

Chapter 1

eBay's Business Model

If you want to become an eBay power user, you need to get all the background information you can before you start buying and selling. After all, for both new and experienced users, eBay functions much like a business partner. You pay fees for selling items on eBay. All of your business activities take place under eBay's supervision. Knowing something about the ideas behind eBay will give you an idea about how to conduct your own business activities there. You've got one of the best business models right in front of you: It only makes sense to learn from eBay's success.

It's amazing to think that my twelve-year-old daughter will grow up thinking that eBay always existed when in fact eBay is relatively new. In the beginning, when it wasn't regulated, eBay evolved in a haphazard, personal fashion. If you are wondering where all the regulations and rules came from, you only have to look at how things worked before the site was popular and before it became a highly organized business operation. Here's a hint: Your own fledgling eBay business can get started the same way.

Pierre's Vision

eBay is the creation not of a corporate conglomerate, but of one computer programmer who was looking for a way to make it big on the Internet. Pierre Omidyar started eBay in his San Jose, California, living room in September 1995.

A widely circulated story that is still believed by many eBay users says that the auction site that eventually became eBay was conceived initially as a result of a conversation between Omidyar and his wife, Pamela. She supposedly commented to Pierre how great it would be if she were able to collect Pez dispensers and interact with other collectors over the Internet.

IN THIS CHAPTER

Exploring eBay's beginnings and early history

Learning from eBay's model of success

Connecting with other eBay users for help and advice

Joining eBay's own workshops and tutorials

Learning about eBay's partnership and affiliate programs

The Pez story might have played a part in eBay's development, but the fact is that Pierre knew that people around the world needed a central location to buy and sell unique items and to meet other users with similar interests. He started his auction site, which was originally called AuctionWeb, to fulfill this need. He wrote the code for the basic site on Labor Day weekend of 1995. As Pam related in a video shown at the eBay Live event in summer 2003, Pierre used to come home from his day job, work on the AuctionWeb site, have dinner, and then go back to work in the evening.

The first day or two after it went online, AuctionWeb didn't even attract any bids. Omidyar posted a notice on the NCSA What's New site, which was created by the makers of the first Web browser, NCSA Mosaic, to announce new resources that Web surfers could visit. For the most part, eBay began to attract buyers and sellers the way many Web sites develop: by word of mouth. Omidyar began to get postings for items people wanted to sell. Among the first dozen was a 1937 Rolls Royce. When his laser printer broke, Omidyar put it up for auction himself rather than simply throwing it away — and it eventually sold for \$14.

eBay arose because it combined personal passions with business interests. Its founder and his wife wanted a new way to buy and sell things they loved or things they needed to get rid of. Pierre Omidyar didn't start the business by saying, "I'm going to create this worldwide marketplace where millions of people can buy and sell online." The point is that eBay started from small-scale, personal interests. If you are thinking of buying or selling on eBay regularly, you should think the same way — with something you know and love. If you buy or sell items whose value you are familiar with, you'll enjoy it and you'll be more likely to get a good deal, too. But, the first lesson is to start with what you know. After you have this lesson down, you can branch out and buy or sell a wider range of items.

Moving from AuctionWeb to eBay

In the early days, AuctionWeb primarily sold collectibles. From the beginning, the site was based on honesty and trust that, Omidyar believes, is part of people's basic human nature. If you entered in the URL `www.ebay.com`, you went to a "splash" page. The actual AuctionWeb site was at `www.ebay.com/aw`. An early version of the site, as presented on the Internet Archive, is shown in Figure 1.1.

ON the WEB

The Internet Archive's Wayback Machine (<http://web.archive.org>) maintains an online record of many Web pages dating back to 1996. Unfortunately, you can't find records of individual eBay auctions from years past on the site.

CROSS-REF

You can use eBay's Completed Auctions feature to search a limited selection of past sales as is described in Chapter 4. To get a wider selection of completed auction results, you need to sign up with an auction service provider such as Terapeak (www.terapeak.com).

FIGURE 1.1

An early AuctionWeb page



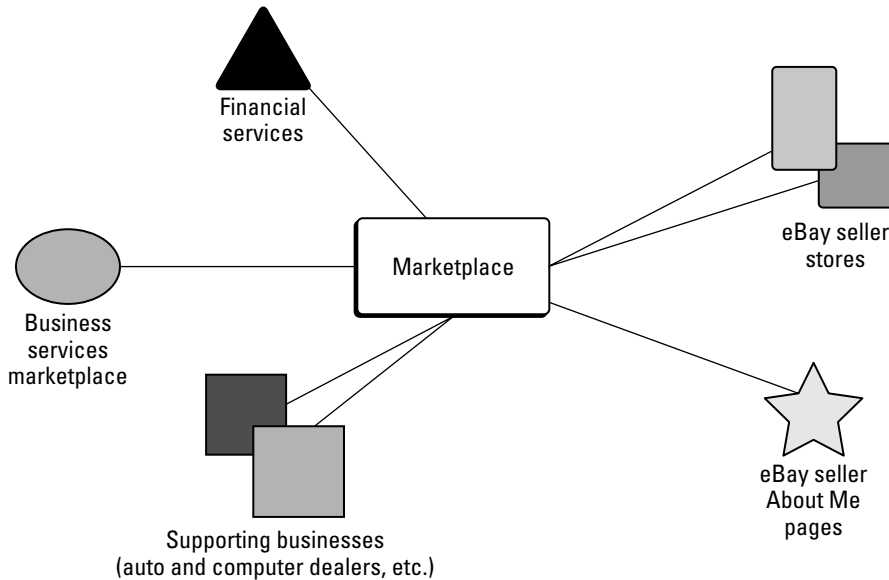
The name eBay was chosen because the domain name Omidyar originally wanted, EchoBay.com, was already taken. Echo Bay Technology Group was the name Omidyar had chosen for his consulting company. eBay seemed like the next best thing, and it was available. The rest, as they say, is history.

When Omidyar met an MBA graduate named Jeff Skoll, the site began to develop and attract customers. Skoll, who became eBay's first president, had the business skills that could balance Omidyar's programming experience. Skoll and Omidyar became business partners in 1996, and Skoll wrote the first business plan for the company they called eBay Inc. eBay began to charge fees for successful sales (not for listing auction sales) when the site began to generate traffic and had to be moved from Omidyar's \$30 a month ISP account to a more expensive business hosting account.

Omidyar eventually brought in Meg Whitman, who had been a general manager of Hasbro and president and CEO of FTD, to help the new company grow. In September 1997, Omidyar, Skoll, Mary Lou Song, and Whitman sat around a table and brainstormed about how eBay could take advantage of the booming popularity of the World Wide Web. (Song was eBay's first senior product manager, a Northwestern University journalism graduate who was in charge of developing the eBay user community.) At the time, eBay had about 25,000 users. But there were signs that it was set to experience dramatic growth. The four came up with the idea of a city. They would set up a place where people could buy, sell, and trade their wares (and they charged a modest fee for rental space and sales). After they set the rules and provided a safe environment in which to do business, they let buyers and sellers run their own transactions. The more active sellers would be given the opportunity to "build" permanent stores. Banks and moneylenders would help with financial services. Eventually, you would have the equivalent of a medieval city with the trading marketplace at the center (see Figure 1.2).

FIGURE 1.2

The auction marketplace is the center of a much larger online environment.

**NOTE**

AuctionWeb lives on in the many eBay item listings today. When you connect to a listing, you often see the initials "aw" in the URL. They stand for AuctionWeb.

How the System Works

To realize the vision of an online community fueled by a marketplace, Whitman culled her senior staff from companies such as Pepsico and Disney, created an experienced management team (with each member having an average of 20 years of business experience), and built a strong vision for the company. The core message was that eBay is a company that is in the business of connecting people, not selling them things.

The company established a trading community where buyers and sellers would do much of the work by using the World Wide Web. It organized items by topic and by category and created a search system so that prospective bidders could look through the entire catalog in an automated way. It also set up a system of collecting fees. Browsing and bidding on items is free of charge, but sellers are charged as follows:

- **Insertion fees.** When an item is listed on eBay, this nonrefundable fee is charged. It ranges between 20 cents and \$3.60, depending on either the seller's opening value or reserve price.

- **Promotional fees.** Fees are also charged for additional listing options that help attract attention for an item, such as highlighted or bold listings.
- **Final value fee.** This is a commission that is charged to the seller at the end of the auction. This fee generally ranges from 1% to 5.25% of the final sale price.

After eBay set up the system in which bids could be placed, items could be put up for sale, transactions could be completed, seller fees would be charged, and feedback could be left, eBay stayed in the background. For example, at the end of an auction, eBay notifies the buyer via e-mail that he or she has won. eBay also e-mails the seller to report who won and at what price the auction finished. At that point it's up to the seller and buyer finish the transaction independently of eBay.

Over the years, eBay has quickly branched out from primarily auctioning collectibles. It gradually moved into an array of upscale markets where the average sale price (ASP) is higher. ASP is a key metric in determining eBay's transaction fees, so increasing the ASP has become an important way for the company to be profitable. By forging partnerships with name brands such as GM, Disney, and Sun, eBay has managed to do exactly that. Sun has sold \$10 million worth of equipment on eBay.

NOTE

Meg Whitman is now president and CEO of eBay; Omidyar is chairman. Whitman actually sold her old college textbooks on Half.com, an online marketplace that eBay purchased in 2000.

Finding Support from the eBay Community

It's always good to get second- or third-party opinions. This book can help improve your experience on eBay, whether you're just starting out or have bought and sold there for a while. But eBay also provides workshops and tutorials that can come in handy when you encounter a specific problem and need advice, or if you want to meet experienced eBay buyers and sellers in person. The following sections give you some suggestions for ways to expand your eBay knowledge with some personal help.

NOTE

You have chances to meet other eBay users face-to-face if you want to at the classes held around the country and the annual eBay Live user convention. This reminds you that you are part of a real community and not working in isolation.

eBay's online workshops

eBay's online workshops are among the best educational features the site offers because they are often conducted by experienced users who have decided that they want to share what they've learned with others. Designing and conducting a seminar improves the users' credibility and boosts their reputation; those who sit in benefit from personal experience of the workshop leaders.

eBay's workshops are online instruction sessions conducted using eBay's message board format. Anyone who is interested connects to the Web page on which the workshop is conducted; the leader begins with some introductory remarks that appear on the user's browser window. Those who are in the audience can submit questions to the leader, and a discussion ensues. The browser is refreshed whenever new comments are received.

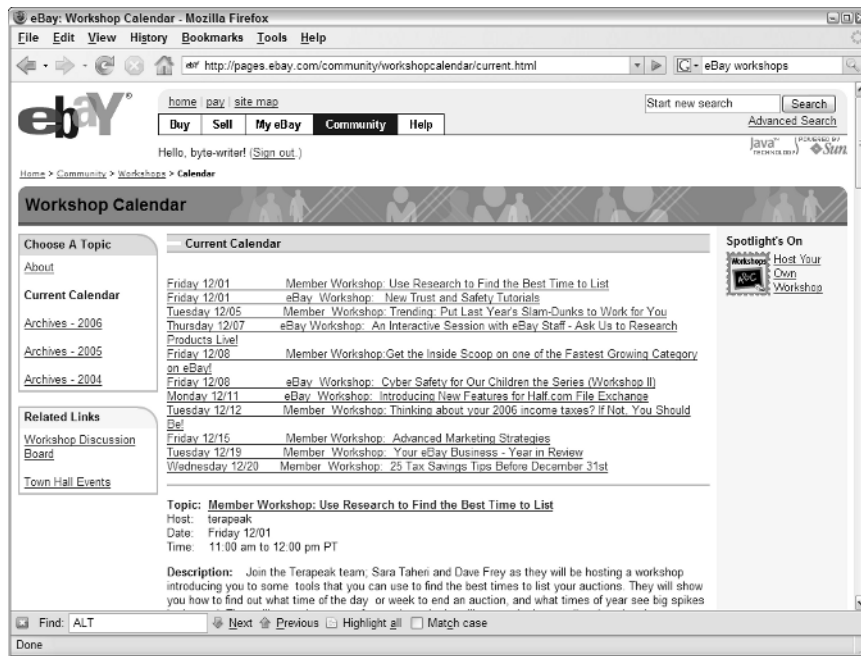
The first step is to connect to the Workshops area where you can find both upcoming workshops and archives of sessions that have been recently held. Click Community in the eBay navigation bar and then click Workshops under the heading Education. At this writing, the upcoming workshops were listed in the right-hand column under the heading Current Calendar. The past sessions are listed in the left-hand column under Choose a Topic (see Figure 1.3); you could click a hyperlink to read the record of the presentation and subsequent questions and answers. Alternatively, you could click the [Workshop Discussion Board](#) link in the left-hand column to go to the Workshops board, which also presents you with a convenient list of both past and upcoming sessions.

Reviewing an archived workshop

At any one time, perhaps eight to twelve upcoming workshops are announced on the eBay Workshop page. If you are interested in finding out more about a topic that is not listed among those that are scheduled for the near future, you can read through workshops that have already taken place. If you aren't familiar with eBay chats, however, you might find the process of reading the archived workshop comments confusing. Follow these steps to get the most from the preserved comments

FIGURE 1.3

You can find out about upcoming workshops and review past ones on the Workshop Calendar page accessed via the Community page.

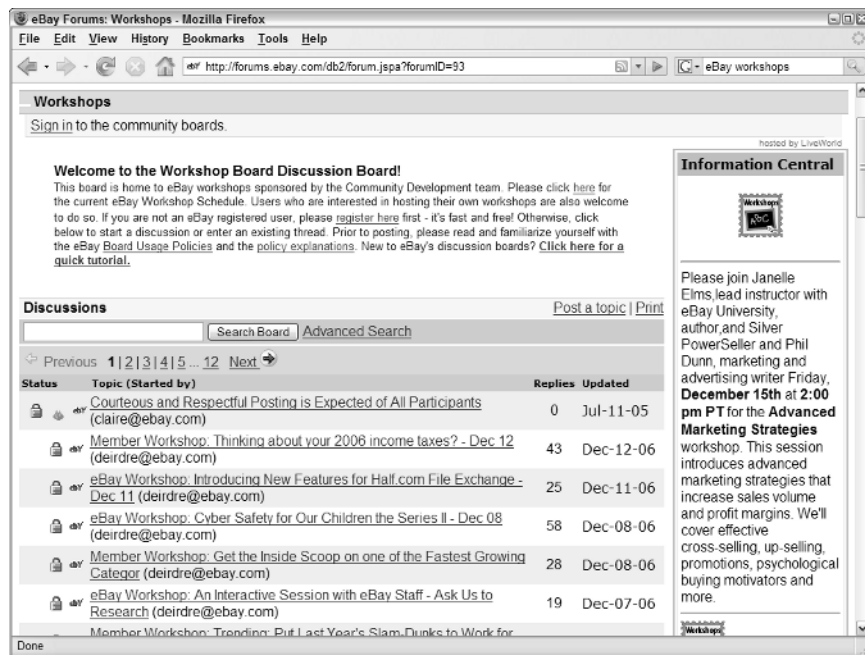


STEPS: Reading Comments in an Archived Workshop

1. **Choose a workshop.** On the eBay Forums: Workshops page, click the link for one of the past archives. Archived workshops are organized by date in the center of the page (see Figure 1.4). You can also view the number of comments, which indicates the level of interest in the workshop when it was held.

FIGURE 1.4

You can learn a lot from archived workshop discussions.



2. **Read the introduction.** At the top of the workshop comments, you find an introduction from an eBay moderator or discussion leader. They set the ground rules and introduce the topic at hand.
3. **If necessary, display more comments.** Workshops that have a high number of comments don't display them all on one screen. You may, in fact, only see one or two introductory comments, followed by buttons labeled More, Recent, and All Msg. Click All Msg to see all messages in the workshop in a single, long screen.
4. **Scroll past initial comments from the audience.** It's almost inevitable. Before the person leading the discussion has finished the introduction and invited questions, some eager beavers anxiously type their questions right away. Scroll down to finish reading what the moderator has to say.

5. **Find out more about who's commenting.** Click one of the icons next to the person's name to find out more about that individual. You might see icons such as the following:
- If you see a me icon next to someone's User ID, for example, that means the person has created a personal Web page on eBay called About me, which buyers and sellers create to provide some personal information about themselves to the rest of the eBay community.
 - A Power Seller icon means the user has attained Power Seller status for selling a large volume of items each month. Clicking on the icon only takes you to a general Power Seller information page.
 - An eBay Stores icon means the member operates his or her own eBay Store, where items are sold at fixed price.

If you don't see any icons, click the number in parentheses or on the User ID. You go to the Member Profile page, where you can view feedback comments that others have left about that individual as a result of completed transactions. You also learn how long the person has been a member and the general location (just the country, not a city or street address) where the person lives.

6. **Look for the answer you want.** If you've participated in online chat rooms, you should be familiar with the type of discussion that takes place on workshop message boards. Often, the reply to a question occurs several comments after the question was posted; you have to scroll down past several other user comments before the discussion leader answers that question. Keep looking and chances are you'll eventually find what you want.

After you become accustomed to reading the messages being posted, you can concentrate on what's being conveyed, which is usually very useful information. You get advice from eBay's own personnel and experienced buyers and sellers, and also questions from visitors that alert you to what's on the mind of the eBay general population.

CROSS-REF

For more information on the eBay Toolbar, see Chapter 14.

Participating in an active workshop

If you scan the list of upcoming workshops on the eBay: Workshop Calendar page and you discover one that matches an area of interest, make a note in your planner or Palm device to reconnect when the session actually occurs live. That way, you can be part of the action and ask questions of people who are really in the know.

To participate in a live workshop, you first need to log on with your User ID and password before the workshop's scheduled start time. Click the [Sign In](#) to the Community Boards link, which is found in the navigation bar near the top of the Workshops page (see Figure 1.5).

When the workshop starts, messages begin to appear in your browser window. The browser window is automatically refreshed as new content appears. It's a good idea to sit back for a while and

NPBs, NARUs, and other concerns

If you attend live workshops or browse through archived sessions, you begin to learn what eBay buyers and sellers are really concerned about. You may see references to problem buyers and sellers, who are the object of comments not only in the Workshops, but also across eBay's discussion boards and chat rooms. Here are some of the problem members you may learn about:

- **Non-Paying Bidders (NPBs).** Non-paying bidders are a huge concern among sellers. These are bidders who either win an auction and fail to respond or who do respond to a seller but never follow through on a transaction by sending payment.
- **Individuals who are Not a Registered User (NARU).** A member earns this dubious designation by ending his or her registration or by being suspended by eBay. Technically, only registered users are allowed to buy or sell on eBay. But somehow, NARUs are occasionally able to place bids. If they win, this raises a dilemma for the seller, who is not obligated to accept the winning bid but who may be tempted to do so anyway.
- **The eBay Toolbar.** eBay has a convenient toolbar that you can add to your browser's set of default toolbars. By scanning the posts in the eBay Toolbar workshop, you discover that the eBay Toolbar raises concerns about how it tracks users' activities to the point that many are reluctant to install it.

References to such problem areas can be misleading as people tend to complain or raise concerns when they know they have the attention of someone on eBay and when they have others around who can help with a problem. However, the Workshops contain just as many positive as negative comments.

just watch the discussion take place, so you can become accustomed to the process of new content appearing without having to click or scroll.

TIP

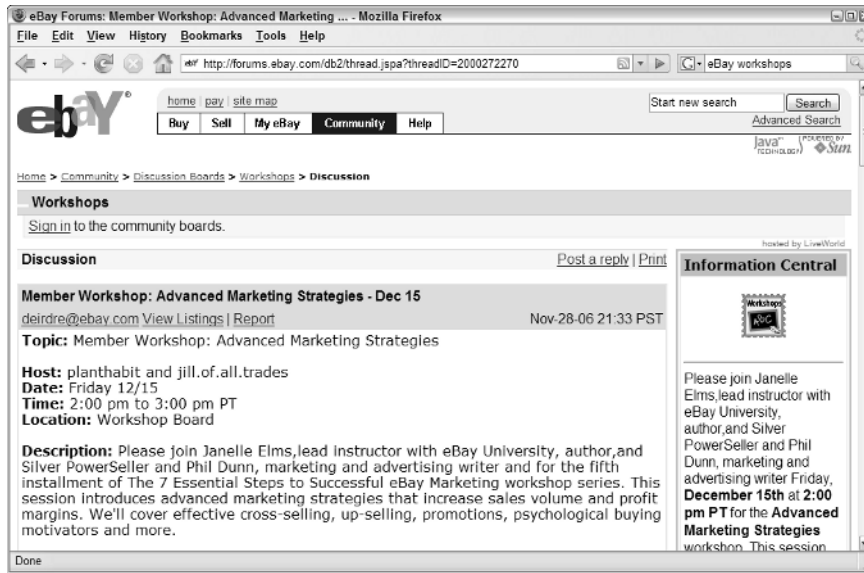
If the screen doesn't refresh quickly enough for your taste, you can click **View ↔ Refresh (View) ↔ Reload** to speed things up.

When a discussion is actively underway, navigation becomes more complicated because the length of the text on the workshop's Web page grows longer as postings are added; at the same time, you may want to scroll up the page to review a question that is being answered or to read a previous posting from someone who is making an additional comment. The blue buttons at the bottom of the most recent comment enable you to jump to various parts of the discussion easily:

- **To Top.** Jumps to the first post in the list.
- **To Last.** Jumps to the last message in the list.
- **More.** Moves to the next screen full of postings.
- **Previous.** Moves to the previous screen full of postings.
- **Recent.** Allows you to view the most recent postings.
- **Search.** Searches postings for a keyword you want to use.

FIGURE 1.5

You need to log on to participate in live workshops.



When you become accustomed to the format of the online discussion and get the flavor of what is being discussed, you can post your own message by following these steps:

STEPS: Posting a New Message to a Workshop Discussion

1. **Jump to the end.** Click Recent or To Last to jump to the last message in the discussion.
2. **Type your message.** After the most recent message, a text box appears where you can type your message. You can use simple HTML commands to make words or phrases appear in bold or italic.

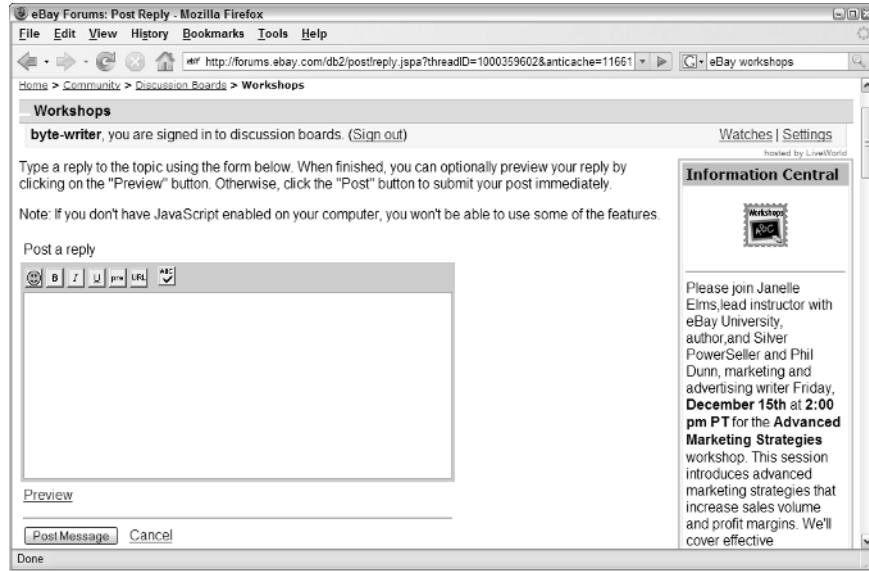
CROSS-REF

For more information and examples on using HTML commands to make your text stand out, see Chapter 17.

3. **Review your message.** Make sure that your message says what you want and that all words are correctly spelled and formatted. You can click the gray Check Spelling Box beneath the message text box (see Figure 1.6) to have eBay check your spelling for you.

FIGURE 1.6

A Check Spelling button helps you present your comments in the best light.



4. **Post your message.** Click the Post Message button to add your comments to the message board. Be careful not to click Refresh or Reload after you do so because this causes your message to repeat on the message board. Be patient and let the page refresh itself, so you can see your comments online.

You may have to wait until a few messages have appeared until your question or comment appears online. As with any chat room or newsgroup discussion, carefully consider your word choice and watch your language — especially because workshop comments remain on eBay's site for months at a time, if not longer. You don't want prospective buyers or sellers to judge you based on imprudent comments you made in the heat of a discussion and that you are unable to erase.

CAUTION

Keep in mind that you are participating in a forum in which one or more “pinks” (eBay employees) are present. They keep close tabs on what you say and how you present yourself in such workshops. Participants who include some sort of advertising either in their User ID or in a signature file that is attached to their messages run the risk of receiving warning messages from eBay moderators.

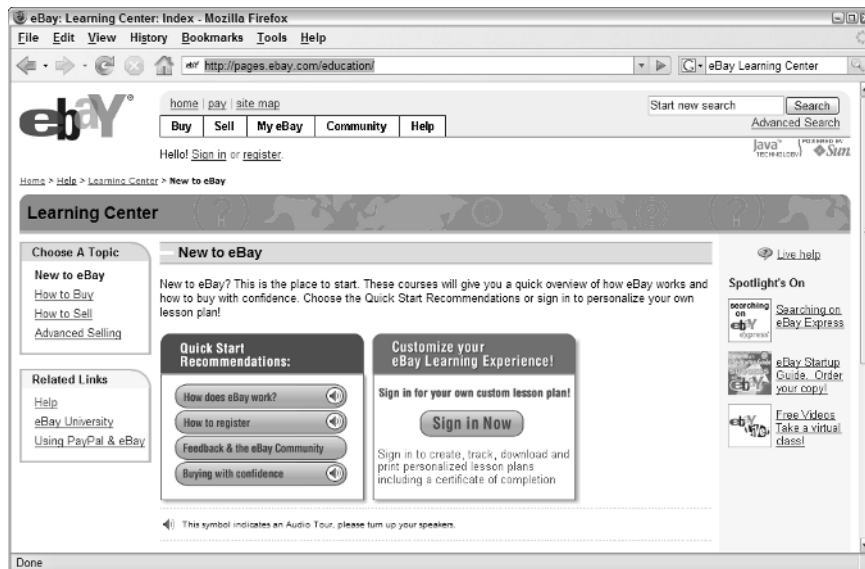
eBay tutorials

In addition to holding online workshops, eBay also presents a group of online, step-by-step tutorials that are designed to help you with very basic topics, such as how to become a registered user, how to complete a purchase, how to post an item for sale, and so on. However, the tutorials tend to be sparse as far as explanation goes.

eBay's Learning Center at <http://pages.ebay.com/education>, shown in Figure 1.7, provides you with a variety of tutorials that teach you how to buy and sell. The Customize your eBay Learning Experience feature is new; it lets you customize your lessons so you skip the parts you already know and focus on what you need to learn. For the most part, you'll find the same instructions between the covers of this book. But I can think of one good reason to take a tutorial. If eBay's procedures for conducting transactions change, you can get the latest instructions on how to do things properly here. eBay is a constantly changing environment. As users make suggestions (and voice complaints), the ground rules are changed accordingly. Some longtime eBay users (myself included) find that the process of putting items up for sale has grown far more complex than it used to be; it's worth taking a refresher course once in a while just to see what has changed.

FIGURE 1.7

eBay's own Learning Center includes tutorials on buying and selling.



The eBay road show

One of the best things about turning to eBay's own resources occasionally is the opportunity to meet other buyers and sellers. One of the best places to get personal with other eBay users, in turn, is eBay University. The University is a series of workshops held around the country. You have two options for joining an eBay University class:

- **Attend in person.** If you find a class that is being held in your area, you can go there and meet other students in person.
- **Attend virtually.** Take one of the free tutorials, or purchase a CD or DVDs, to learn how to get started with completing transactions, all in the comfort of your home.
- **Hire an instructor.** eBay has certified instructors around the country who can work with you for a fee. Exactly how much is up to the instructor; you have to e-mail each one for specifics. Click the [Find a class in your area](#) link on the eBay University home page.

Think seriously about whether you want to pay for personal instruction. But on the other hand, if you get a chance to spend even a few hours meeting other eBay buyers and sellers "in the flesh," by all means take it. Sharing stories with others is fun and exciting; you get a feel for how much they love eBay. Only 12 to 15 courses are typically held in a given year. They are scheduled for major metropolitan areas such as Detroit, Chicago, New York, San Francisco, and Los Angeles.

TIP

You can get a schedule of upcoming classes and register to attend one at <http://pages.ebay.com/university/classes.html>, or go to Help ⇨ eBay University ⇨ Attend Classes.

Joining a mentoring group

NEW FEATURE

Mentoring groups are relatively new to eBay. While it's great to take a class if you can find one in your area, you can join a mentoring group and get instructions and support at any time. To find a group, go to the **Community Overview** page at <http://hub.ebay.com/community> and click the [Mentoring Groups](#) link under the Education heading.

A mentoring group is a formal way of doing something many of us have been doing informally for years: contacting other members we know and admire and asking them for help or advice. Most mentoring groups are private; you have to ask the group leader to join. This is a good thing, because it indicates the group's membership is moderated, so only those who are serious about participating are allowed in.

The new to eBay board

The name of this eBay message board (<http://forums.ebay.com/db1/forum.jsp?forum=120>) is misleading, in my opinion. You do find articles such as how to post photos, how to add HTML formatting to sales descriptions, and how to create a seller's account. But the discussion board isn't just for people who are new to eBay.

Instead, you find weekly chat sessions conducted by longtime buyers and sellers who know one another well. You also find discussions about fake e-mail from “eBay” that is actually a scam designed to get you to give out your personal information and discussions about problems with buyers and sellers. You might even find a discussion thread about a current news crisis somewhere in the world. (There was a discussion thread about wildfires in California at the time this was written.)

eBay provides a variety of resources where you can get questions answered and meet other buyers and sellers. Table 1.1 gives you a selection of places to go on eBay itself when you need your questions answered in a hurry or you just want another person to talk to. Keep in mind that the URLs listed are subject to change and might be slightly different by the time you read this.

TABLE 1.1

eBay's Own Educational Resources

Resource	When to Go There	What You'll Find	Direct URL
Live Help	When you need an immediate answer from eBay support staff.	A new browser window opens with a text box where you can type chat-type questions to support staff. Be prepared to wait for a response.	Click the tiny Live Help link on the home page, www.ebay.com .
Answer Center	When you have a simple question about shipping, feedback, or another simple topic.	Answers from eBay users who have a feedback rating of 10 or higher.	http://pages.ebay.com/community/answercenter/index.html
eBay Category-Specific Discussion Boards	When you have a question or complaint about a type of item for sale rather than a general procedural question.	Responses from people who buy and sell in the category in question — some ridiculous, some helpful.	http://pages.ebay.com/community/boards/index.html
New to eBay Board	When you have a question that you think is “obvious” that is basic to buying and selling — deadbeat buyers, fraudulent sellers, reserve prices, and so on.	Some casual chat, but for the most part, answers to questions about beginner topics, such as Dutch auctions, making bidder identities hidden, and so on.	http://forums.ebay.com/db1/forum.jsp?forum=120
eBay Workshops	When you want in-depth tutorials from experienced sellers on specific topics, such as selling collectibles, silver, accepting combined payments, and so on.	Excellent, in-depth instructions on topics from people who have experience in the topic.	http://forums.ebay.com/forum.jsp?forum=93

Resource	When to Go There	What You'll Find	Direct URL
Technical Issues Discussion Board	When you have questions specific to hardware and software you use on eBay, which as Turbo Lister, Internet Explorer, WebTV, and so on.	Sometimes you find answers here; mostly you find other eBay users who commiserate with the problems you are encountering.	http://forums.ebay.com/db2/thread.jsp?forum=87
eBay Radio	If you want to speak to eBay's Uncle Griff personally or listen to discussions about specific topics.	Some Q and A, but mostly discussions about specific topics of interest to buyers or sellers.	www.wsradio.com/ebayradio

Learning from eBay reviewers and guides

NEW FEATURE

The most successful buyers and sellers on eBay are people who already know a lot about their area of interest. They may have been experienced retailer or wholesale merchants in that area themselves. eBay gives such individuals the place to write product reviews and provide tips and instructions on the Reviews & Guides page at <http://reviews.ebay.com>

NOTE

Reviews by eBay members are often very useful. But don't regard them as your only source. Sellers who have feedback ratings in the thousands and who are listed as "Top 100" or "Top 1000" reviewers seem credible, but you can never really know if they are promoting a product for a particular reason (they may be selling that product) or if they have an axe to grind. But at the same time, guides can be useful because they give you an alternative, unbiased view of a product or a task, rather than the "party line" you get from eBay itself.

eBay's secrets for success

What is it about eBay that attracts millions of registered users from all over the world, many of whom keep buying and selling for years at a time, and who build a good part of their daily lives around the site? Some might think it is because the economy is slow at a particular time, and people go to eBay looking to make some extra money or save a few dollars. But eBay has done well when the economy is booming and also when it's slow.

The reason eBay is so successful is because the site gives buyers and sellers plenty of reasons to stay for long periods of time and revisit on a regular basis. The longer they stay on eBay, the more likely they are to actually complete a transaction, and thus generate some revenue for eBay.

It goes back to the vision that eBay's founders had in the beginning: eBay would create the environment and give users ways to interact. By focusing on creating a community of users rather than simply on finding ways to make money, eBay ended up making lots of money. I've seen surveys indicating that the average eBay user spends more than 47 minutes per visit on eBay. In contrast, visitors to catalog stores and other commercial Web sites might spend only ten or twenty minutes

there (or less). On the usual e-commerce site, someone does a little shopping, picks out one or more items, and heads to the checkout area as quickly as possible. Look at all the things eBay members can do other than buy or sell:

- **Post feedback.** Both buyers and sellers are encouraged to post comments in the Feedback Forum describing their dealings with one another. The need to establish and maintain a good reputation gets people involved with the site.
- **“Talk” to others in message boards.** Antique hunters, collectors, and bargain hunters of all sorts love to talk about their common interests. Users often meet and greet each other in the same spots on eBay, either in a weekly, prearranged chat, or at the same each day, just to say “hello” and share opinions about the news of the day.
- **Post secondary information.** eBay sellers and buyers can create About Me pages to tell people something about themselves. Sellers can open eBay Stores. This gets them personally involved with the sales; it’s not just a business; it’s part of their daily lives.

In other words, loyalty, the love of finding a bargain, and the love of making some extra money are what keep eBay users returning on a regular basis, which makes eBay a lively and successful venue. It’s the human touch that means so much on the auction site.

Making eBay a Part of Your Web Site

eBay isn’t just a Web site, an auction venue, or a set of online services. It’s a way of viewing information — a set of programming commands, a storehouse of electronic information that can be accessed not just from eBay.com, but from other locations as well. eBay, in fact, is portable. You might find references to eBay and Web pages full of eBay sales data in Web sites that have partnered with eBay and paid to add the technology to their own servers. The following sections provide some examples of how eBay is expanding its presence in cyberspace.

The eBay affiliate program

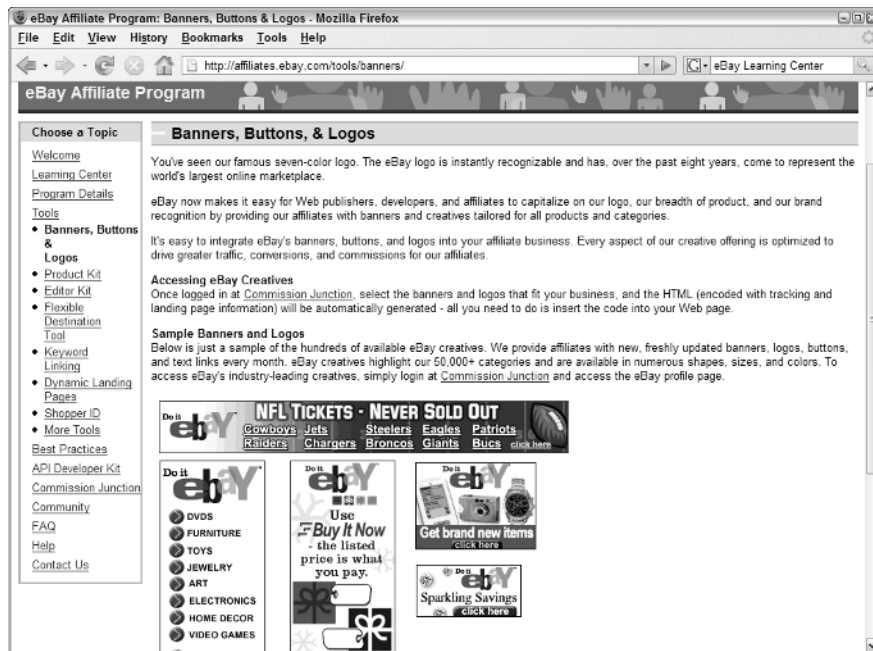
Affiliate programs are among the most popular ways to make money on the Web. In an affiliate program (in this case eBay; another well-known affiliate program is Amazon.com’s), individuals or businesses earn money by directing visitors from their Web sites to the company offering the program. In other words, if you place an ad or link for eBay on your Web site and someone clicks on it, and *then* either places a bid on an eBay auction or becomes a registered user, eBay pays you a small fee.

At this writing, eBay pays an affiliate from 40 to 65 percent of its sales revenue on an item for anyone you direct to eBay who then places a winning bid or buys that item outright through the Buy It Now program. You get anywhere from \$12 to \$22 if someone goes from your site to eBay’s and then becomes a registered user. If you produce a newsletter that discusses one of eBay’s categories, such as computers, sports memorabilia, toys, or motor vehicles, you can add one of the banner ads shown in Figure 1.8 to your publication. If someone clicks on the ad, they are directed from your site to the corresponding category on eBay.

CROSS-REF For a thorough explanation of the Buy It Now program, see Chapter 5. If you don't have a Web site or don't want to place banner ads on your pages, you can still earn some affiliate money by placing paid search ads for eBay products directly on Google or other search sites. Find out more in Chapter 31.

FIGURE 1.8

You can make a few extra dollars advertising eBay by adding one of these banner ad choices to your own Web site, if you have one.



ON the WEB

To find out more about eBay's Affiliate Program, read the description of the program at <http://pages.ebay.com/affiliate/index.html>.

The eBay Editor Kit

The Editor Kit is a tool that eBay buyers and sellers can use to place selected auction listings on other peoples' Web sites. It can provide you with a source of additional income if you specialize in a particular area of goods or services and you create a Web site devoted to those goods or services. If eBay has a category that meshes with your area of interest, you can use the Editor Kit to gather current auction listings from that area and put them on your site.

Suppose that you are a photography enthusiast. You collect antique cameras, and you recommend cameras that collectors might want to purchase. In your section on Nikon cameras, you can

include a small sampling of Nikon photographic equipment that is currently up for auction on eBay. The Editor Kit includes a small section of Web page code that you would add to your Nikon Web page. When someone views that page, the code would gather current Nikon listings from eBay.

You can use the content you create with the Editor Kit to direct people to eBay's Web site. You earn an affiliate fee when they click a link to eBay that you placed on your own Web site, but only when they then subsequently place bids or register with eBay.

ON the WEB

To find out more about the Editor Kit and how to add it to your Web site (if you have one), see <http://affiliates.ebay.com/tools/editor-kit/>.

The eBay Product Kit

If you sell merchandise at auction on eBay, you can use the Editor Kit to list those auctions on your Web site. If you don't have products to sell or if you want to display sales listings from a particular artist, author, or manufacturer, you can use the Product Kit to display merchandise from across the eBay marketplace.

While the Editor Kit only links to auctions, the Product Kit links to sales descriptions, especially in the popular music and movies categories. You fill out a simple form and add some JavaScript code to the code for the Web page on which you want the listings to appear.

CROSS-REF

To find out more about the Product Kit and their affiliate tools, see Chapter 31.

eBay Partnerships and Purchases

In order for a business to not only survive, but to thrive, it needs to partner or merge with companies whose goods and services complement what it has to offer. For example, if you have items to buy or sell, you strike a partnership with eBay when you become a registered user. In the same way, eBay has reached agreements with a variety of companies so that it can help auction sellers market more goods on its site. Other partnerships are designed to make it easy for bidders to shop for just the right item. Here are a few examples:

- In March of 2002, eBay partnered with Altura International, a catalog firm, so dozens of catalog companies could auction off their discontinued or overstocked merchandise on eBay.
- In June of 2003, Nikon partnered with eBay to provide instruction on how to take good digital photographs. In return, eBay gave them a "landing page" on eBay where shoppers could locate various categories of photographic items for sale.
- In October of 2000, eBay partnered with the NFL to sell autographed footballs and other memorabilia on the auction site.

Over the years, eBay has also purchased sites such as PayPal and Skype and struck up partnerships with companies as diverse as Sothebys.com, the online marketplace for the prestigious traditional auction house Sotheby's, and with the automotive service company Pep Boys. The partnership with Pep Boys enables eBay buyers and sellers to obtain comprehensive, low-cost inspections of vehicles for sale through eBay Motors.

TIP

No single business entity goes it alone — not even eBay. All of these business partnerships are interesting to read about. But there's something for you to learn, too. Look to other businesses to branch out with your own eBay activities. Make links to other Web sites; make friends with other people who buy and sell what you deal in. You'll be a smarter seller; you'll pick up tips; your chances of success will increase dramatically.

Summary

In this chapter, you were introduced to important points in eBay's growth and development that can help you be a smarter buyer and a more successful seller. You learned:

- eBay was created by an entrepreneur who wanted to give people around the world a way to conduct transactions.
- eBay's growth occurred as a result of the vision of a city driven by an online marketplace that is supplemented by financial services, stores, and other resources for buyers and sellers.
- eBay makes money by charging fees to sellers. Although it's free to shop and place bids, sellers place fees to list items for sale, add on promotional features, and successfully complete transactions.
- You can get personal tips and help from eBay users through the site's own online workshops, tutorials, and eBay University classes held around the country.
- You can find eBay all over the Web through its affiliate programs and partnerships as well as an Editor Kit that lets sites retrieve current sales from eBay's database.

In the next chapter, you'll get a historical overview of high and not-so-high points in eBay's history that you'll find entertaining and make you more knowledgeable about the company.

