

# Case study ebay

Business



How does eBay price their service? Is it an effective method of pricing? eBay is one of the world's largest online marketplaces, and allows users to buy and sell in nearly every country on earth: PayPal enables individuals and businesses to securely, easily and quickly send and receive digital payments; and eBay Enterprise enables Omni-channel commerce, multinational retailing and digital marketing for global enterprises in the U. S.

And internationally.

For selling the product on eBay, sellers can choose between two options of pricing method. First, the auction pricing method which has known as one of the success of eBay in creating a pricing revolution. Second is fixed pricing which provide an option to the customers and the sellers who do not want to wait for an auction. The auction pricing method is recognized as an effective way of creating broad public interest, achieving maximum publicity, gaining good margin, reaching a large number of prospective purchasers and controlling the process.

While on the customer's perspective, it gives them a sense of control in determining and receiving the best possible price. The pricing strategy of eBay to price their service is charging fee to the seller based on several categories as can be seen on table below: Do we price products and services in different ways? There is no difference in the way we price products and services.

There are always 3 components in each product or service that we should consider before setting the price : cost of your product or service is the amount you spend to produce it price is your financial reward for providing the

product or service value is what your customer believes the product or service is worth to them. Cost-plus pricing takes the cost of producing your product or service and adds an amount that you need to make a profit. This is usually expressed as a percentage of the cost. It is generally more suited to businesses that deal with large volumes or which operate in markets dominated by competition on price.

But cost-plus pricing ignores your image and market positioning. And hidden costs are easily forgotten, so your true profit per sale is often lower than you realize. Based on the benefits your business offers them. Value-based pricing depends on the strength of the benefits you can prove you offer to customers. If you have clearly-defined benefits that give you an advantage over your competitors, you can charge according to the value you offer customers. While this approach can prove very profitable, it can alienate potential customers who are driven only by price and can also draw in new competitors.