eBay 2014
A COMPANY IN TRANSITION, WHAT WILL HAPPEN AFTER THE SPLIT?

WHAT ARE THE THREE BUSINESS LINES OF EBAY ENTERPRISE?

IS IT WORTHWHILE FOR COMPANIES TO ADVERTISE ON EBAY?

WHAT IS THE RELATIONSHIP BETWEEN EBAY AND ARGOS?

November 2014
Introduction

There has not been a more interesting time to study eBay.

Strategically, the company is at a crossroads having blazed an expansive acquisition path over the last year and a half particularly in mobile, yet will almost halve in size when PayPal becomes independent in 2015, eBay's fastest growing business arm (18.5% net revenue growth in 2013).

In terms of reputation, how will eBay rebuild trust with customers again after the cyberattack earlier this year saw customer data stolen? The way the company handled the event by only revealing what happened a couple of months after it happened was ill judged. A lengthy process to win back the confidence of consumers is paramount for eBay.

Competitively, how will eBay fare in the fierce online marketplace sector from the standard setting Amazon, who has overtaken eBay in terms of gross merchandise volume? What about the growing global threats of Alibaba and Rakuten? How will eBay's presence and power in the market be affected without PayPal? Could eBay be an acquisition target?

Therefore, both internally and externally, eBay is forced to confront serious challenges as a smaller entity and this makes for a fascinating next couple of years for the company.

EBay will need to go back to its roots as an online ecommerce business after shedding PayPal and focus on its core C2C and B2C ecommerce offerings, improving customer service and experience and attracting more big name brands to sell on the site. EBay will also need to significantly grow eBay enterprise, the B2B ecommerce solutions business, to fill some of the void left by PayPal.

To ensure that the shrinking in size does not affect eBay's competitiveness at home and abroad, the company needs to be innovative. Fortunately, there seems to be plenty of that spirit around with eBay increasing its presence in offline stores, investing in technology, utilising social media to good effect and expanding its fulfilment operations. The company continues to consolidate in its core overseas markets as well as investing in emerging markets, where the level playing field is more equal.

The report provides a comprehensive study into eBay’s business model looking in depth at the issues above and more. The thought provoking content and individual insights from the analysts that emanate from the transitional period eBay is currently facing provides for a timely and engaging read.

‘There has not been a more interesting time to study eBay’
Key Questions Answered

- Why has eBay's marketplace model moved on from its auction-style transaction site? Why is eBay incompatible with luxury brands?
- How will the marketplace and enterprise roles in the overall business alter when PayPal becomes independent?
- Why has PayPal been so important for eBay? What are PayPal’s strengths that make it so attractive?
- How will eBay and PayPal fare as separate entities? What opportunities will both entities have?
- What are the three business lines of eBay enterprise?
- Is it worthwhile for companies to advertise on eBay? What channels should eBay use to advertise itself?
- Where are eBay’s core markets outside America? Which emerging markets has eBay invested in? Which major markets are eBay absent in?
- What is the relationship between eBay and Argos? What is eBay Now?
- How is eBay approaching the personalization strategy?
- In what ways is eBay tackling the mobile channel?
- Should eBay introduce a tablet of their own?
- How will eBay compete globally as a smaller company?
Features & Benefits

Features

- Updates on eBay’s activities over the last 16 months
- eBay’s key financial performance figures explained
- A thorough analysis on eBay’s three business segments, detailing the challenges each face and their respective futures
- An insight into eBay’s international operations in selected markets
- An analysis into eBay’s fulfilment service eBay Now
- ResearchFarm’s thoughts on the future of eBay and strategic recommendations

Benefits

- Stay up to date on eBay’s recent developments including acquisitions and partnership deals
- Understand in depth eBay’s business model and how PayPal going it alone will affect the model
- Understand the intense competitive landscape eBay finds itself in from the established competitors to the future global disruptors
- Appreciate the thinking behind the decision to spin off PayPal from eBay
- Learn about eBay’s core country markets and the emerging markets it has been targeting

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Collection point

FASHION
# Table Of Contents (1/3)

## Executive summary: eBay

10

### The core of the business model: the marketplace

16

- Strengths of marketplaces: the model
- Strengths of marketplaces: data benefits
- Strengths of marketplaces: data benefits, pricing power
- Strengths of marketplaces: pricing power, beneficial cash flow
- Strengths of marketplaces: beneficial cash flow, unlimited range
- Strengths of marketplaces: unlimited range
- Strengths of marketplaces: network effects

## EBay: Introduction

24

- Introduction: eBay – three businesses soon to become two
- Introduction: enterprise, the move away from auctions
- Introduction: professionalising and the channel shift
- Introduction: the rise of wearables
- Introduction: the advertising opportunity, eBay’s subsidiaries

## Recent key developments

30

- June 2013: full-priced fashion store launch, Dressipi trial
- September 2013: eBay and Argos in-store collection, Shutl acquisition
- November 2013: eBay and Westfield Labs’ digital storefronts, Debenhams joins
- December 2013: eBay officially bring Magento into the enterprise division
- December 2013: eBay acquires StackMob and Braintree
- January 2014: eBay enterprise launches Ship-from-Store
- January 2014: Carl Icahn proposes a PayPal spinoff
- February 2014: acquires 3D graphics company PhiSix, widens baby category
- February 2014: eBay increases investment into India
- February 2014: eBay advertising launches partnership with Acxiom
- March 2014: eBay introduces “the transaction defect rate”
- March 2014: Magento lays off workers, Carl Icahn’s proposed PayPal spinoff rejected
- March 2014: social retailing with eBay Collections
- April 2014: Carl Icahn calls truce as eBay’s sales climb 11% in Q1
- May 2014: eBay enters Latin American markets
- May 2014: eBay the target of a massive cyber attack
- July 2014: Adidas to resume sales on eBay
- September 2014: announcement of eBay/PayPal split, Autobutler partnership
- September 2014: re-entering mobile ads
- October 2014: launch of live auction service, FC developments in Germany
- October 2014: first global brand design campaign, Q3 results

## Financials, KPIs, benchmarks

52

- KPIs: strong GMV growth, while vehicles’ GMV is in decline
- KPIs: GMV per country in €m 2008-13, USA, DE, UK, Korea, e
- KPIs: GMV by region, weakness in China and Japan due to past missteps…
- KPIs: …and the strength of local competitors Alibaba and Rakuten
- KPIs: figures – Dec 2013
- KPIs: net revenue, net income, margin, growth 2009-13
- KPIs: net revenue, marketplace, payments, enterprise, growth 2009-13
- KPIs: revenue analysis – the outperformance by PayPal
- KPIs: marketing services and other revenue, growth 2009-2013
- KPIs: revenue analysis – US versus international
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPIs: UK performance, Shutl as FBA equivalent forerunner?</td>
<td>63</td>
</tr>
<tr>
<td>KPIs: Germany performance, should Amazon be worried?</td>
<td>64</td>
</tr>
<tr>
<td>KPIs: South Korea performance, a launch pad to expand further into Asia?</td>
<td>65</td>
</tr>
<tr>
<td>Strategy – the marketplace</td>
<td>66</td>
</tr>
<tr>
<td>Marketplace: serving sellers and buyers</td>
<td>67</td>
</tr>
<tr>
<td>Marketplace: top rated sellers, buyer protection as barriers to entry</td>
<td>68</td>
</tr>
<tr>
<td>Marketplace: eBay's move away from auction house</td>
<td>69</td>
</tr>
<tr>
<td>Marketplace: flea market, fakes and luxury players protecting their brand</td>
<td>70</td>
</tr>
<tr>
<td>Marketplace: the effects of the split on eBay, rethinking auctions</td>
<td>71</td>
</tr>
<tr>
<td>Marketplace: eBay and its back end problem</td>
<td>72</td>
</tr>
<tr>
<td>Marketplace: bearish on fortunes past the PayPal spin off, new competitors</td>
<td>73</td>
</tr>
<tr>
<td>Marketplace: losing the pioneers, weakening the ecosystem</td>
<td>74</td>
</tr>
<tr>
<td>Strategy – PayPal</td>
<td>75</td>
</tr>
<tr>
<td>PayPal: the jewel in the crown, moving to offline payments</td>
<td>76</td>
</tr>
<tr>
<td>PayPal: PayPal on other online platforms</td>
<td>77</td>
</tr>
<tr>
<td>PayPal: All stakes on the digital wallet</td>
<td>78</td>
</tr>
<tr>
<td>PayPal: On course to become the number one digital wallet?</td>
<td>79</td>
</tr>
<tr>
<td>PayPal: co-existence of digital wallets, cash and card payments</td>
<td>80</td>
</tr>
<tr>
<td>PayPal: How will PayPal fare after the split? Apple Pay</td>
<td>81</td>
</tr>
<tr>
<td>PayPal: the opportunities after the split, new partners, new verticals</td>
<td>82</td>
</tr>
<tr>
<td>PayPal: charities, university, QSRs, scaling up across the globe</td>
<td>83</td>
</tr>
<tr>
<td>PayPal: Reduction in duplication of eBay sales teams, on acquisition target?</td>
<td>84</td>
</tr>
<tr>
<td>Strategy – enterprise</td>
<td>85</td>
</tr>
<tr>
<td>Enterprise: three primary lines of business</td>
<td>86</td>
</tr>
<tr>
<td>Strategy – eBay Now, Fulfilment</td>
<td>88</td>
</tr>
<tr>
<td>eBay &amp; Speed: fulfilment</td>
<td>89</td>
</tr>
<tr>
<td>Fulfilment: a key battleground</td>
<td>90</td>
</tr>
<tr>
<td>Fulfilment: eBay UK and Argos partnership</td>
<td>91</td>
</tr>
<tr>
<td>eBay Now: the personalised eBay Now service</td>
<td>92</td>
</tr>
<tr>
<td>eBay Now: teething problems, eBay Now service stalling</td>
<td>93</td>
</tr>
<tr>
<td>eBay Now: deliver straight to shoppers’ location, GPS signal from smartphones</td>
<td>94</td>
</tr>
<tr>
<td>eBay Now: service proposition, use cases, gifting, luxury</td>
<td>95</td>
</tr>
<tr>
<td>Strategy: Is eBay the wrong company to offer this service?</td>
<td>96</td>
</tr>
<tr>
<td>Uber’s Corner Store: an emerging rival – offering the grocery category</td>
<td>97</td>
</tr>
<tr>
<td>Strategy – Advertising</td>
<td>98</td>
</tr>
<tr>
<td>eBay: a marketplace or a platform for advertising? Inherent contradiction?</td>
<td>99</td>
</tr>
<tr>
<td>Advertising: network effects</td>
<td>100</td>
</tr>
<tr>
<td>BMW Advertising: network effects</td>
<td>101</td>
</tr>
<tr>
<td>Advertising: Sony, House of Fraser</td>
<td>102</td>
</tr>
<tr>
<td>Advertising: eBay's own TV advertising – multi screen strategy</td>
<td>103</td>
</tr>
<tr>
<td>Advertising: eBay advertising launches partnership with Axiom</td>
<td>104</td>
</tr>
<tr>
<td>Advertising: Is it worthwhile advertising on eBay? Perfect visibility</td>
<td>105</td>
</tr>
<tr>
<td>Advertising: teaming up with social media</td>
<td>106</td>
</tr>
<tr>
<td>Advertising: Should companies advertise on eBay? ROI attribution offline?</td>
<td>107</td>
</tr>
<tr>
<td>Advertising: Should companies advertise on eBay? Costs</td>
<td>108</td>
</tr>
</tbody>
</table>
«Research Farm publishes great reports every year, and each report brings a unique perspective compared to any other information available elsewhere: the analyses go deep, they are supported with data, but what I most value is that each report is built around a ‘clear story’, contains proprietary insights and even sometimes innovative projections into the future which help us to think out of the box.»

Global Channel Category sales
Nestle waters

«For us the ResearchFarm reports are so useful. The information provided give us the opportunity to increase our knowledge about the retail industry and its key trends.»
Rafael Florez - CEO GS1 Columbia

«The discounters reports were and still are very helpful as we got lots of detailed information and figures we haven’t found anywhere else. This has helped us to progress with our plans of expansion in the US and convince people internally of the market potential.»
Marketing Manager - Bonifaz-Kohler

«On DLF’s (Danish Association of Fast Moving Consumer Goods Manufacturers) New Years Conference we had the great pleasure to hear ResearchFarm speak about future trends in online grocery retailing. The feedback from the conference participants was very positive as they gave ResearchFarm's presentation the highest score of all speakers, finding the analysis about the key success factors of chosen EU and US online retailers both very interesting and inspiring. We can therefore give ResearchFarm our best recommendation.»
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