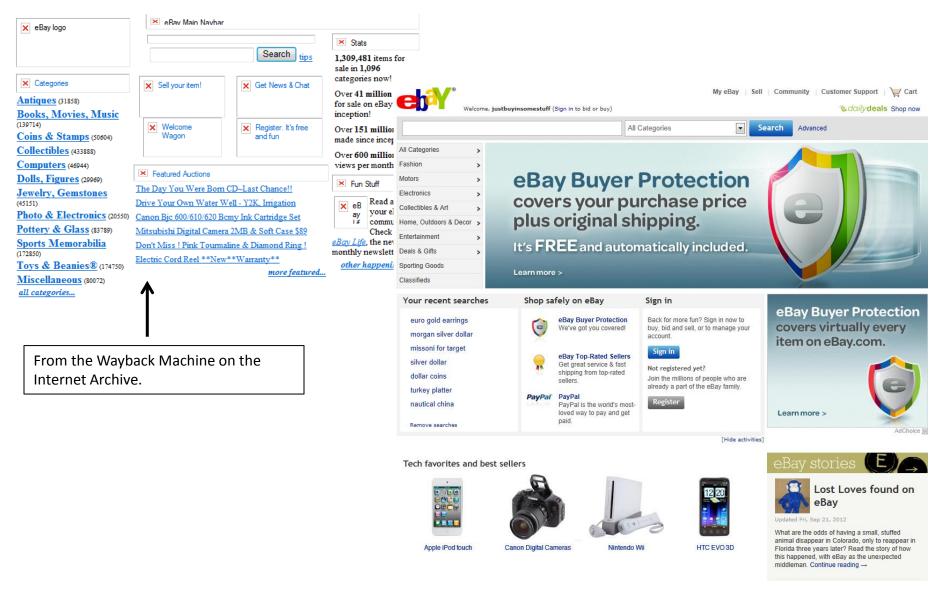
## eBay

**Growth and Changes Over Time** 

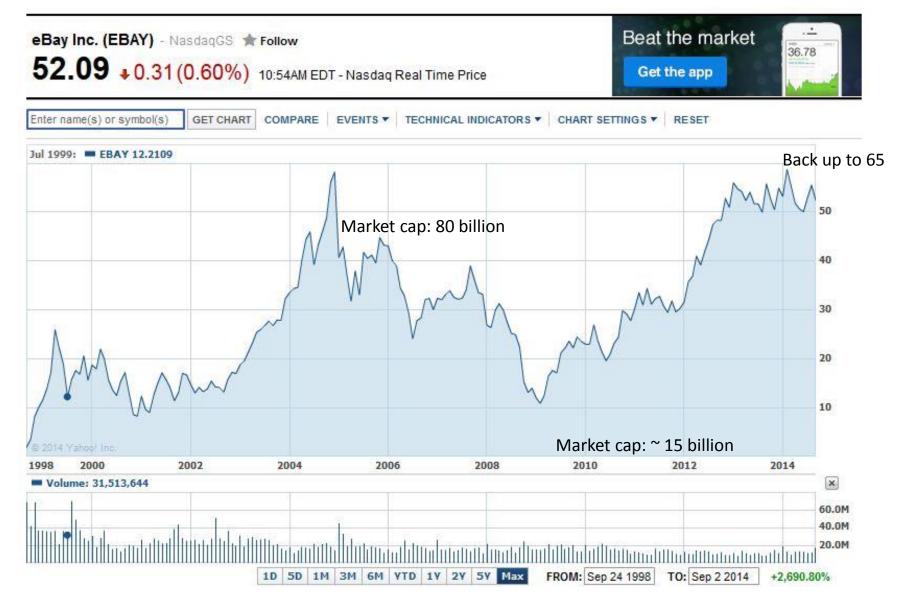
## Then and Now



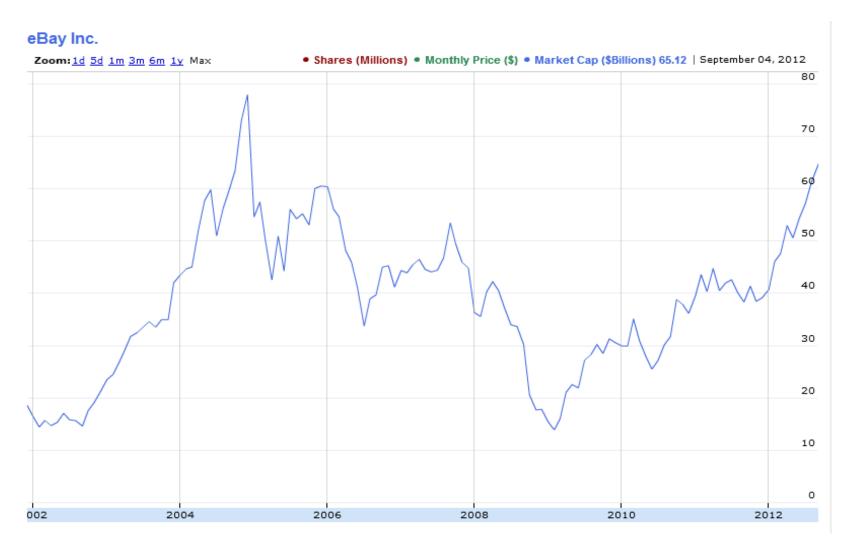
## 1998 versus 2013

	1998	2013
Users	2.1 million registered (340,000 in 1997)	128 million active
Listings on December 31st	1 million	550 million
Revenues	\$81,129,000 (\$372,000 in 1996)	\$16,047,000,000
Percent items in auction format	100%	<37%?

#### Stock Price



## Market Capitalization



## Other Auction Sites

- Lucking-Reiley (1999) identifies 142 internet auction sites operating fall 1998
- Large majority no longer in existence (but new ones do open---Quibids, Ubid, etc.)
- Yahoo and Amazon both launched high-profile competitor sites to eBay in 1998/99
- Both have closed in US (although Yahoo still very successful in some countries)

# Why has eBay succeeded while others have failed?

- Better business model?
  - Listing site versus merchant site
  - Charging listing fee (so more auctions result in sale)
- Early mover combined with network externalities?
  - But what is the nature of the network externality here?
- Shift to "buy-it-now"?
  - Perhaps auctions simply aren't a good way to buy most things and Ebay has figured that out.

## **Auction Listing Fees**

Organization	Listing fee	Fraction of successful listings
Yahoo	\$0	16%
Amazon	\$0.10	37%
eBay	\$0.25-\$2 (depending on minimum bid on reserve)	54%

## **Network Externalities**

- Sellers want to be where prices are high. Few sellers=Lots of buyers
- Buyers want to be where prices are low, selection is good—Lots of sellers, few buyers.

Organization	Auctions or Closings/Day	Est. revenues/month
еВау	340,000	\$190,000,000
Yahoo	88,000	\$19,000,000
Amazon	10,000	\$2,000,000

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