

Ebay: the global strategy

Business, Strategy



Pierre Omidyar, a computer programmer, developed the platform of eBay and introduced it to the World Wide Web in 1995. (Daniels, Radebaugh, & Sullivan, 2007) Omidyar's goals and objectives in designing the interface of eBay was grounded on his idea of opening the industry of market auctions to wider populations of buyers and sellers that link up through the Internet.

Moreover, his idea of an online marketplace for buyers and sellers was based upon his vision of equal competition among sellers, eliminating the discrepancies on how sellers are competing in the real market structure for the purpose of attracting the attention of buyers and overpowering their competitors. For Omidyar, eBay balances the playing field for all sellers and provides equal opportunities of purchase for the buyers. (Gopalkrishnan & Gupta, N. D.)

Although Omidyar was able to eliminate the competition within the virtual sphere of eBay, eBay Inc. was experiencing the surge of competition from other virtual commercial establishments that were designed under the same framework of eBay's market auction. In addition, eBay, as a business organization, needed to cope with the challenges of the globalization, thus, the development of strong and stable globalization strategy for eBay as supported by its core competency and its configured and coordinated value chain. (Daniels, Radebaugh, & Sullivan, 2007)

The core competencies of eBay constitute the unique platform or design of eBay as an online marketplace that sets it apart from other virtual business organizations establishing its competitive advantage in terms of services or offerings, eBay's valuing of establishing trust among its clients and assuring

the safety and security of being involved in online auctions facilitated by the organization, the value or significance that eBay grants market efficiency, and one of the primary goals of eBay to establish partnerships with other organizations to foster network benefits and productivity. Daniels, Radebaugh, & Sullivan, 2007) These core competencies have established some of the strategies that eBay has implemented over the years in order to obtain competitive advantage and fulfill the goals and objectives of the organization. Perhaps the most successful strategy which has helped sustain the growth and development of eBay was its opening of services of an online open market for everyone who needs to tie up with the platform of eBay in order to sell or buy goods or products from different parts of the world.

This has widened the client base of eBay, realizing one of its core competencies, that is its uniqueness in being able to establish a marketplace that is open to all despite the distance. (Gopalkrishnan & Gupta, N. D.) In addition, according to a report released by eBay in 2006 in order to discuss its global strategies for continued growth and development of the business, through its acquisitions of other organizations, such as PayPal (eBay, 2009a), and its development of other virtual services that assist in the facilitation of services provided by eBay.

Some of these services include Skype which is a communication tool that buyers and sellers around the world may use to communicate. eBay has also realized that in order to uphold its core competency of market efficiency, it needed to implement a multi-branding strategy to capture a larger market population. This was accomplished through its development of Shopping. om

and other Marketplaces such as eBay stores, ProStores, and such. (eBay, 2009b) Reviewing the value chain configuration and coordination of eBay, the decision to structure this particular system was motivated by the platform of eBay considering what drives the business – that is, the buyers and the sellers – and the processes that facilitate business practices and operations.

Apparently, the value chain model of eBay constitutes five tiers of factors or features, starting from the legal aspect of the business, to its management of finances, the human capital of the organization, the technical department of the organization which keeps eBay up and running online, and most importantly, the process and operations involved in running eBay. This process starts with marketing, to the transfer of information from sellers to buyers, the process of auctioning products of goods, the payment, and the review of accountability and reliability of eBay and sellers to provide for the needs and demands of buyers. Schmidl, 2006) The configuration and coordination of eBay's value chain was based on the logical analysis of how eBay will commence operations, especially since the organization is run by the buyers and sellers who are involved in the process of keeping organizational operations. The analysis of eBay's value chain establishes the fact that it is virtual and not real since the process of marketing up until peer reviews is completed online.

From marketing eBay, to the transfer of information and facilitation of communication between buyers and sellers, the auction and payment process, until the peer reviews regarding accountability and reliability of

eBay and sellers, is done through online tools and applications that constitute the platform of eBay. Perhaps this is one of the many reasons why the particular process identified as eBay's value chain adds value and advantage to eBay, since it is able to provide services virtually to global networks without offering problems and difficulties to buyers and sellers.

The analysis of eBay's core competencies, strategies, and its value chain proves that they are no different from what eBay has implemented ten years ago. Until today, the strategies employed by eBay are based on its mission of providing an online open market for everyone - to buyers and sellers - eliminating competition and the challenges that constitute to the establishment of concrete business establishments that operate in the same manner. eBay has made it easy for individuals to operate a business and purchase specific goods or products.

However, eBay has to continue in developing its platform if it hopes to grow in the following years, based on the threats and challenges posed by some issues that eBay clearly needs to address as mentioned by Daniels, Radebaugh, and Sullivan (2007). These challenges suggest that eBay should be able to raise its cultural sensitivity, addressing the problem of language barriers, the implementation of legal laws and policies to regulate overall eBay operations, and its modification of its virtual value chain, applying concepts of real value chain in order to address the digital divide.