

Task: Describe why eBay had reached the level of success it did.

Topic: eBay

Type: Case Study

Length: 2 pages

Formatting: APA

Requirements: Go in-depth on what had made eBay a successful retail market player. What are the reasons of its success?

eBay

Name:

Course:

Tutor:

Date:

Story of eBay success is a true example of one man dream coming true. Pierre Omidyar founded eBay which at the time of its launch was named Auction Web in 1995 at that time it was a pioneering site dedicated to e-commerce and. In three year this community driven site proved to be profitable and was growing rapidly. Internet auctioning was simple, fair and easy to use system where buyers and sellers could communicated and where any fraud attempts were reported and deceptive users were banned. This model delivered unprecedented easy of use to an Internet shopping (Gitlin, 2011, p40). Customers looking for all kind of things could choose huge variety of goods across the country on internationally and be sure that what they are buying will be delivered safely and timely. Embedded feedback ensured consistent service quality. While at first site was free began to charge small fee to pay for Internet providers service.

In its first three years stock market price of Auction Web grew up to 2 billion dollars it was a good example of dot com bubble period success, initial public offering went well making its founder a billionaire. Recognizing importance of customers satisfaction the company decided to insure it has means to secure payments and communications vital to its business. Pay Pal acquisition in 2002 was one of the steps to establish reliable payment method for e Bay customers (Cohen, 2002, p 86). Over 200 million in 190 markets people worldwide use Pay Pal for on-line transactions. Another important addition to the company was acquisition of Skype a renown telecommunication company. Inclusion of Skype services was meant to help buyers and sellers communicate. In 2007 reacting to world economy and its own economic strangles eBay CEO John Donahoe announced plans for the company to become mass retailer of new goods. The eBay has also acquired Craigslist and StubHub.

At first eBay was mainly used as a platform where used goods were sold and bought but as the popularity of the service grew it saw influx of new vendors coming specifically to trade on

eBay. The reason behind such move was very simple as eBay had constantly growing number of customers worldwide.

There are three different types of on-line auctions: first-price sealed auction, a Vickrey or a second-price sealed-bid auction and reverse auction. First-price sealed auction are when all bidding parties make one single bid and highest bidder consequently wins. A Vickrey auction is very similar to first-price sealed bid except for winner only pays the price of second high bidder. Reverse auction differs from two auctions mentioned above as roles of seller and buyers are changed and seller may chose what bid to accept and buyers compete among themselves while price usually decrease over time. The eBay uses a Vickrey auction variation with some exceptions: bidder pays second-highest bid and an increment amount which is relevantly insignificant. Another difference is that unlike in usual Vickrey auction current winning bid is always visible.

Now days all payments on eBay are made with PayPal. Pay Pal uses existing infrastructure of bank accounts and credit cards but claims to process all payments with its believed to be best proprietary secure on-line payment method. Pay Pal also has plans to incorporate Bill Me Later service into existing eBay infrastructure. It is timely addition as different on-line paying methods are trying to hold their ground and find their markets. With introduction of client application for the iOS and Android operation system users Pay Pal is tapping on this large ecosystems making sure that paying on-line and on the go will be as easy and as possible.

In recent years eBay website received some critical remarks both from customers and industry annalists as site search provides results that are less relevant than thous retrieved by web search. Message exchange is also less convenient than it is on many social networks. Thus

insuring of the company's website performance is most important. If I was the one to assess its performance I would pay my attention to the numbers of visitors, referrals and, of-course, conversion rate as these are the main metrics to evaluate efficiency of company's business.

References

Cohen, A. (2002). *The perfect store* (1st ed.). Boston: Little, Brown and Co.

Gitlin, M. (2011). *eBay* (1st ed.). Edina, MN: ABDO Pub.

Overall Impression

I would like to start my commentary on this paper with this quotation: “[...] at that time it was a pioneering site dedicated to e-commerce and.” Really, the sentence simply ends with “and.” It’s brilliant. It should be included in the golden database of citations.

Jokes aside, the paper is bad, but not awful. A bunch of grammatical mistakes typical for Slavic people speaking English, some problems with punctuation, several inconsistencies and organizational issues, but I’ve seen worse.

My advice to the dude who wrote it: try harder next time. And please, go through declension and conjugation a couple of times. Seriously, some of your mistakes are just silly and easy to avoid.