want to be treated themselves eBay believe that an honest, open environment can bring out the best in people. All of these values apply to each and every subsidiary of the eBay company. It is also outlined in our Code of Business Conduct and Ethics that to work at eBay they must have an active and relevant knowledge of regulations and laws that affect our businesses. Just like most companies if these laws and regulations are not followed then eBay will face employee sanctions along with any lawsuits that might come forth from our actions.

As a company eBay of course strive to generate good returns for ourselves and for our shareholders. At no point though is it approved focus to cut corners or do anything else illegal or unethical to reach what they want to. Not only is it viewed as unfair to their company but it is also viewed as unfair to the community that eBay operate in. At eBay it is also of utmost importance for the company to never falsify any of our books or records. We believe very strongly in properly disclosing any information that should be included in any reports that are given to the Securities and Exchange Commission and other agencies. There should also never be any falsification to any records that are given to the public and shareholders. Bay's employees should always be sure to follow any guidelines that are set and if they are suspicious of any violations to auditing, accounting, or financeregulations they should report this to any auditors, Legal, or Finance. Employees of our company are not to use internal resources from our company illegally and unethically. Also, the only use of these internal resources should be to benefit eBay. EBay's employees will also deal with different contracts while they work for our company. When working with these contracts our employees should never promise anything that they will not we can deliver or any products that they have just to gain a contract as that usually leaves both companies in a difficult situation. Bay should also never exaggerate anything in any advertisements that they use in our marketing campaigns. Again this leads to difficult situations for the company and any user that feels they have been misled by information that they have displayed. Conflicts of Interest can occur in any company. This is when you are in a position to influence a decision that hurts the company you work for but that same decision will benefit yourself or a close friend or loved one. At <https://assignbuster.com/business-strategy/>



eBay if you feel that you will not be able to avoid a conflict of interest we believe that you should disclose that to the company and simply avoid any decision that you feel you can't make. At eBay, they also have employment guidelines. eBay's employment actions are governed by the fact that we are an Equal Opportunity Employer and also that we are a harassment and discrimination free workplace. With eBay being an Equal Opportunity Employer, they are committed to not discriminating against any applicant to a position. When they are evaluating the applicant they will look only at the abilities of that person. That being said they will not discriminate by race, color, religion, national origin, ancestry, pregnancy status, sex, age, marital status, disability, medical condition or sexual orientation, or on any other basis protected by law (" Code of Business Conduct and Ethics").

By being a harassment and discrimination free workplace they are allowing all employees the environment where they can reach their fullest potential and be most productive. However, if they are experiencing any harassment or discrimination eBay asks that you always make the company aware of what's happening so that they are able to keep a safe environment. In order to keep their company safe, eBay must protect the confidential information that they deal with every day. Not only is it important to protect this information to save our company but it's also important in protecting other employees. As a company they must never disclose any personal information to any outsiders or anybody that does not need to know the information. eBay must always be sure to keep up to date in protecting this information and never let our guard down because it only takes one time to ruin the company (" Code of Business Conduct and Ethics"). With everything that we

do at our company it is always important to follow the guidelines that we have set. EBay also need to be sure that they are meeting all the governmental and ethical standards that affect our business on the day to day basis. Any documents that they ever have to report should never be falsified or made to look better than what they actually should. All in all eBay strive to be a most ethical company in every aspect of their business and operations.

2. SOOT Analysts Strength Weakness

1. Current and Quick Ratios indicate we are more able to meet our current obligations than Amazon
1. Decrease in Return on Assets
2. We are financed little by debt which means our returns should not be outweighed by debt
2. Have not declassified our Board of Directors
3. Thorough Guidelines for Governance
3. Have been streamlining positions . Effective Structure for segments to report to CEO
4. Company culture beats down employees
5. Organization is diverse and socially responsible
5. No long-term employment agreements with key personnel
6. Hire and develop best employees and offer competitive benefits to retain them
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Need to expand or improve facilities to accommodate future growth

7. New Data Center in South Jordan, Utah
7. Charge fees to users when a product is listed and when it's sold
8. Users can find nearly anything with our product and are able to pay with our secure payment service
8. Following innovations
9. Extensive research at eBay labs on many new features including mobile platforms
9. COT has other responsibilities than Just Info System
10. Social Network for Information Systems Opportunities Threats
1. Chinese Business Model
1. Violating Laws and Regulations
2. Lower Effective Tax Rate
2. Illegal

Use of our Products 3. India/Asian-Pacific Market 3. Foreign Currency Exchange Rates 4.

Bargain Hunting Consumers 4. Current Economic Downturn 5. Improve Buyer Certainty 5. Internet Security Risks 6. Mobile Platforms and Payments 6.

Internet Access 7. Expand Portfolio Internationally 7. Strong Local

Competition 2. External Organization Environment Analysis One big threat to the payment segment of this business is if eBay are found to be violating any laws or regulations. These laws and regulations include those that govern money transmission, electronic funds transfers, money laundering, counter-terrorist financing, and banking and lending. In Europe, they have been providing localized versions of PayPal in different EX. countries.

That being said, PayPal is subject to fines and enforcement if eBay violate the disclosure, reporting, anti-money laundering, capitalization, funds management, corporate governance or other requirements imposed on Luxembourg banks (Ebay Annual Report 2010). Any fines or enforcement that eBay may encounter from their payment operations in these countries will inevitably increase their costs and also slow down their business expansion. eBay also encounter these problems in their other global markets including Australia and China (Ebay Annual Report 2010). In the United States, eBay operate as a money transmitter in every state. Of the fifty states, forty two states require PayPal to be a licensed money transmitter, seven states licensing is not required, and the last state does not regulate money transmitters.

Their business is subject to restrictions on the investment of customer funds, reporting and bonding requirements, and they are also inspected by regulatory agencies of each state. If they were found to be at fault with the laws and regulations, then PayPal may be forced to stop doing business with certain states or to alter their business. Either of these options would be costly to their company and make us a less attractive payment company which will also hurt business on eBay. Com (Ebay Annual Report 2010). At eBay, they also have difficulties with their products being used for illegal purposes. Their service has dealt with people selling unlawful or stolen goods and unlawful services. eBay has had several lawsuits against their company for this reason.

Due to these lawsuits and accusations against their service for allowing these illegal activities they may be forced to use additional resources to protect their service against these illegal operations. There have also been large retailers lobbying for legislation regarding stolen goods. With this legislation it would require their company to confirm the source of the item for sale and that the seller has a legal right to sell the item (Ebay2010 Annual Report). In China, eBay has created a business model that has been working well for their auction company. eBay realized that the auction site that was dominating the Chinese market had very little reach outside of China. To capitalize on this they have been catering to the Chinese consumers.

In order to provide a service that worked for Chinese consumers to sell their product to global consumers easier we have worked with the Chinese Post and the United States Postal Service to provide free shipping from China.

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This cross-border model works well for our company which is continually trying to find ways to connect buyers and leers (Northern, Bruce). This is a model that eBay may be able to use to attract business in other countries. At eBay, they have a strong international presence. In fact the majority of their revenues is generated from their international presence. That being said, the revenues that their company generates are going to be subject designed to reduce the effect of the foreign currency exchange rates. This program's effectiveness will vary from period to period. Their operating results will be significantly affected.

Recently, the movement of foreign currency relative to the dollar has been negatively affecting their business. For the year ended December 31 , 2010, these movements negatively affected their revenues by \$9. 6 million compared to the previous year. These foreign currency exchange rates affect both the market place and the payment segment of their company. The marketplace segment of their company was negatively affected by approximately \$7. 1 million and their payment segment was negatively affected by approximately \$2. 5 million. These two segments combined for the \$9. 6 million for our whole company (Ebay 2010 Annual Report). The current economic downturn is also adversely affecting their business. Our business is dependent on consumer purchases.

The economic downturn has resulted in reduced buyer demand and reduced selling prices and may reduce the volume of purchases on their Marketplaces platforms and the volume of transactions paid for using their Payment services, all of which would adversely affect their business (Ebay 2010 Annual Report). This is not the only part of business that this has affected.

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eBay company has also been experiencing negative effects on their advertising revenue. With the current downturn eBay also may need to focus on increasing their reserve or bad debt, transaction, and loan losses (eBay 2010 Annual Report). According to the Asian Exporter's Index, India has been eBay's second fastest growing exporter. Indian's eBay exports have been growing 85% year on year.

This trend can be attributed to the rise in demand that developed nations have had for country-specific, exotic items. Not only have the exports been increasing, but the majority of these exports are coming from small scale manufacturers. With these exports coming from these manufacturers, this is a very good situation for eBay. If they continue to purport these items their company should see a good return from areas such as the Asia-Pacific Region. In recent years, their effective tax rate has been decreasing. In 2008, our effective tax rate was at 19% and it then decreased to 17% in 2009 and was most recently at 14% in 2010. The decrease from 2009 to 2010 was mainly Papal because they won't be using it to pay on eBay.

Therefore if less people want to use Papal then they won't feel comfortable using eBay because Papal is the main payment system on eBay. At eBay because eBay's services are placed on the internet, eBay is always at risk for security risks such as breaches. The company stores their user's proprietary information which could be at risk if there is a security breach on their sites. It is often hard to tell when a security breach may happen so it is important for our company to always be working to prevent them. However, a security breach may occur and the information eBay store may be compromised then. If the information we store is compromised this can lead to a market

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perception that believes that they are not a capable site and they will stop using our service.

Stakeholder analysis in conflict resolution, project management, and business administration, is the process of identifying the individuals or groups that are likely to affect or be affected by a proposed action, and sorting them according to their impact on the action and the impact the action will have on them. This information is used to assess how the interests of those stakeholders should be addressed in a project plan, policy, program, or other action. Stakeholder analysis is a key part of stakeholder management. A stakeholder analysis of an issue consists of weighing and balancing all of the competing demands on a firm by each of those who have a claim on it, in order to arrive at the firm's obligation in a particular case. A stakeholder analysis does not preclude the interests of the stakeholders overriding the interests of the other stakeholders affected, but it ensures that all affected will be considered.

There are dangers inherent in NOT making an inventory of the stakeholders in the intervention being evaluated and in the evaluation. Normally, those who have an interest in the success or failure of the project also have an interest in how the evaluation is carried out, its findings, and how these findings affect the future of the project. Stakeholder mapping in 4 steps 1. Define your stakeholders 2. Analyse stakeholders by impact and influence 3. Plan Manage stakeholder communications and reporting 4. Engage with your stakeholders eBay is made up of two different business segments; Marketplaces and Payments. These two segments will react nearly the same when looking at Porter's Five Forces.

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That being said, in order to analyze eBay using Porter's Five Forces Model, they will look at the eBay company as a whole rather than analyzing their company separately. The first of Porter's Five Forces that they will look at is the potential entry of new competitors. The potential entry of new competitors for eBay is relatively high. There are low technological barriers to prevent new entrants from entering the same market. Established companies are also always looking for different markets to get into and can have resources to start up similar companies. Any retail site that opens up is a competitor to eBay because it can steal away users from their site. There is also the availability of many companies to enter into the payment industry too.