

# Core competencies of ebay



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eBay summarizes its core competency this way: "The benefit to consumers is clear: eBay provides an open trading platform where the market determines the value of items that are sold." (eBay Inc.: A Short History) The company's core competencies are found in its technical platform and basic business model. (Datamonitor, November 2008) The technical platform and business model complement each other.

The technical platform allows eBay to operate in the most important e-commerce segments, markets and payments, simultaneously. The business model allows eBay to maintain a niche, if not a monopoly in the online and global auction market.

The key factor in eBay's business model is that it facilitates a global market for used or vintage products that by nature are scarce as well as difficult to locate and trade. (Datamonitor, November 2008) The closest competitors, Yahoo! and Amazon.com have not created a model that rivals eBay's core business strategy.

The value chain allows a company to break down differentiation strategies and low cost management strategies into discrete value activities. (Daniels, Radebaugh, & Sullivan, 2007) eBay's differentiation strategy is to maintain a niche in the auction and scarce goods market. (eBay 2008 Annual Report)

The low cost management strategy is to operate as a web based platform in all of its subsidiaries, and as an intermediary between buyers and sellers as opposed to a direct seller and shipper of products like its closest competitor Amazon. An important value activity that eBay is currently undertaking is in product development and marketing with Skype.

Skype is developing video and web services through which Skype customers can access eBay and PayPal services from their mobile communications devices. ( eBay Inc. Outlines Global Business Strategy) This will allow the flagship sites to become completely integrated and interdependent enhancing eBay's overall market position.