

## The eBay Revolution

By Joanne Pontée, Marketing Manager

The name 'eBay' is fast becoming a household name and there can't be many Internet users who haven't succumbed to the lure of the world's largest online auction. In fact, eBay is now the most popular site that UK office workers visit when they should be working! What you may not realise, as you sit in front of your PC frantically trying to outbid your eBay rivals, is how many other people around the world are doing exactly the same thing and just how big a phenomenon eBay has become.

Established in 1995, eBay survived the burst of the dot.com bubble and has since gone on to become one of the most successful Internet based business in the world. eBay took the centuries old idea of a market place where buyers and sellers can come together to trade information and strike bargains and used Internet technology and the global reach of the web to create one of the largest marketplaces in the world. You can buy and sell almost anything on eBay, from antiques coins, collectibles, computers, memorabilia, stamps and toys. In fact, there seems to be very little that people won't try and sell on eBay, from celebrity's rubbish to human souls. In 1999 a human kidney was offered for sale on eBay, with bids apparently reaching \$5.7 before the auction was taken down. Money really is no object, one of the most expensive items ever sold on eBay was a Gulfstream II Jet, fetching \$4.9 million and a round of golf with Tiger Woods fetching \$425,000.

The lure of a bargain, combined with the excitement of a Las Vegas gamble, brings millions of new customers to eBay every week. Once hooked, it is hard to break the eBay habit and the loyalty shown by devoted eBay users all over the world has helped build eBay into the powerhouse it is today. When you look at the statistics it becomes clear just how big the eBay phenomenon really is. Ninety-five million users from more than 150 countries listed 971 million items on eBay last year. The total value of goods sold on the site reached nearly \$24 billion, a staggering 60% increase on the previous year. The number of items listed on eBay.com and the international sites increased by 52% to 971 million in 2003, with the value of goods sold on eBay throughout the course of the year totalling \$20 billion. At any one time there are more than 10 million items for sale live on the site and more than 1 million new items listed every day. eBay has even become the largest site on the web for buying and selling used cars, motorcycles and automotive parts. The company sells a motorcycle every 18 minutes and a SUV every 30 minutes. These statistics reveal the sheer scale of eBay and its rapid success.

eBay has spawned a whole new generation of entrepreneurs who are making a healthy living by selling on the site. It is estimated that as many as 150,000 people have given up their jobs to create their own businesses selling all types of goods on eBay. This in turn has created a whole new cottage industry of people and organisations advising people on how to get rich quick with eBay, some more legitimate than others. Established bricks and mortar businesses, both large and small, are also getting involved in the eBay revolution. Businesses are not only selling their goods, but also buying significant amounts of equipment through eBay. From printer cartridges

to servers, companies are making significant savings by sourcing through the online auctioneer. Some of the world's largest manufacturers also want a piece of the eBay action. They have recognized that the online auction giant is a potentially easy way to offload millions of pounds worth of excess stock. Companies such as Sony, Fujitsu and Sharp are by passing the liquidators and setting up their own shops on eBay to dispose of their surplus stocks.

eBay itself, has also created several successful spin offs, the most successful of which is PayPal. Founded in 1998, PayPal, an eBay Company, enables any individual or business with an email address to securely, easily and quickly send and receive payments online. PayPal's service builds on the existing financial infrastructure of bank accounts and credit cards and is now firmly established as a global leader online payment solutions with 50 million account members worldwide. The company is even doing its bit for charity. At the end of 2003, the auction giant established eBay Giving Works, a program designed to let buyers and sellers contribute to non-profit and other charitable causes. So far nearly 3000 charities have signed up with about US\$30 million raised for charities to date.

However, success often comes with a price and one of the biggest headaches for eBay is fraud. The auction is regulated through codes of behaviour but relies a great deal on the trustworthiness of the participants. It may not come as a great shock to learn that eBay is the victim of fraudsters and scams on a daily basis. These range from thieves disposing of stolen goods, to people selling non-existent items, to sophisticated scams such as phishing; whereby criminals design e-mails and web sites that resemble eBay in a bid to access accounts and gain access to credit card details. In April 2004, it was reported that eBay was the target of 221 unique phishing campaigns whilst another 135 attacks were geared at its Paypal subsidiary. As a result, eBay users are taking notice of the old adage 'buyer beware' and are becoming more security conscience; realising that often, if something looks too good to be true, caution is required.

So can the eBay revolution continue and will the company be able to sustain its incredible growth? eBay aims to grow by developing further strategic partnerships similar to deals it already has with AOL and Walt Disney. It has also set its sites on overseas expansion, acquiring operations in countries all over the world. One of its most recent acquisitions being China's leading on-line auctioneer Eachnet, now re-branded as eBay. With only 10% of China's estimated 90 million-plus web surfers currently buying on-line there is huge market potential. eBay has even received support from the Chinese Government who realise that through eBay they can empower entrepreneurs and provide access to the rural areas. So it would seem that there is plenty of opportunity for the eBay phenomenon to grow, as these new markets open up allowing even more people to catch the eBay bug.