

## Introduction to Business Final Case Project

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**Abstract:** EBay is an online auction and shopping site that allows people around the world to buy and sell goods. It was founded on September 4, 1995. The founder was upset that his girlfriend loved a candy box, but couldn't find someone to communicate with, so he set up an auction website, hoping to help his girlfriend find fans. This is the predecessor of eBay. But what it didn't expect was that the site was quickly occupied by a variety of enthusiasts who liked different items. The first item the founders sold was a broken laser indicator for \$14.83. He asked the winner in surprise, "don't you know it's broken?" It received the following reply: "I'm a player who collects broken laser indicators." EBay can be said to be a legend and myth in the e-commerce sector. Now its influence in the e-commerce sector is still irreplaceable by other e-commerce companies, and some of its policies are still widely used in the industry. So how does eBay manage itself and keep developing? This is worthy of further discussion and observation.

### Indicators of EBay Growth

EBay is a well-known platform in the field of e-commerce and has the first-mover advantage in the competition. In order to keep up the growth of the business, EBay has taken many actions to stimulate growth. The following three factors are analyzed from Exhibit 1 to 3.

A company's growth is measured from several perspectives. An investor often determines a company's growth from its growth in profit, assets, sales, etc. If a business is good and efficient, all the categories above will go up.

The first factor that leads to eBay's growth is increased investments. The growth of the company was significant over the period 2000 to 2007 that may be attributed to increased investments. An example in exhibit 3 shows property and equipment value increasing from \$125,161 in 2000 to \$1,120,452 in 2007. At the same time,

the value of total stakeholders' equity also increased from \$1,013,760 in 2000 to \$11,704,602 in 2007. Increased investments lead to increased purchases of assets such as machines, and office materials which can bring up business productivity and reduce production costs. "Asset increases improve a company's total economic value added from business operations" (Vitez) which will determine the growth of a company.

The second factor that leads to the growth of eBay is more advertising and promotional sales. We see advertisements every day of our life. They help businesses to increase sales. They also make people aware of the product so that the buyers can try the product. Consumers also need advertising in their daily life. Promotions make us aware that this a new product coming out and give us a newly available choice when shopping. When customers have a range of products to choose from, they are more likely to find out the best option for them. If the product is not advertised, no one will know that there is a product available that fits the best for them.

From 2000 to 2007, eBay achieved its growth during the trade period through increased advertising online and increased sales promotions strategies. Using exhibit 1, the number of registered users and active users increased dramatically during the period 2000 to 2007. This may have been due to increased advertising online which attracted many potential customers. Sales promotion strategies may have also led to increasing gross merchandise sales and the number of auctions listed in exhibit 1. Increased sales promotions will attract a larger market which will enable the company to sell more. Sales is one of the most important components when measuring a business's growth.

The use of improved technology also leads to eBay's growth. There is sufficient evidence to show that the use of better technology can reduce the costs of production. For example, advanced software that does a good job optimizing product design can prevent the company from spending unnecessary time and money during the designing process. There is also a software called Design for manufacturing and assembly (DFMA). It can draw useful data from a large database and estimates the cost on the assembly line. Eventually, it will determine the best methods to manufacture products for the company.

Through the benefits modern technology brings to eBay, it is able to sell its products at lower prices which would increase sales and marketing. This is evident in Exhibit 2 where shows eBay income statements. The net income of the company has been increasing from 2000 to 2007. In 2000 the net income was \$48,294 and it increased to \$348,251 in 2007. An increase in gross profits has been realized by the company since 2000. Gross profits increased from \$335,971 in 2000 to a high of \$5,909,357 in 2007. By using better technology, high-quality goods are produced which attracts more consumers for their products. Increased sales volume leads to increasing gross profits as in exhibit 2.

### **EBay's Business Model**

I agree that “The eBay business model was built around three operating segments: Marketplaces, Payments and Communications”. eBay is a well-known platform in the field of e-commerce and has a first-mover advantage in the competition. In order to maintain its advantages, eBay has recently launched many businesses to stimulate the growth of platform business.

EBay has been releasing more and more data to its platform sellers. These data include price guidance, purchase guidance, and more insights into inventory-such as demand signals for the correct product, price, and timing. In addition, eBay continues to increase user engagement and satisfaction by directing traffic to excellent rated sellers. Therefore, the same store sales of these retailers continue to grow at a healthy rate. eBay has expanded its use of social media, which has effectively increased traffic growth.

EBay is one of the largest online trading platforms in the world, providing a powerful platform for individuals or small businesses all over the world to sell goods and services. This company has local sites in countries including the United States, the United Kingdom, Canada, Germany, Austria, France, Italy, Japan, South Korea and Australia, and allows buyers and sellers of these platforms to conduct local, domestic or international trade contacts.

A business model is a description of how an organization performs its functions and a summary of its main activities. It defines the company's customers, products and services. It also provides information on how the company is organized and generates revenue and profit. The business model and (company) strategy together dominate the company's main decisions. The business model also describes the company's products, services, customer markets, and business processes. Today, most business models rely on technology. Entrepreneurs on the Internet have invented many brand-new business models, which are completely dependent on existing and emerging technologies. Using technology, companies can reach more consumers with minimal cost. Every business model innovation can bring the company a competitive advantage for a certain period of time. But as time changes, the company must constantly rethink its business design. As the value orientation (of consumers) shifts from one industry to another, companies must constantly change their business models. The success or failure of a company ultimately depends on whether its business design meets the priority needs of consumers.

The cost of eBay's development over the past few years includes the introduction of a new 4% “fine” for sellers who are below the standard. Therefore, it is important to ensure that if you sell on eBay's US site you maintain an above-average rating. 4% of eBay will charge you fees, in addition to the final value of each sale. This information is displayed on the seller dashboard, and I recommend that you keep track of your rating and maintain your positive reputation.

When you sell items on eBay, you need to pay the final value fee. But sometimes customers have other ideas and will not pay for the item. In this case, you can reimburse them for unfairly charged fees through eBay. You can do this manually or

automatically by opening the "Unpaid Items Assistant". When you open an eBay store, you can enjoy lower "listing" and "final value" fees. If you use eBay as a source of income and not just sell items around the house, then in most cases, it will pay for the eBay store.

Sellers can get 20 listings, they can publish for free, and then they need to pay an insertion fee. But many people don't know that eBay has free time to market, because you can list as many items as you can without paying. If the items you want to sell are not urgent and you don't mind leaving them in the background, please consider extending to the next free listing day and then take advantage of this. You will still pay extra fees, such as image enhancements, and you still need to pay eBay the final sales price, but this can save you money, especially for large purchases.

eBay provides many options that can help increase visibility and sales, such as "Bold" and "Subtitle". I think that since eBay has not disclosed any statistics that support these tools are indeed effective. When it comes to e-commerce, data is my stumbling block, and if it doesn't exist, I tend not to bite. As far as the listing templates provided by eBay are concerned, they are clearly not suitable for conversion optimization. In this article, you may have seen our post about creating the perfect eBay listing, explaining the key design elements that contributed to our 220% increase in sales, and this is the most effective tool we use to grow our business.

Provide references to former or current customers to be able to handle the daily/weekly/monthly shipments you need-only you know that this number is 5 or 50 Quality assurance is borne by the supplier. The best way to ensure the quality of potential suppliers is the test order was posted anonymously because many people and companies tried their best to acquire new customers, but did not meet the service standards they promised.

Transport speed tracking details of the existence and/or accuracy of response time to query the condition of the item when it arrives-try to return the item to them and see how things play out. If the supplier in question has a high rating for most categories, then be sure to start placing orders-but in my opinion, gradually start to consider using multiple suppliers.

The best way to find a reliable direct selling supplier is at the exhibition. Meeting in person has great advantages: it is much easier to judge the role in person. Only well-established and "serious" suppliers will work hard to participate in the exhibition. There are many suppliers here, and you can easily compare prices and services. List titles and descriptions. Valuable tips as time goes by, sellers who master batch listing technology will gain a significant advantage by saving a lot of time, which can be used to further expand their business and gain a competitive advantage.

Customers on eBay are looking for different things. Some people want the cheapest products possible, while others want the hottest new products regardless of cost. But at the end of the day, every customer wants to make sure that they are purchasing from a reliable merchant and they will provide quality products in a

timely manner. If a person has insufficient confidence in your product and/or brand, he or she will skip your list.

The information you receive from current and potential customers is very important because they highlight information that may be used more often to optimize your listing. If something in your list is not clear, for example, even if you are moving a large number of items, this is also a sales deterrent. The customer's concern is a flashing light, notifying you of what can and needs to be improved. As most people know, eBay works based on search algorithms. You don't need to understand this in depth, and you can easily grasp the idea that the more project details you provide, the easier and easier it will be for your project to appear in search results. This is especially true when customers filter items. If you do not fill in the item details, your product is likely to be displayed as low in the search results or not displayed at all when filtering.

In a sense, eBay is illusory. It is one of the largest online shopping platforms in the world. However, it does not produce or provide goods. The company doesn't even have retail stores. It only provides a network-based service that connects buyers and sellers together. Then, how can eBay become a legend in the e-commerce field?

First of all, from the market's point of view, the way eBay operates is unique. The company chooses to provide a virtual market on the internet instead of opening large stores. This concentrates people's popularity so that buyers and sellers can gather online and generate trading behavior. Only a large market can produce massive trading. When people hear about this board, they will think of eBay.

eBay is distributed in various countries all over the world. It can trade a variety of commodities. They expand various online business platforms in the market segmentation. eBay also acquired a stake in Craigslist, a leading provider of online classified advertising. The website contains sections devoted to jobs, housing, services, and discussion forums.

eBay has also entered the real estate industry and acts as a middleman. The purchase of shopping, by charging retailers a certain fee, lets buyers involve directly into the eBay network to obtain revenue. The refinement of eBay's market is regarded as the key to the company's future development, so the market is an extremely important part of eBay. Payment includes PayPal and Bills Me Later. In 2002, auction giant eBay has decided to use PayPal as its electronic payment system. The company acquired PayPal in a deal valued at \$1.5 billion. eBay was hoping to increase the number of electronic payments made via eBay through the acquisition of PayPal.

eBay plans to continue to expand PayPal's user base revenue. eBay expanded its market presence by acquiring Bill me later in 2008. Bill me later is used to deciding whether to grant credit to that person based on certain criteria. It is an incredibly convenient way to pay. It gives buyers the flexibility and control when paying bills. It's also safer and secure since it provides all the protection people expect from

PayPal. EBay later expanded its business to consumer credit, not simply through partners.

EBay expanded the business model and paid for all businesses of eBay's market department. It provides a certain basis for the market and has more than 57 million active accounts. While EBay was expanding the payment business model, it also expanded its geographical scope. The company occupied one of more than 190 markets in the world A regular portion. It provides three types of accounts, personal accounts, business accounts, and advanced accounts. It also provides protection plans for the buyers so that the seller cannot invest a lot in the software. The paid seller protection plan can reduce many of the risks that can happen during the transaction. There are many ways of income, from various aspects, through various payment channels.

EBay has also created some disturbing policies. For example, eBay has decided to keep high-risk related payments for 21 days. EBay may hold users' funds for 21 days if they determine the transaction to be a risk. Category, price, and seller standing can all contribute to this decision. However, this hold will generally only apply to sellers who are already under the Funds Availability program. If there aren't any issues with the transaction, such as a customer filing a dispute, the payment will become available within 21 days. EBay believes that this will improve security. However, there are also some downsides to this policy. Most of the users think it's really important to receive their money as soon as possible. Putting a hold on users' funds until their transaction is done can bring users many inconvenient shopping experiences.

The communications business is based on Skype, which was acquired by eBay in 2005. The company can earn profit by charging phone calls, text messages, etc. Members from 225 countries believe this will allow it to develop into a more powerful platform.

Exhibit 4 shows EBay's Net Revenues by Segment from 2005 to 2007. The revenue of all three segments of eBay's business model has increased between 2005 and 2007. The net revenue of eBay has increased from \$4,552,401,000 in 2005 to \$7,662,329,000 in 2007. It's obvious that the period from 2005 to 2007 was a very critical period of growth for eBay. EBay has successfully moved forward. The key to its growth is to ensure the safety of the users and the communication between buyers and sellers. However, eBay still needs to improve certain areas. For example, it has not realized the maximum development potential, and its communication still has the strength to go on.

### **Differences in Global and Domestic Markets**

One of the main differences between global and domestic markets is that domestic firms operate mostly or completely within the United States, whereas international trades are mainly conducted beyond the U.S. boundary. The place of business domestically is usually spread out countrywide in order to capture customers from every corner of the domestic country in the current case being the

United States of America. The place of business internationally is usually hub-based and not as widespread as the domestic setups due to the fact that if the business fails in one country, it would be easier to remove the business from that area unlike being able to withdraw the business when the company has widespread operations which is always risky.

For domestic trades, all transactions are carried on with one currency. There is typically less or no restriction on the transportation of goods. However, the market is limited to a certain group of customers and often sell in small lots. For global trades, all transactions are carried on in convertible currencies. Therefore, currency fluctuation, the fluctuation of a country's currency, can be a problem for the company. Generally, a weaker currency leads to more exports and makes import expensive. While a strong currency stimulates imports and reduces exports. As exchange rates play a huge role in the economy, there are more restrictions in the movement of specific goods to specific countries. However, the market is usually broader and often sells in large quantities.

The pricing of products internationally majorly differs from the pricing of products domestically in the US. The main difference between the global markets and the domestic markets is that certain markets in the world may be price-sensitive or price-insensitive along with the costs in the domestic and international markets differ to a major extent through which Ebay can innovate and make themselves more profitable.

The sales promotion activities that are to be undertaken in order to let the customers know that there is such a product available in their specific country when Ebay launches the same in their country is also different. Costs of promotional activities will vary from place to place and country to country. Hence, the same needs to be attended to and also, they have to be carefully analyzed by taking in the response in relation to the costs that are going to be spent. Domestic activities are more predictable and the outflow of resources of the company can be determined with certain components, while the international markets are never the same and hence careful consideration before implementing is very much required.

The product which is the most important of all the elements of the marketing cannot be implemented the same way it is implemented in the domestic markets. International markets require more customization in order to catch to the tastes and preferences of the customers spread globally. This is one of the most important factors to be considered while implementing business internationally. If the same is not properly analyzed and met, then the company's product would not be as successful.

The payment mechanisms too may vary largely between domestic and international markets. Some businesses may command a fee that has to be factored in, to consider whether entering such countries would be feasible failing which it would be better for the company to stay away from the country due to the highly competitive conditions to do business in that country. Hence, a friendly condition is more beneficial to a company's growth.

Exhibit 3 is eBay's balance sheet. From the balance sheet, the accounts are balanced over the years from 2000 to 2007. The company's total assets have been increasing over the period from \$1,182,403,000 in 2000 to \$15,336,037,000 in 2007. The balance sheet equation,  $\text{Assets} = \text{Liabilities} + \text{Equity}$  has been shown in exhibit 1 during the period of 2000 to 2008 showing that the company can account for all its transactions during the trading period.

From Exhibit 5, we see that eBay's revenues have sky-rocketed both domestically and internationally. The company's net revenues in U.S. raised from \$2,471,273,000 in 2005 to \$3,742,670,000 in 2007. It's worth noticing that eBay's international net revenue was initially lower than the U.S. in 2005 with \$2,081,128,000, but soon overtake the U.S. in 2007 with net revenue of \$3,929,659,000. The net revenue of eBay has increased from \$4,552,401,000 in 2005 to \$7,662,329,000 in 2007. The key fact that eBay's international net revenue overtook its net revenue in the U.S. is a key sign for the product to go full-fledged into international markets which indicates that the company is ready to grow over a vast geographical boundary rather than sticking to a few of the countries which are prominent apart from the domestic operations in the U.S.

Generally speaking, the marketing of eBay is on the rise, while the global marketing is lower than that of domestic marketing at first and then higher than that of domestic marketing, which to a certain extent reflects the deepening and growing development of eBay abroad. To a certain extent, the feasibility of various activities of eBay is also seen. From the perspective of eBay's market, payment and communication means. It has acquired some enterprises and companies in China, and acquired some domestic companies that can develop and enhance its own strength. At the same time, it can be regarded as an important measure for eBay to develop itself in China.

In the foreign market, eBay acquired Skype. This measure makes members from 225 countries all over the world think that. This will make eBay a more powerful platform. It has also expanded its payments business as part of eBay's global activities. They have expanded a variety of on the go business platforms in market segmentation, improving the consumer experience, and it has acquired a stake in Craigs list, a leading online classified advertising and forum provider. It also entered the real estate industry, acting as a middleman.

The market perfection of eBay is regarded as an important goal of the company's future development, so the market is an important part of eBay. As can be seen from eBay's balance sheet in Annex 5, its number is growing over time. The growth of any enterprise is inseparable from their activities. Therefore, through its own system and combined with its own development, eBay has carried out activities suitable for itself, and carried out different activities at home and abroad to promote its own growth.

Today, with 147.1 million registered users and sellers from 29 countries around the world, eBay has become the largest E-mart in the world with millions of items sold in thousands of categories every day. It has also become a benchmark at the top of the industry and a miracle for this industry. The success of eBay depends more on

its solid development and wise action. It is worth learning and learning from. It is no exaggeration to call it the miracle and myth of e-commerce. A brand that almost everyone knows.

### **What Impact did eBay's changing product mix have on competing services?**

Over the years, eBay has continuously changed its fee structure. Before you had to pay any fees of 25 cents, and pay the "insertion fee". This is the basic price of the product listed on eBay. eBay became smarter and eventually realized that if the listing fee was lower, it would attract more sellers, so they began to provide a certain number of "free insertion fee" lists every month. Another thing that may affect the final sale price is the day of the week when your auction ends. You will find a lot of people searching online for the best day to end an eBay auction. They are actually asking the wrong question. The question you should ask is which day of the week is best to end the auction for the type of item you are selling. In fact, office workers who buy office equipment will shop on different days of the week, not people who might become antique collectors. These different shoppers have different lifestyles and different online shopping habits. When you want to list items, first search for the type of item you plan to sell. Make sure to filter only "sold" items as described above. Then choose to sort the results by the highest price.

As part of your research on similar items that have been sold on eBay, please note the highest-priced sales and take a closer look at how the seller describes their items. There is no problem copying the description into your description field and using it as a template for your own product description. Just make sure to completely rewrite the description to accurately describe your item, including all imperfections and defects. You should not plagiarize someone else's, but using a successful seller formatting template will give you a good start and it will save you a lot of time. If you want to start selling on eBay, and you want to make the first pot of gold from it, then remind you. Even if you sell exactly the same products and other products are the same, the income of new sellers is always lower than that of experienced sellers. Buyers on eBay have a high degree of trust in merchants who have ratings, how do customers judge whether the merchant is trustworthy? The "trust" measurement standard of eBay is the feedback rating system. As a seller, we can receive feedback ratings from customers. There are three types of scoring: positive, negative or neutral. Later, eBay added "detailed seller ratings." Now buyers can rank specific areas where sellers have done well. The ranking of buyers is also determined by sellers.

Basically, most of the seller's company is done through the agent of a domestic registered company, so the company's business license address is also the virtual address of the agent's operation, and when registering an eBay business account, there is a company address certificate (business license address ) Provides a business unit or government agency to be effective. This is a problem for a large number of sellers. It is not that they don't want to provide it, but it's not easy to provide it at all. So there is a large wave of seller account registration dead in this link. After registering an eBay business account, there is a business plan evaluation, which is

evaluated according to the seller's category, final logistics, site, customer unit price, etc., when the seller's business does not meet the minimum standards of the business plan, different situations will occur. The most obvious limitation is the change in sales. Many sellers with poor foundations are finally filtered out by the business plan, and they don't know how eBay does it!

At first, I sold a lot of small and cheap things. This allows you to get a lot of positive feedback in a short period of time. For example, many foreigners often start to sell old toys, second-hand goods and so on. Don't wait more than 24 to 48 hours to ship the sold items. Ship with lightning speed. Before the goods are dispatched, carefully check whether the products are complete and whether the packaging is damaged, so that they can reach the seller's location in good condition. If the buyer sends you a message on eBay, please reply promptly and politely. Try to list products with a starting price similar to the selling product with the highest final bid. Take similar photos from the same angle. Write down the product description and try to describe your project in a similar way. Check which days of the week the highest selling items have been auctioned off, and reschedule your items accordingly.

Many sellers finally registered an eBay business account and passed the tracking assessment of the business plan. However, suddenly one day, the account quota changed from tens of thousands to hundreds of thousands to single digits or tens of digits, and the sky fell suddenly. Yes, because all the listings of the basic account will be removed at the beginning of next month, and you cannot modify any of the listings this month. Why is this happening? Some sellers may be mentally aware that the company account they applied for is accidentally associated with other Account, but there are sellers who have never had an eBay account before. They belong to the real enterprise account and meet the users. At this time, they are called every day and the land is not working properly. I can only blame my registration information for being dirty! Sellers who have the foundation need to make the downgraded number again through the operation!

I feel that it is difficult for eBay to make popular products, and the number of orders is not large. This is often complained by Amazon sellers when they are transformed. Amazon sellers often rely on one or two products to feed the entire company. Therefore, I also think so when I do eBay. Yes, but, ignoring the fact that each platform has different policies that lead to different traffic distribution, so you must learn to follow the customs. The eBay platform has one or two products that can feed the entire company, but this product operation requirement is actually more difficult than Amazon's. There are many, so, for other products, the selection is appropriate, in fact, seven or eight feeding companies can do it! I heard that to do eBay is to keep on listing products, but I have already listed hundreds of listings, so why don't I issue many orders? I often order fragmentary orders. In fact, this one is just listening to other people's stories. As eBay, the current eBay distribution model can be said to be monopolized. It is normal to shop hundreds of items a day without issuing orders, and there are only a few hundred listings in total.

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