

E-bay

Business



**ASSIGN
BUSTER**

Contrast eBay's original business model with its latest proposed business model. The inception of eBay as an online marketing platform has undergone significant changes overtime leading to introduction of different business perspectives, which essentially form additional elements of the existing business models. The original business model was initially proposed back in 1995, by its founder Pierre Omidyar as a virtual market entity where individuals would participate in the sale of goods and services (Allbusiness. com, 2010).

The concept evolved into a business concept of connecting people as opposed to the common business model of selling products directly to esteemed customers. This therefore entailed the creation of a person-to-person marketing platform whereby interested sellers enlist the items they want to sell, while prospective buyers place their bids on the enlisted items (Allbusiness. com, 2010). The enlisted items are diverse including collectible items, automobiles, consumer electronic items, and industry specific equipment. In this model eBay sets an average sales price for each item uploaded by the clients after undergoing the established registration process. In this process the items enlisted by the sellers are imposed upon an insertion fee and final value fee all of which are non refundable (Allbusiness. com, 2010). In the proposed business model eBay managers aim at enhancing an experience of the person-to-person marketing platform by inclusion of an eBay community component in which buyers and sellers participate in a progressive discussion forum in order to enhance eBay's customer support system. In the new model, sellers and prospective buyers still undergo a similar registration process as in the previous formulation

(Adrian & Melissa, 2009). In this model the buyers have a liberty to consult services from affiliate online providers, which are essentially part of eBay grand consumer services portfolio. In this model, in addition to the non refundable transaction fees, eBay has a buyer protection program that fundamentally covers purchase price and original shipping models. The new platform also includes an avenue for prospective buyers to access gifts parcels in the form of certificates and cards (Adrian & Melissa, 2009).

The model also includes an interaction component between prospective buyers and sellers with the managerial team. What are the problems that eBay is currently facing? In the recent past eBay has been undergoing problems due to the inclusion of new marketing essentials in its services aimed at enhancing the person-to-person business model. The facts that there are other significant industries existing in the online marketing business model, relatively similar concepts have initially been introduced into this market leading to the manifestation of copyright issues and competition variables in this predominantly changing business environment. These have also led to the occurrence of trademark liability issues and customer satisfactory concerns. For instance, in regard to the customer satisfactory concerns, there has been a growing failure when it comes to offering customer support (Hansell, 2007).

Other issues arising over eBay involve the lack of significant protection of prospective customers especially when it comes to credit card frauds and exploitation from some sellers by presenting to the buyers imitative or fake products. There are also issues arising with regard to eBay's veRo program in which there have been emerging issues based in copyright infringes that <https://assignbuster.com/e-bay/>

potentially contravenes the Digital Millennium Copyright Act/DMCA (Pilutik, n. d). How is eBay trying to solve these problems? The managerial team of eBay proposed significant approaches aimed at formulating working long-term solutions on the problems. One of the approaches postulated involved the selling of eBay to its prospective competitors through an established transfer and franchise agreement (Adrian & Melissa, 2009). This especially focuses upon issues arising regarding credit card fraud instances in which the eBay customer protection program, which has apparently not been successful.

Among the proposed solutions aimed at addressing the concern over imitative products, eBay fundamentally aims at creating a system through which they ascertain the products match the description given by the sellers on the product online database (Adrian & Melissa, 2009). This also includes a component of credit card protection system in which details provided by the buyers cannot be fundamentally accessed by fraudulent sellers. In addition, these solutions are aimed at enhancing better consumer response and counter the developing competition levels from other online providers like yahoo. Are the solutions eBay is seeking to implement good solutions? The solutions proposed are good solutions aimed at reversing the current trends of eBay's market domain. This is because eBay is still the leading provider when it comes to online marketing selling and buying experience and the solutions aim at catalyzing the resulting market effects that can be attributed to the development of competition as provided by the projected market statistics (Adrian & Melissa, 2009). Why or why not? First, the

solutions proposed have included a long-term component although these are not exemplary explained in detail.

The introduction of the consumer credit card protection system into the current eBay Buyer protection program is one of the best approaches aimed at reducing the participation of buyers and sellers in fraudulent transactions. The consumer protection program fundamentally targets at reducing the current problem in which customers have been exploited especially when it comes to its profile among the increasing competitors (Adrian & Melissa, 2009). Secondly, plans to offset eBay assets to its competitors via franchise agreements are not the best plans given the market potential as eBay stands to significantly lose its current profile. The aspect of protecting customers from exploitation from imitative products is in the right protection since apart from protecting customers they also promote copyright fundamentals of the respective manufacturers of the products. Are there any other solutions that eBay should consider? eBay should consider introducing a seller platform in which the sellers pay undergoes an initial transaction fee apart from the existing insertion fees and final value fee. Since the final value fee is deducted after final transaction hence the buyers are not completely guaranteed of the final product.

eBay therefore needs to introduce a refundable commitment fee that the product delivered will be legitimate and only after affirmation by eBay's quality enhancement team (Adrian & Melissa, 2009). eBay should also consider giving its buyers better options especially when it comes to allowing other payment options apart from its PayPal services. Who are eBay's top three competitors online, and how will eBay's new strategy help them

compete? EBay's nearest and topmost competitors in the online marketing domain include Amazon, uBid, and Yahoo, for instance, uBid has a projected 14% share of the online marketing domain (Pilutik, n. d).

eBay's strategy will fundamentally elevate its strategy in the online marketing domain through its enhanced person-to-person formulation that includes extra features. Will eBay be providing a service to customers? eBay aims at providing a gifts cards and certificated service to its prospective customers for an extended period of time. In addition to the classified products running on its marketing portfolio, eBay's has other potential services to its prospective customers an interactive forum in order to increase their buying experiences, for instance, through the recently introduced auction services with a community self monitoring and policing model (Adrian & Melissa, 2009). Finally, another service component includes the introduction of a feedback forum to enable it assess its service component.