

Research on the Current Situation and Development Countermeasures of Ebay Economy

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Abstract: Comprehensively introduce the development history of eBay and analyze the business model. To make readers understand the effect of economic on eBay and know more details of eBay.

1. Introduction

An e-commerce enterprise is an online public transaction community established between transaction subjects. It provides public transaction information services, public transaction platform services and public transaction application system services for both parties of the transaction. For e-commerce companies, the formulation of any development strategy is controlled by the changing behavior of users. Therefore, compared with traditional enterprises, the development strategy of e-commerce enterprises has greater uncertainty.

2. The Development Path of eBay

eBay Enterprise is an auction website created by Pierre in September 1995. It is the world's largest e-commerce company that conducts business activities among consumers. The successful experience of eBay companies provides a good "eBay mode" for the development of e-commerce companies. eBay's business approach is not to open a large and complete store, but to provide a virtual place on the Internet to attract popularity, so that buyers and sellers gather again at the same time, thereby generating transaction behavior. Only a large market can produce massive transactions (Shannon,2020). Online auctions were once a pillar of e-commerce. Users go to eBay not just to shop, they are still experiencing the fun of finding, competing and winning. However, consumers' interest in auctions has greatly diminished, and they are more willing to buy goods faster at a fixed price. For eBay and many online sellers who rely on eBay, how to adjust their online sales model is a problem that must be considered (Stacy, 2021).

Reviewing the development path of eBay, the originator of C2C e-commerce, it is not difficult to find that eBay's early first-mover advantage has gradually weakened in the context of intensified industry competition and diminished traffic dividends. The single business mode and the business

structure chaos caused by rapid expansion and the lack of infrastructure such as logistics highlights eBay's business shortcomings. Compared with Amazon, which has a wide moat and a clear strategic layout, eBay has gradually fallen behind and its prospects are confused. In the fierce competition and rapid iteration of the e-commerce industry, novel business models may be all the rage, but the construction and reinforcement of core competition barriers are the key to maintaining a competitive advantage and achieving sustainable development.

The development of eBay has gone through many different stages. Firstly, from 1995 to 2000, eBay grew rapidly and reached its peak ^[1], creating a C2C transaction mode, using Internet technology to provide buyers and sellers with a safe and convenient e-commerce transaction platform. Through category and business development, eBay has accumulated a large customer base and has rapidly grown into an e-commerce giant. However, since 2001, the development of eBay has weakened from strength to decline. After rapid growth, eBay has begun to stand still. In the context of the increasingly saturated online auction market, over-expansion, the rise of competitors such as Amazon, and the rise of search and social networking sites, eBay's own advantages have gradually weakened and faced serious challenges. In addition, in the context of intensified e-commerce competition in the United States, trading platform revenue has slowed down, eroding the net profit of companies; at the same time, the increase in trading platform commissions may cause merchants to flee.

3. Analysis of Economic Conditions That May Affect eBay's Growth Rate

What we need to pay attention to is active users. The number of active users has been increasing since 2001. This is an economic condition that may bring increased eBay. The number of active users increased from 18 millions in 2001 to 83.2 millions in 2007. Focusing on active users, we can analyze it from its concept. "Active users" is a concept relative to "lost users". It refers to those "surviving" users. Users will patronize the website from time to time and bring the website Value. At the same time, we also need to know how many users may have abandoned the website, and it is impossible to add any value to the website, which is the so-called lost users. To give a simple example, we can often see some data analysis reports that say: the number of registered users of a certain website has exceeded several million, but in fact these data are not very meaningful, because many users are the lost users who have no longer logged in to the site is actually less than 10,000 active users who have logged in or performed operations recently. For a website, what really makes sense is the number of active users rather than the total number of users, because only these users are creating value for the website. Similarly, according to the statistical results of Figure 1, in 2007, eBay's total product sales increased by less than 14%, the company's smallest increase so far; at the same time, its number of active users only increased by 1.71%, the smallest since 2001 Increase. Therefore, finding a new business model to reverse its slowing growth has become an urgent problem for eBay to solve.

This is because income statement analysis is to analyze how a company organizes revenue, control costs and expenses to achieve profitability, and evaluate the company's operating results. Among them, gross profit is the basis for business profitability. To make a profitable business, it must first obtain sufficient gross profit. After deducting the operating costs, the income obtained by the production and operation of the enterprise can be used to offset various operating expenses to calculate the net profit. The gross profit is the basis for the formation of the net profit. The higher the gross profit, the stronger the ability to cover various expenses and the higher the profitability. On the contrary, the lower the profitability. When it comes to operating expenses, sales and marketing expenses have grown rapidly, from USD 166,767,000 in 2000 to 1,925,393,000 in 2007, and its growth rate is very fast. The main reason is that since 2000, eBay has gradually increased the num-

ber of market personnel and continued to improve the salary and benefits of market personnel for business expansion, so sales and marketing expenses have continued to increase.

A consolidated balance sheet is a balance sheet prepared by combining two or more independent companies that are closely related in equity as a whole. It is often used by holding companies to reflect the consolidated financial status of the holding company and its subsidiaries (Osmand, 2021). The two are essentially different in nature. The company should strictly distinguish between accounting confirmation, measurement and reporting. Debt and owner's equity to truthfully reflect the financial status of the enterprise, especially the solvency and equity ratio of the enterprise. Shareholders' equity is a very important financial indicator, which reflects the company's own capital. When the shareholders' equity is less than zero, the company is in a state of insolvency. At this time, the company's shareholders' equity disappears. If bankruptcy liquidation is implemented, shareholders will get nothing. On the contrary, the greater the amount of shareholder's equity, the stronger the company's strength. When the owner's equity increases, it means that the profitability of the enterprise is relatively strong to a certain extent, indicating that the increase in owner's equity is beneficial. When owners' equity increases, shareholders' equity increases, which is good for both the company and shareholders. These economic conditions may affect eBay's growth rate and promote eBay's growth.

4. The Analysis of eBay Business Model

4.1 One Price Model

A price, that is, the seller set one-time pricing of products, can not be discounted. This model seller can better control the profits of products, so that they have more profit space, and get better profits.

Generally, a price of products is a relatively large inventory of goods, can be set up for up to 30 days of online time, then can also bring more exposure and transformation.

4.2 Auction Modalities

As an eBay business model, this model is also the way most sellers use products.

In auction mode, the seller must first set the starting price and auction time; then the buyer can start bidding, before the product offline, which seller bidding price is the highest, then you can buy the product.

The platform is also supportive of auction products, such as your auction product near the end of the time, then will improve the search ranking of this product, so that buyers can search more easily, bring more exposure and traffic.

4.3 One-Price Auction

The last model is the combination of the above two models, which are easier to sell.

The core is that sellers should set a suitable starting price, plus the lowest offer so that buyers can choose more flexibly and better enhance their shopping experience.

From my perspective, the Marketplaces segment, Payment segment and Communications segment are core to eBay's business model. The most visible evidence is that the profits of eBay are derived from these three operating segments.

From a strategic perspective, these three operating segments have empowered eBay to build its person-to-person trading community on a global scale, and maintain its competitive advantage of a community with trust, affinity and mutual respect.

5. The Differences in Global and Domestic Markets

As an e-commerce giant, eBay has large business sizes both in domestic market and international market. As business expanded, eBay has paid greater attention on global market. According to Exhibit 5 and Exhibit 3[1], eBay's international revenue in 2005 and 2006 made up for over 45% of total revenue, while in 2017, the international revenue exceeded domestic revenue, accounting for 51% of its total revenue. Generally, it is more difficult, costly and risky to gain market share in international market. Therefore, eBay has taken different marketing mix with different Product, Place, Promotion and price strategies in global and domestic market.

In terms of product strategies, eBay has diverse product offerings. It provided not only the online trading platform (like eBay.com), but also the payment products (PayPal and Bill it later), and communication service (Skype). In global market, eBay put more focus on expand its community size and enrich product categories through incorporating more sellers. For instance, 667 millions sellers around the world have joined eBay.com in the second quarter of 2008. Moreover, eBay has tries to enlarge its products range through vertical acquiring other e-commerce platforms worldwide, such as Shopping.com, Rent.com and StubHub. What's more, eBay has devoted greater efforts in building an integrated payment process in global market. PayPal has spread to over 190 countries to ensure seamless trading experiences all over the world. In addition, PayPal has improved its payment processing function to support International bank account and currencies conversion

6. Conclusion

Market-oriented pricing strategies involve prices based on current or current market prices. For example, the current seller's fees in E-Wan are comparable to those of competitors in providing e-commerce services. Four P of the company also involve dynamic pricing, which allows for flexible pricing. For example, the charge includes a fixed fee for each item sold, as well as a percentage of the final sales amount. The supplier can choose the sales format and the corresponding cost. Through a dynamic pricing strategy, the company manages customer expectations for flexibility in sales format. As the global business grows its sales revenue, this aspect of e Bay company's marketing mix helps optimize products.

References

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