



Fact Sheet

eBay

June 2007

Where everyone loves a bargain!

Known since Napoleon's days as a nation of shopkeepers, the British have embraced eBay since it was launched in the UK in 1999.

Our E-Business Advisers discuss the success of this innovative route to market:

1. What is eBay?

eBay was founded as "AuctionWeb", part of a larger site which belonged to Echo Bay Technology Group.

They tried to register the domain name "EchoBay.com" but found it already taken, so they shortened it to their second choice, "eBay.com".

eBay's HQ is in San Jose, California, and in terms of revenue growth, eBay is among the fastest-growing companies of all time.

Millions of collectibles, appliances, computers, furniture, equipment, vehicles, and other miscellaneous items are listed, bought, and sold on the eBay Web site.

Some items are rare and valuable, while many others are dusty gadgets that would have been discarded if not for the thousands of eager bidders worldwide - proving that if one has a big enough market, one will find someone willing to buy anything.

eBay has revolutionised the business to consumer market by bringing together buyers and sellers internationally in a huge, never-ending business sale and auction.

eBay reported a 77% rise in profits to \$182.3m during the last quarter of 2004 - but how did the online auction house, which had its beginnings in 1995, manage to hit such heights?

A decade ago, the US had the largest share of Internet users in the world.

Proportionally, that figure has now fallen dramatically - 75% of the world's internet users are now outside of the US compared with just 25% 10 years ago.

eBay's success can be attributed to its gift for knowing when it should move into a new market.

It moved to Europe in 1999 and has since gone from strength to strength, with its biggest market being Germany, helped in part by that country's restrictive trading laws.

The rest is history - China is now rapidly becoming eBay's fastest-growing market.

2. How do firms use eBay?

Large international companies, such as IBM, sell their newest products and offer services on eBay.

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Small firms use eBay to shift end of line stocks, to clear odd items - and as an selling entry route in to their main web site. There are two main routes for any firm - using competitive auctions and fixed-priced storefronts.

Competitive auctions are where you enter items into the general auction - you can fix a reserve price.

You can also have the option of allowing a "Buy-now" - whereby a buyer can offer the full price and buy the item immediately.

Fixed-priced storefronts are where you can easily create an online shop to sell your products.

Both are a very easy route for small firms to plug into this huge potential marketplace.

There is a small listing fee to take part in an auction - and eBay take a small percentage on all sales.

3. How successful is eBay as a route to market?

When eBay are asked about their world-class success, they respond "it's our customers that have built eBay - we don't handle the goods, stock, or delivery of items - we just provide a platform for sellers to set up their stall".

To date, eBay has a staff of 5,700 people, with many small firms using eBay as a route to market, with ongoing success.

4. 8 Things About eBay

1. There are 114 million worldwide users, with 7.6 million in the UK.

At any given time there are more than 25 million items on sale on the site, with about two million listed on the British site.

2. In the UK someone, somewhere, buys a CD every 11 seconds, a toy car every 35 seconds, a mobile phone every minute, a teddy bear every two minutes, a piece of golf equipment every two-and-half minutes and a football shirt every five minutes.

3. Among the more unusual items to have been sold on eBay is a 50,000-year-old Mammoth.

Max was put up for sale earlier this year by his Dutch owner due to lack of space, and sold for £61,000.

4. The site relies on honesty between users.

While most are as good as their word, there are an estimated 200 fraudulent auctions every day on eBay in the UK, according to Which? Computing magazine.

Scams including selling fake goods, which might look real in photographs on the site, and the attempted theft of personal details.

Like any marketplace, you do need to take care.

Purchasers are asked to rate how easy traders were to deal with - by a simple feedback mechanism.

A good reputation is built up over several sales - and is invaluable in encouraging more sales.

5. Despite people putting themselves, their wives, a school, a castle and Britney Spears' used bubble gum up for sale, not everything can be sold on eBay.



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Items banned include fireworks, drugs, guns and lock-picking devices.

6. The most expensive item sold on the UK web site to date was Lady Thatcher's handbag - for £103,000.

The most expensive item globally was a Gulfstream Jet aircraft, sold for £3.2m.

7. A vehicle sells every two minutes on the UK site and current bargains include a car built for Marlene Dietrich, on sale for £15,000.

Other celebrity motors sold over the years include Joanna Lumley's Ferrari and Jamie Oliver's scooter, which he auctioned for charity: it sold for £7,600

8. Finally, some have found a spouse through eBay (and haven't had to pay for them!).

It can claim several marriages as buyers and sellers have discovered they have more in common than the items they are buying and selling.

One couple who met on eBay crossed the Atlantic to be together. They are now happily married.

5. Useful Links

www.ebay.co.uk

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