

Ebay inc

Business



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Executive Summary Ebay Inc. is a multinational internet consumer-to-consumer corporation in America, which has its headquarters in San Jose, California. It was founded in 1995 and meant to act as a marketplace for selling its goods and services. EBay has been able to build the online trading community, where any person can sell to other people using the World Wide Web, i.

e. the Internet. The process is such that sellers and buyers are brought together in such a way a seller is allowed to highlight his or her items, and a buyer then bids the things he or she is interested in. The eBay users are allowed to browse and see the items in the market in an automated way. The arrangement of items is performed by a topic.

Each auction has a category to deal with (Bjornsson, 2001). It has both a customer-to-customer and streamlined trading, which they conduct through various forms like garage sales, flea markets, collectible shows and others with the web interface. This makes it easy for buyers to make sellers be able to list items of sale very fast after they have registered. The process of browsing as well as bidding on the auctions is being done for free. However, there are three types of charges applied to sellers. One is a non-refundable amount charged once an item has been listed in eBay.

This is called as an insertion fee. It ranges between thirty cents to \$3.30 and depends on opening a bid of the seller on the said item. The second one is the fee, which is charged due to the option of additional listing. This is done to promote an item by either bold listing or highlighting. The third fee is called a final value, which is charged towards the end of the seller's auction.

The fee ranges from 1. 25-5% of the amount the item has been sold. If the bid is less than what the seller has stated as the minimum price, eBay takes an initiative to notify the seller through e-mail. The buyer and the seller sort out together independently, that is away from eBay. The contract of binding in the auction is merely between two people, i.

e. the seller and the winning bidder only (Bjornsson, 2001). Situation Analysis Company Performance In the year 2012, the company increased its revenue to \$3. 4 billion by 15% as compared to the last year. The company had reported of its net income of the third quarter of \$597 on a GAAP basis and the net income of \$718 million of a non GAAP.

This GAAP as well as the non GAAP incomes were above twenty two and fourteen percent respectively. The segment margin in businesses expanded every year. The eBay Inc.'s CEO and President has confirmed that they had a third quarter in their company. He confessed that the company's mobile payments and commerce had been a game changer in their company.

They had a global reach and a very strong portfolio. This makes them demonstrate their potential in helping their customers to be able shopping anywhere at any given time. They also enable retailers to compete in the rapidly evolving commercial environment (Businesswire, 2013). PayPal also had a strong performance in the third quarter. The quarter ended with 117.

4 million registered and active accounts. This was an increase for 14% as compared to that of 2011. The revenue has improved for 23% and the Total Payment Value has been increasing with 20% every year to about \$35. 2 billion. The PayPal has gone on to innovate in the global scale.

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It tries to expand the addressable market offline. The market places also delivered a strong quarter which has increased the user growth. The gross merchandise volume minus vehicles has added 11% per year. In 2012, they increased to about \$16 billion. The revenue also increased for 9% yearly which was as a result of the strong growth in Asian Pacific and the United States.

The user growth has continued to increase to about 10% since the year 2007 with those coming from the mobiles being more than 800, 000 users. This has boosted the growth of the sold items up to 19%. The eBay downloads have gone up to 100 million worldwide. This is an increasing point on engagement and differentiation. The GSI revenue has increased to \$226 million with 16% of increase in GeC merchandise sales.

The sales in the same store have grown yearly by 19%. This shows strong sales in e-commerce from retail clients. The GSI has really won its clients and brought the services and innovative technology of eBay solutions to all sizes of merchants (Businesswire, 2013). Industry Perspective The future of eBay in performance and consolidated subsidiaries based on the expectations of the company, assumptions and forecasts involves some uncertainties and risks. These ones include some statements of financial results expected for the year 2012 and the fourth quarter, the future payment growth, GSI businesses and marketplaces, mobile commerce and payments. Other perspectives include the changes in the product offering, regulatory, competitive and credit card risks which are specific o Bill Me Later and PayPal and especially PayPal.

It has continued to grow geographically and also introduce its products. The company also has the ability to develop and upgrade its infrastructure, systems and capabilities of customer services such as GSI's vs. 11 initiatives that should be offered at the reasonable cost. The company will also maintain the stability of the site and the performance on the sites. It continues to add the new features and products in a timely fashion.

EBay is now an online middleman used by both sellers and buyers in the manner that some mortar companies and traditional bricks cannot be able to touch. However, the use of web comes with such challenges like the issues of trust between sellers and buyers. The company has really tried to deal with trust issues because users still continue to make use of their services (Bjornsson, 2001). EBay is still very operational especially now. However, it is still being in the stages of building up and has some business models working very well.

Management has demonstrated that it really responds well; it also works hard in expanding its business and does not jeopardize the main business. Even if the stocks of eBay are overvalued, the fundamentals of business are solid. The company's only risk is the case if it does not accelerate in its growth as estimated. External Factors The factors that could lead to some differences in the actual results of the company and the predicted outcomes are some changes in business and well as economic and political conditions. Any European as well as the economic downturn or any crisis and conditions affecting the growth of e-commerce may also have some effects.

Other factors include the fluctuations in exchange rates of the foreign currency, the ability of the company to profitably manage, integrate, and grow businesses being acquired recently or those that may be received later or in future. The company is required to react successfully to the mobile commerce and mobile payments that is very important. The company should also be able to deal with the increasingly competitive environment of e-commerce, the competition from other means of selling and also the sellers from trading sites different from their own. The company should also manage the large increasing enterprise with a wide range of varying maturity degrees, businesses in different geographical areas, effects of business initiatives and management changes, the management of tax, litigation and regulatory risks, among many others. Stakeholder Analysis This involves prioritizing and identifying key stakeholders as major so minor ones, assessing their needs and combining the knowledge in shaping the organization's strategic direction.

The stakeholders are different in their positions, beliefs, power and convictions. We must consider all these factors collectively and independently to be able to look at the implementation and development of an effective market strategy targeted. Some of the major stakeholders are the SNRDA, SBA, DASN, Congress, GAO, GSA and NSSC. Minor stakeholders are: DCMA, the US Treasury, EBIO, NSCS, DRMO, Media and constituents. However, by looking at each potential of every stakeholder to cooperate or threaten the program, the OMC administration can identify them as mixed, supportive, non-supportive or even marginal (Clark & Turker, 2003). The table below shows the Stakeholders' Threat Matrix.

Stakeholders' Threat Matrix (Clark & Turker, 2003). The management and strategic analysis is a process that is interactive and facilitates positioning of the organization to be able to major on a competitive advantage in the changing environment. The position and power of stakeholders is the one that determines whether converting, matching, avoiding or minimizing a strategy should be used to meet the objectives of marketing. De Wintern and eBay Australia worked together with the aim of developing a framework on issues management. They have started with undertaking a stakeholder analysis as they prepared for the framework of EBBay Company.

They have found out that eBay has a strong team of very influential stakeholders. The analysis of the group of stakeholders has highlighted the best ways of addressing the concerns for a project's final action. They have agreed to have a workshop involving senior management so as to be familiar with the processes that are new to make a good use of them in future. The eBay and another company Pay Pal have mitigated a reputational impact and installed quite a sophisticated tool for management to prevent the crises with having better issue management (De Wintern, 2012). Problem Statement EBay is a consumer-to-consumer corporation in America which has its headquarters in San Jose, California. It was founded in 1995 and meant to act as a marketplace for selling goods and offering services.

The company is well-known and among the leading sites in the Internet. It features a website which has the offerings of " buy now" and auctions. Initially, eBay used to sell the recycled and broken electronics. However, today, it has the rules and guidelines what goods to sell or offer. The list consists of the things not sold for a long time.

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The restrictions are such things like used clothes, pesticides and drugs, electronics, stocks as well as other securities. Copies and fakes of merchandise branded are also not accepted. The company also has some policies towards the counterfeit sites (Forbes. com, 2012). While eBay fails to allow the competing merchandise, the Amazon Company which is five times bigger than eBay encourages the competition of prices. It offers merchandise from the competing vendors. There are three main problems or challenges facing eBay now. These are the following ones:- Selling through the mobile devices; - Legal challenges to the PayPal; - Prospects to collect the sales tax. A new challenge is selling through mobile devices.

The method allows customers to do their shopping at any time through the apps both on devices and mobiles. eBay is not new to lawsuit. The recent ones require eBay to be able to defend the company against the allegations that it is exercising monopoly in online payments via PayPal. It has been an owner of PayPal since the October 2002. PayPal is a worldwide e-commerce business that allows money transfers and payments to be done through Internet.

Most of its consumers have been very happy due to PayPal because. Once they make the payments, the shipment is being made very fast unlike when they pay through a money order or with checks. Online retailers like the Amazon have dropped the opposition being long withstanding on collecting the national tax sales. This is opposite to eBay. The merchandise that has been shipped to the districts and states of Columbia has the tax sales and will pay taxes regardless of retailers being physically present or not.

Earlier if a retailer only has a warehouse or a store it was a must that he or she would need an online seller for collecting the necessary sales' taxes. Due to this, the Amazon currently collects the sales' taxes in Kentucky, New York, Kansas, North Dakota, Washington and Texas. However, such companies as eBay oppose the collection of sales' taxes because it hurts small merchants. They support an opinion that retailers the businesses of which have less than five million dollars can be exempted from paying, thus, they can be competitive (Forbes. com, 2012).

Some of the causes of eBay's problems that sellers are facing with are being discussed below (Hsiao, 2013). 1. Problem with buyers;-EBay customers will not buy any goods without inspecting them. Yet these goods in eBay are new, of the top quality, recent, vintage, parted out, and complete. This means that these customers do not know what they expect from eBay goods. The buyers could also leave a negative feedback that can make the business rating reduce.

2. Locking out as a result of chargeback and feedback; the measures put in place may not be able to curb all the charges back and feedbacks. It is not because sellers are embarrassing, inconvenient or even that they affect the cash flow. It is due to the fact that they can lead to the effective inability to continue with their daily business activities. EBay Company is well-known in locking and suspending accounts which have a poor feedback or large charge backs.

3. Non-transparent sanctions of eBay; eBay has a way of making certain sellers to effectively suffer or disappear by moving the auctions to the very

end of results' search. This prevents them from being visible in the category pages for search results or common items, increasing the fees, stopping fee discounts, reducing the customer service access to sellers having an access before, and others. Sellers get shocked when they find themselves in these situations. 4.

Low shipper performance; eBay relies on such shipping carriers as UPS, DHL, USPS, Fedex and many others to satisfy its buyers. However, shippers make the third party of business. Therefore, their performance is often beyond the control of sellers and buyers. Problems such as traffic delays, weather, natural disasters, absentee deliverers and strikes cannot be controlled by eBay.