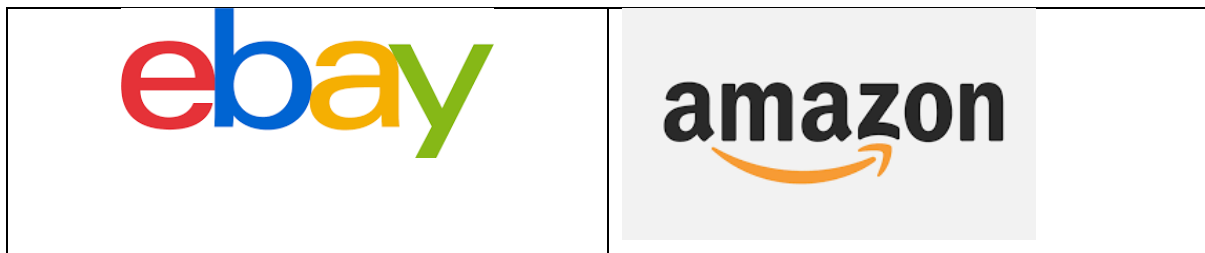


2.2 DIGITAL WORLD

In a world, where every business is striving to have the customer's attention, traditional marketing can no longer be seen as a viable solution. It is true that traditional marketing has had its whole lot of contribution, but it must be understood that nowadays, we are living in a highly digital world where everyone is 'connected'. Indeed, businesses and individuals are living in this digital era, and making optimum use of this digital environment for marketing purposes is an opportunity that should not be missed. Our contemporary way of living is now characterised by smartphones, tablets, laptops, access to high-speed internet connection, easy access to information, social media and in the days to come, individuals and businesses will still be more 'connected'. The Digital World is slowly but surely changing the way businesses operate, by bringing smart and disruptive products, new ways of doing businesses, new business models, just to name a few transformations. Practically all sectors have been subjected to this 'disruption' and have had to adjust to remain competitive in this world which has now become a global village.

2.3 ONLINE MARKETPLACE

An Online Marketplace is characterised by a website or application that facilitates shopping on behalf of a particular business in the form of products or services. It is to be noted that the Online Marketplace 'operator' does not own any inventory but only facilitates the transaction. Undoubtedly, this model represents an enormous advantage for our digital natives since transactions can be performed from anywhere and anytime. Indeed, 24/7 transactions are possible and the 'audience' now is global. Perhaps, the most common example that can be used to characterise the online marketplace is eBay, which basically sells anything to anyone over the Internet. Another major player as Online Marketplace is Amazon. The latter is today the largest Online Marketplace in the USA, selling items that range from food, toy, electronic, art pieces, books and many more.



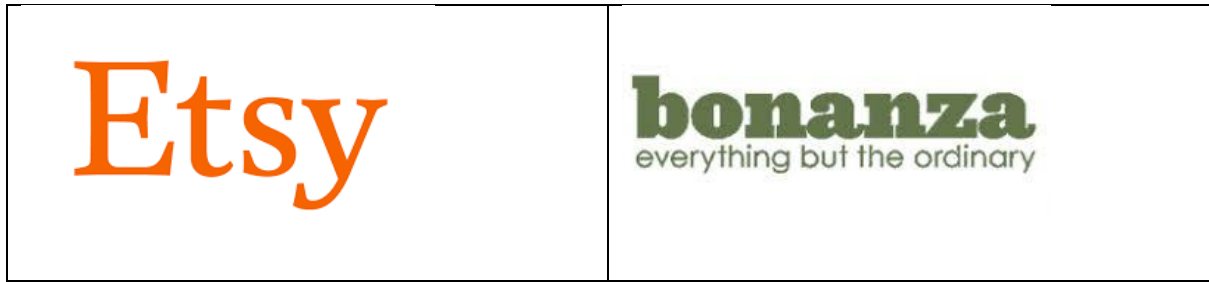


Figure 1: Common Online Marketplace

2.4 BENEFITS OF ONLINE MARKETPLACE

The Online Marketplace has known a tremendous growth in the last few years and it is obvious as it offers a number of advantages. Some of the major advantages provided by Online Marketplaces are listed in the table below.

Table 1: Benefits of Online Marketplace

1. Ubiquity	Online Marketplace provide the concept of Ubiquity, meaning that transactions can be performed from anywhere and anytime. A ‘marketspace’ is created that removes this temporal, geographic binding of location and time. This provides greater shopping convenience and very often reduced shopping costs.
2. Global Reach	The Online Marketspace includes potentially billions of customers and millions of businesses. Cultural and national boundaries are removed and transactions are performed seamlessly.
3. Universal Standards	Online Marketplaces make use of a set of Universal Standards governed by the Internet. This basically allows interoperability of a number of devices from different manufacturers and computer systems can easily communicate with each other. Potential customers can search within a large pool of products and merchants have a lower entry cost.
4. Richness	Richness implies that there is support for video, audio, animation and text messages. This can be made available to a large number of customers simultaneously. Therefore the product to be advertised online is not simply static text but the customers’

	experience is enhanced by making the product seem more real and lively.
5. Interactivity	The user can engage in a two-way dialogue so as to get clarification about the product being purchased on the Online Marketplace.
6. Information Density	This implies that there is a large increase in the amount and quality of information available to the market participants. So potential buyers have full information about the product being bought and can compare prices. This results in price transparency.
7. Personalization and Customization	The products and services can be customized and personalized according to the preferences of the customer. Technology allows modifications of messages and goods to make the customer feel more involved. Customer's buying profile can also be kept so that the next time the customer logs in, he/she is shown potential products that matches her potential needs and wants.
8. Social Technology	Online Marketplaces make optimum use of Social networking and User-Generated Contents. This can be in the form of a feedback about a particular product and this can prove to be very useful for other potential buyers.

Adapted from: *Laudon & Laudon (2018)*.

2.5 CHALLENGES FACED BY ONLINE MARKETPLACES

There are many challenges you may face with when running an online marketplace. Among the most common are security gaps and payment glitches. Let us take a closer look at each of these two potential problems.

2.5.1 Security

More and more online businesses are suffering from identity frauds and malicious content. The data leakage may severely damage your marketplace. This is why the validation of a person's identity and maintaining the integrity and privacy of data should be your number one priority.

The security of information management encompasses the following:

- **Authentication:** These days, a traditional user ID and password method of authentication fail to be effective or sufficient for large marketplaces. So, one will probably need to search for extra guarantees and consider the 2-Factor authentication, in particular. One should employ an authentication framework that is easy to update, as there will be a need to change the authentication framework components to correct deficiencies in the authentication algorithms or to make changes in the requirements for system authentication.
- **Authorisation** is required to ensure that each user has the appropriate level of access. For instance, site visitors need to be able to see detailed information about customers (authorised users who buy items, i.e. a buyer) and publishers (authorised users who sell something, i.e. a seller). Whereas customers and publishers need to be liable to manage their public data (e.g. personal descriptions or work emails). One can find more information about authorisation features in this article.

To secure the data in your marketplace, you should

- Build and maintain a secure network and systems.
- Maintain a vulnerability management program.
- Implement strong access control measures.
- Regularly monitor and test networks.
- Maintain an information security policy.

2.5.2 Payments

The payment system is the heart of your monetization strategy. If one would want to gain revenue and capture a piece of all the value passing through your marketplace, one should provide normal functioning of the payment system. This means reducing processing and payment delays as well as lost transactions when dealing with:

- Cross-border transactions: Cross-border payments can be slow, inefficient, and expensive, but they play an important role in the budget replenishment of your company.
- Multi-currency: If you want to stay competitive in the market, you need to give your customers a possibility to pay in their native currencies.
- A variety of payment methods: A successful marketplace needs to offer payment flexibility to its customers and accompany a range of payment approaches such as e-wallets, mobile payments, and credit/debit cards, and so on.

- A payout process is also vital for your marketplace as it's a major tool for keeping sellers engaged and loyal. Your marketplace should let publishers retrieve their money from the system and guarantee that all payments will be split correctly, both for commission and where a single checkout experience involves multiple sellers.

Even though every marketplace is unique and has its own set of challenges, you still need to focus on providing a secure environment for your customers. And do not forget to conduct regular checks.

2.6 DISINTERMEDIATION

One concept that arises with Online Marketplaces is that of Disintermediation. This is shown in the diagram below

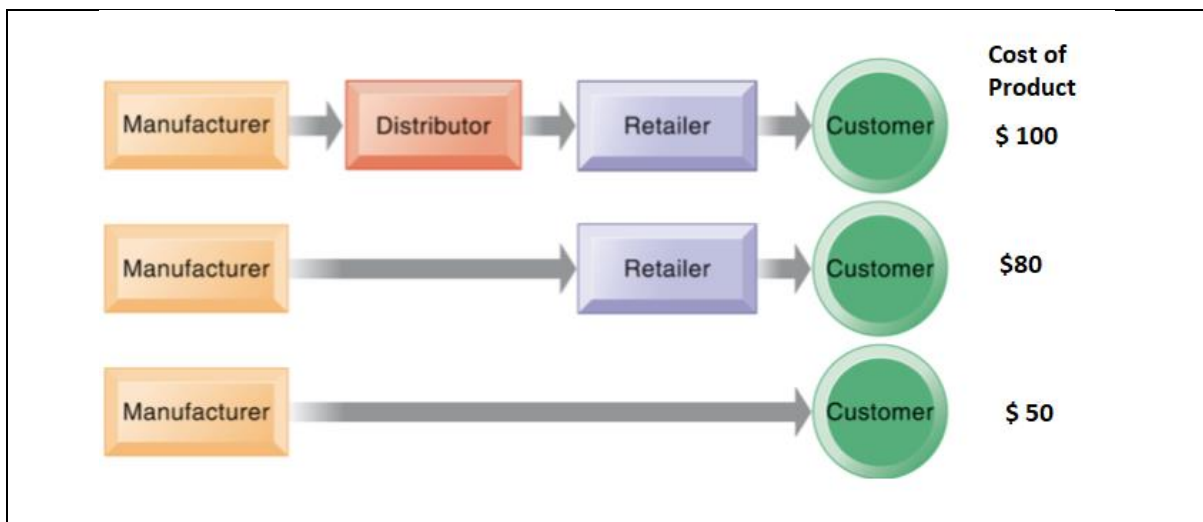


Figure 2: Disintermediation

Adapted from: *Laudon & Laudon (2018)*.

In the above example, it can be seen that a typical distribution channel has several intermediaries. This can be in the form of distributors and retailers. With the Online Marketplace, the customer can buy directly from the manufacturer. Removing the different intermediaries, eventually lowers the cost. For example, a product which initially could be sold at \$100, when the intermediaries of distributor and retailer are removed, can be sold for \$50 only. Of course, here the customer is benefiting enormously.

2.7 DIGITAL MEDIA

Digital Media are basically digitised contents such as text, graphics, audio and video that can be transmitted over a computer network or the Internet. It is a blend between content and technology. When we think of goods being bought over a digital marketplace, it can also be in the form of Digital Goods. These can be goods that can be delivered over a digital network. Common examples nowadays include newspaper, books, software, videos, photographs and music tracks. The cost of delivery over the internet is very low though marketing costs remain the same. This now represents a billion dollar industry.

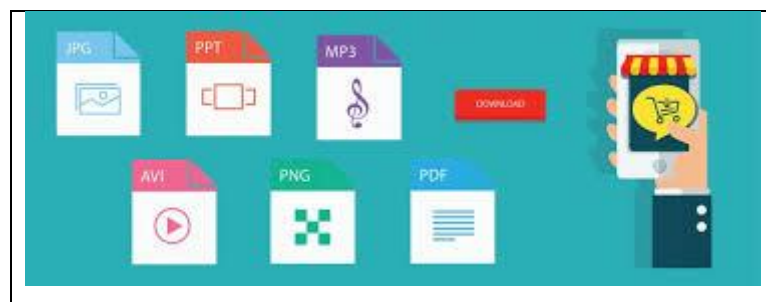


Figure 3: Digital Goods

(Source: *jstore.org*).

2.8 IMPACT OF DIGITAL MEDIA

The most positive effects of digital media were found in the work sphere. Roughly two-thirds of survey respondents (from Implications of Digital Media Survey, 2015, World Economic Forum) said that digital media use had improved their ability to learn and develop professionally. This included their ability to carry out their work, collaborate with colleagues and build relationships. New digital technologies offer the opportunity to work across boundaries of location and time, opening up job opportunities for remotely located workers and ensuring access to the best talent, no matter where it is located around the globe. Then there is online education: programmes such as Coursera offer online courses from different universities. Professional social networks such as LinkedIn allow for networking, while talent platforms like Upwork help to source the best contingent talent.

However, digital media usage has to be managed well, especially when it comes to the extent of usage, the type of social interaction and the nature of the content accessed. According to the survey, the least positive effects were reported in the personal sphere. While roughly four out of 10 respondents reported positive effects on long-term memory, attention span, the

ability to find a partner, stress and health, about one in 10 respondents found those same areas to be negatively affected.

Digital media has converted the entire world into one big marketplace. An artist living in Australia can provide graphic design services for clients all over the world. Digital media has simplified the process of sale of products and services to a global clientele from the comfort of one's home. Companies have the option of hiring people who work from home, which often leads to numerous lifestyle changes within the family. Apart from simplifying the existing setup, digital media has created numerous career opportunities that simply could not have existed in the past. The world is moving to a society where the internet will no longer be restricted to humans alone. The Internet of Things is set to create a network of interconnected devices that will result in many more changes to our society and lifestyle. With growing emphasis on universal access to high-speed internet, it can safely be said that the digital media revolution is likely to result in many more changes in the functioning of modern society.

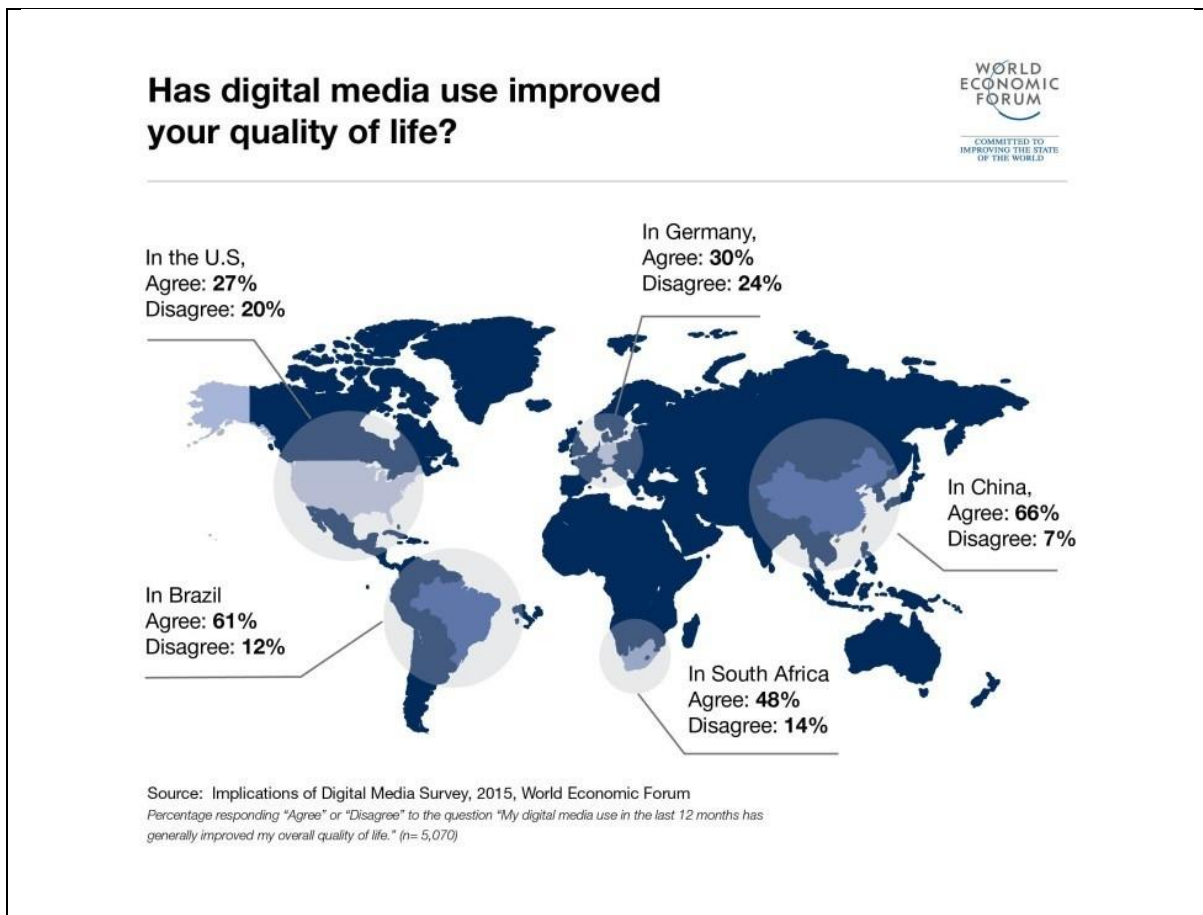


Figure 4: Effect of Digital Media

[Source: *World Economic Forum (2018)*].

Doubts in the developed world

The survey did not just throw up differences between people: countries, too, returned varied results. While perceptions in emerging markets such as China and Brazil were largely positive (in China, two-thirds agree that digital media use has improved their quality of life), opinions in Germany and the United States were less enthusiastic. In Germany, for instance, only 30% agree (and 24% disagree) that digital media use has improved their quality of life. The differences are astonishing.

The results could point to two hypotheses:

1. The opportunities digital media offers developing countries are more significant than in established markets.
2. It could also mean that people who have had a longer experience of using digital media also see some of the potential downsides; less physical connection, blurring boundaries between work and private lives, and an increase in hate speech and defamation.

While the underlying reasons should be researched in more detail, we can already conclude that digital media brings both benefits and risks, all depending on how it is used.

2.9 ONLINE MARKETPLACE VISITOR TRACKING

Online Marketplaces have tools to track a shopper's every step. Close examination of customer behaviour at a web site selling women's clothes shows that the system is learning at each step and can determine what actions need to be taken to increase sales.

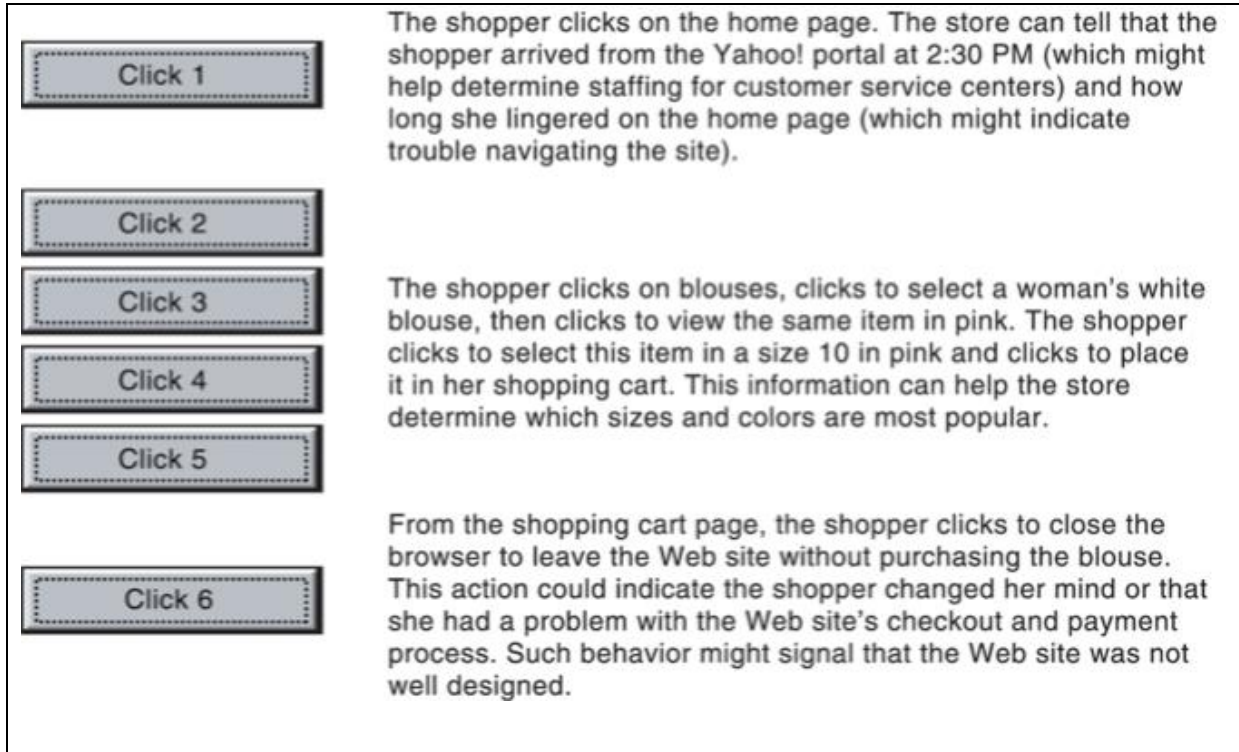


Figure 5: Visitor's tracking

[Source: *Laudon & Laudon (2018)*].

2.10 ELECTRONIC DATA INTERCHANGE (EDI)

It can be said that EDI has been at the basis of the success of Online Marketplaces. Electronic Data Interchange (EDI) is the computer-to-computer exchange of business documents in a standard electronic format between business partners. By moving from a paper-based exchange of business document to one that is electronic, businesses enjoy major benefits such as reduced cost, increased processing speed, reduced errors and improved relationships with business partners. The EDI process looks like this — no paper, no people involved:

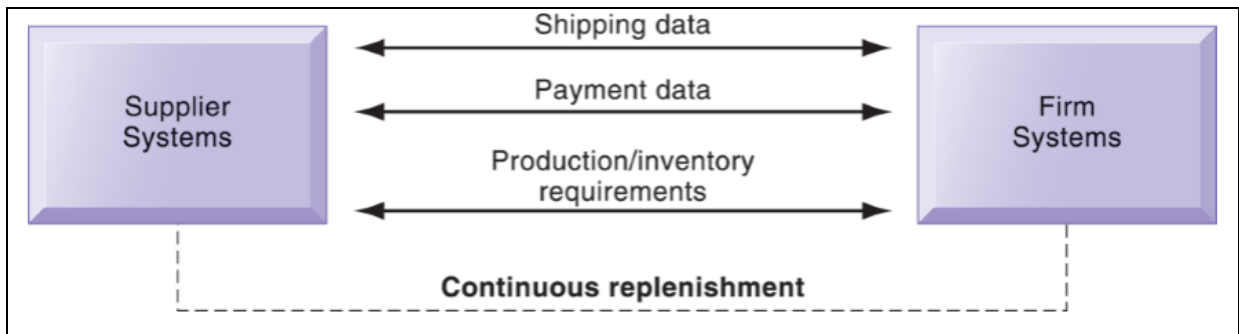


Figure 6: Electronic Data Interchange

[Source: *Laudon & Laudon (2018)*].

Companies use EDI to automate transactions for B2B e-commerce and continuous inventory replenishment. Suppliers can automatically send data about shipments to purchasing firms. The purchasing firms can use EDI to provide production and inventory requirements and payment data to suppliers.

2.11 BLOCKCHAIN TECH: NEXT FRONTIER FOR ONLINE MARKETPLACES

Blockchain technology has been growing at an unbelievable pace over the past two or so years. Through 2021, some see a 61.5% annual growth rate. As the revolutionary technology increases in popularity, more blockchain-based companies are dreaming up the next big step for a variety of industries. Certainly the impact that blockchain has had over in recent years has been nothing short of stellar. And, on the investment front billions of dollars have been poured into blockchain companies so far in 2017. Initial Coin Offerings (ICOs) or token sales have zoomed to around \$2 billion (bn) this - versus \$256m in 2016.

Figures contained in an analyst research note (‘Blockchain: An update on ICOs and VC investment in the blockchain’) for the third quarter of 2017 from PitchBook, revealed that private investments into blockchain companies had topped \$4.5bn so far this year to that point in time. This contrasted with the corresponding period last year when 203 transactions raised \$624m in aggregate. Against this backdrop, several blockchain-based companies in particular are looking to revolutionize the way business is conducted through online marketplaces. These companies are creating decentralized platforms to foster peer-to-peer (P2P) interactions. For example, take Soma, which stands for ‘Social Market’, is a new Blockchain-based platform that creates a digital community where users are able to buy and sell items or services through a P2P network. By creating ‘cards’ that represent the physical item or service, the platform has created a way for users to sell goods and services with

transparent history and feedback. Having started a month-long ICO late this September, it also seeks to address fraudulent sellers on classifieds platforms such as Alibaba, Amazon, and Ebay.

On that score, according to report published from research firm Frontier Economics this February and commissioned by the International Trademark Association (INTA) and the International Chamber of Commerce, it has been estimated that counterfeiting and piracy could rise to \$2.3 trillion by 2022. Add in associated social, investment and criminal enforcement costs it could push the total to \$4.2 trillion and put around 5.4 million “legitimate jobs” at risk according to the analysis.

The latest figure contrasted with the global value of the counterfeit market standing at \$1.7 trillion in 2015 and shows no sign of slowing. Indeed, Frontier estimated the global value of counterfeit and pirated goods and services back in 2013 was between c.\$923 billion to \$1.13 trillion, a figure equating incredibly to the size of the Spanish economy in 2015. Buyers and sellers benefit from clarity, pricing freedom, and effectively immediate compensation. The platform utilizes a token called the SCT. Here think of a digital ‘coin’ with real value that can be exchanged for traditional funds and currencies like US dollars or Sterling. Buyers purchase SCT and can then use them on the platform, and sellers agree to accept SCT as payment. (Note: Individuals wishing to participate in cryptocurrency or token offerings should be aware that it is highly speculative and that the market is largely unregulated).

In this way, and contrary to traditional platforms, users can connect directly without the nebulous middleman involved. Potential clients select and communicate directly with the seller, who will be providing the service instead of working through a third party. The result is lower fees and increased communication. Jukka Hilmola, a Finn who is Co-founder of Soma that has worked in various start-ups during their early phases and possesses an LL.M from Queen Mary University of London, commenting said: “Inevitably, the disruption of C2C-markets is currently happening. By utilizing blockchain to leverage its disruptive business model, Soma will be able to differentiate from the other mobile-first start-ups in the industry.”

The greatest advantage of these decentralised platforms is the blockchain technology itself. As a blockchain - think of a ledger or database that contains a history of all transactions that

take place on the platform - the platforms are completely auditable by all participants. This leads to fairer pricing for clients, as all prices are visible and verifiable. Potential customers are able to select the provider that best suits their needs, both financially and practically.

2.12 EBAY: “THE WORLD’S LARGEST ONLINE MARKETPLACE”- A CASE STUDY

Abstract

eBay, Inc. is the largest and most popular marketplace on the Internet, allowing members to buy and sell almost anything. Launched in 1995, about 147 million people now use eBay. An estimated 430,000 people in the United States make all or most of their living by selling on eBay. eBay’s online payment service, called PayPal, enables transactions nearly anywhere in the world. eBay proclaims “trust” between buyers and sellers as the key to the success of the marketplace. eBay is the “The world’s Online Marketplace”, which is its positioning statement, and it means many things about the company’s identity. It enables trade on local, national and international basis, with a diverse and passionate community of individuals and small businesses. eBay offers an online platform where millions of items are traded each day. The objective at eBay was to “to develop the work ethic and culture of eBay as a fun, open and trusting environment and to keep the organization focused on the big picture objectives and key priorities.

The company market capitalization had surpassed that of even Amazon.com, making it the “world’s most valuable Internet retailer”. Pierre Omidyar, founder, is focused to achieve excellence in strategic management for improving the company’s strategy, sustaining the company’s growth and business performance, and potentially expanding from online auctions into general “e-tailing”, and to become “the world’s largest online mall”. This research paper intends to study the click and click business model of eBay, whose competitive advantage lies in its pure play strategy, a breakthrough from the traditional brick and mortar model, which leads to sustainable growth and a competitive edge over the other retailers.

Keywords: Online marketplace, e-tailing, work ethics, online auctions/platform/mall

Introduction:

eBay establishes itself as the “The world’s Online Marketplace” .Coincidentally, it is also the positioning statement of eBay,which itself means many things about the company’s identity, it enables trade on local, national and international basis, with a diverse and passionate

community of individuals and small businesses, Bay offers an online platform where millions of items are traded each day. According to company lore, the idea for eBay came from founder Pierre Omidyar's wife, who wanted to trade Pez dispensers with other collectors over the Internet. In truth Omidyar had been pondering an Internet auction venture before he was ever aware of Pez mania. He says that he had been thinking about how to create an efficient marketplace—a level playing field, where everyone had access to the same information and could compete on the same terms as anyone else.”

After writing the code for the site, Omidyar launched eBay from his home in mid-1995. The concept of an Internet marketplace caught on so quickly that by the end of the year, eBay was getting a few thousand hits daily. Even more impressive the website was profitable from its inception. The objective at eBay was to develop the work ethics and culture of eBay as a fun, open and trusting environment and to keep the organization focused on the big picture objectives and key priorities.

Ebay went public in September 1998 at \$18 a share. By early March 1999, the stock was trading approximately \$282 per share. The company market capitalization had surpassed that of even Amazon.com, making it the world's most valuable Internet retailer.

eBay's strategy

eBay community values are incredibly amazing since it focuses on trading millions of dollars on mere faith and trust among the community members. Its values can be cited as below,

“We believe people are basically good

We believe everyone has something to contribute

We believe that an honest, open environment can bring out the best in people.

We recognize and respect everyone as an individual.

We encourage you to treat others the way you want to be treated”.

These community values mean that the entire strategy lies in “trust” to build e-loyalty, for long-term profitable relationships, these set of core values encourages open and honest communication between its members.

Corporate strategy

The whole foundation of eBay, lies on the idea that practically anything that can be bought and sold can be facilitated through this Internet retailer, and this auction platform provider was implementing the concept of e-commerce even more forcefully.

“We help people trade practically anything on earth and conduct commerce through the Internet on a global basis” is certainly eBay’s business model .This model was so effective and efficient in conducting transactions that more and more people preferred to trade online, so that they can enjoy the comfort at home or work-places and still buy things online just by the click of the mouse.

Today eBay users can bid anything from office equipment to real estate to cars. It is surprisingly true but perplexing that “Why has eBay prevailed, but others have failed?” Though many of its successes resulted from its adaptive approach, eBay’s accomplishments can also be explained by the company’s consistent focus on two long-term goals that is “becoming the world’s largest consumer to consumer online auction house and building out each of the five core strategies”. An analysis into these strategies reveal that eBay has applied sound strategic management as adopted from Porter and other Management experts .Its whole business revolves around creating an environment where everyone can come and transact without any second thought of being cheated or misguided in any form.

The first strategy is creating an insurmountable customer base, that is

(1) Establishing a larger user base

To attract new users, eBay established relationships with more than 60 websites, including America online which gave eBay the largest access to the largest user base on the internet and prevented AOL from entering the auction arena, bay also added dealer to person trading and addresses the fast growing and fragmented small business market by creating a feature called business exchange, where businesses could buy or sell new, used or refurbished business merchandise and professional tools in their local market.

(2) eBay concentrated on local and international trading

EBay has local sites in 53 U.S markets they deliver distinct regional flavors and give users the convenience of shopping locally for difficult –to ship items such as automobiles or antique furniture. The company also built a truly global presence with users in more than 150 nations.

(3) Creating a strong brand

For eBay's first few years it did not spend a single penny on marketing, relying instead on viral marketing and its ability to piggyback on competitors ceaseless (and expensive) efforts to retain market recognition. The company's brand building shifted though with the arrival of new top professionals.

(4) Broadening the trading platform

By 1999, eBay's fourth year, a host of competitors had entered the online auction market, while eBay had the first entry advantage, not all of its competitors were small start ups, some including Yahoo and Amazon were internet significant players with extensive, established user bases.

Ebay's response was to extend its core business into other attractive niches, the company introduced higher priced product categories, a move that would increase its profit margin dramatically while requiring minimal infrastructure and operating expenditures. The only caveat was that the company needed to develop a new skill set-to overcome this obstacle eBay made several acquisitions, starting with auction house Butterfield and Butterfield, the marriage of offline and online auction houses revolutionized the way that fine antiques and collectibles were bought and sold, allowing users to place real-time bids for items on offline auction house floors.

(5) Maintaining a strong community affinity

The company believes that fostering direct interaction between buyers and sellers with similar interest had enabled it to create loyal, active community of users. As noted earlier this emphasis on community building has been present since eBay's founding.

(6) Continually enhancing site features and functionality

Because eBay's strategy is to be as hands-off as possible when it comes to transactions, the company has to provide a reliable and straight forward way for users to manage the process on their own, buying and selling on eBay are made easy for users to manage the process on their own. Sellers need do little more than write a compelling description of the item up for auction, provide a suitable photograph, and decide how many days the auction will last.

To enhance the payment component of the customer experience, an admitted difficulty for most buyers and sellers, eBay acquired a company called Billpoint, whose online bill payment service facilitates credit card payment between buyers and sellers.

A different format of seller/buyer transaction could undermine eBay's successful model-if eBay is not able to adapt quickly to the changing environment, which is unlikely. Auction aggregators also pose a significant threat.

Competitive superiority: whose resource is really better?

eBay has improved substantially in terms of committing internal resources to improving customer experience. Other sites such as yahoo or Amazon, might still have better services, but eBay has the first mover advantage, and it has one resource in particular that cannot be replaced: a large and loyal community.

SWOT Analysis of eBay is carried out to get onto the finer and intricate details that eBay has adopted in such a shorter span of time to achieve profits in millions and is able to maintain a customer base that is again unbelievable.

The strengths of eBay

eBay is the leading global brand for online auctions. The company is a giant marketplace used by more than 100 million people to buy and sell all manner of things to each other. Pierre Omidyar, a French entrepreneur, was just 28 when he sat down over a long holiday weekend to write the original computer code for what eventually became an Internet megabrand. The brand has grown tremendously over the decade or so since its conception.

The company exploits the benefits of Customer Relationship Management (CRM). Buyers and sellers register with the company and data is collected by eBay on individuals. This is the Business-to- Consumer (B2C) side of their business. However the strong customer relationships are founded on a Consumer-to-Consumer (C2C) business model, where strong interrelationships occurs, for example where buyers and sellers leave feedback for each other, and whereby awards are given to the most genuine of eBayers.

The term 'eBay' has become a generic term for online auctions. Other companies with such a strong position include Hoover for vacuum cleaners, and Google for search engines. Today it is common to hear that someone is 'ebaying' or is an 'eBayer,' or that someone is going 'to eBay.'

Weaknesses of eBay

The organizations work tremendously hard to overcome fraud. However, the eBay model does leave itself open to a number of fraudulent activities. Often the company deals with such activities very quickly. Fraud includes counterfeit goods being marketed to unsuspecting (and suspecting!) eBayers. Other forms of theft could include the redistribution of stolen goods. It should be pointed out that fraud and theft are problems with individuals, not eBay. The weakness is that unscrupulous individuals can exploit the C2C business model.

As with many technology companies, systems breakdowns could disturb the trading activities of eBay. In the past both eBay and its payment brand Pay pal have encountered shutdowns and outages. As technology improves such a weakness is less and less of an issue.

Opportunities that eBay had were tremendous and invincible. They are:

Acquisitions provide new business strategy opportunities. eBay's latest venture is it has agreed to buy online telephone company Skype Technologies in a deal reported to be worth \$2.6 billion. Skype's software lets PC users talk to each other for free and make cut-price calls to mobiles and landlines. eBay has been buying up firms - including payment system PayPal - in an effort to increase the number of services it offers to consumers and keep its profits growing.

New and emerging markets provide opportunities (Market Development). Countries include China and India. There, consumers are becoming richer and have more leisure time than previous generations. Aspirating consumers are growing segments in many developing nations. There are also still opportunities in current markets (Market Penetration). Western Europe and the USA still have many potential consumers that have yet to discover the benefits of online auctions. Remember products have life cycles that eventually come to an end, and such products are ideal for selling and buying on eBay.

Even a mammoth organization like eBay faces **threats**, which can be like as below:

As with many of the global Internet brands, success attracts competition. International competitors competing in their domestic markets may have the cultural experience that could give them a competitive advantage over eBay. In fact eBay has found that it has met with other USA-based Internet companies when trading overseas. For example, Yahoo! Dominates the Japanese market. Attack by illegal practices is a threat. As with weaknesses above, the

brand is attacked by unscrupulous individuals. For example e-mails are sent to unsuspecting eBayers pretending to come from eBay. Logos and the design of the pages look authentic. However they are designed so that you input private information that the thieves can use to take passwords and identifications.

Some costs cannot be controlled by eBay. For example delivery charges and credit card charges. If fuel prices were to rise, the cost is passed on to the consumer in terms of delivery and postal fees. This could make the overall cost of an auctioned item too expensive. Similarly, if a credit card company such as Visa or Mastercard imposed a charge for online transaction, the total cost of the same items would increase with similar consequences. Today, the eBay community includes more than a hundred million registered members from around the world. People spend more time on eBay than any other online site, making it the most popular shopping destination on the Internet.

Value Chain Analysis

The value chain is a systematic approach to examining the development of competitive advantage. M. E. Porter created it in his book, *Competitive Advantage* (1980). The chain consists of a series of activities that create and build value. They culminate in the total value delivered by an organization. The 'margin' depicted in the diagram is the same as added value. The organization is split into 'primary activities' and 'support activities.' Primary activities includes inbound logistics, outbound logistics, marketing and sales, operations, and service, which are discussed as below:

Primary Activities

- Inbound Logistics

eBay operated as an online venue for buyers and sellers, sellers listed items and provided descriptions, often including photographs, an auction was conducted, in which potential buyers could bid on the item on sale until a fixed time (unlike traditional auctions, which continued until no more bids were placed), the sellers specified the conditions of the auction, as well as the time the auction would close, bidding was often active as the auction neared closing time, sometimes driven by automated “sniping” programs that some buyers used their bid in just before the auction closed, so these created an interesting and involving environment

- Operations

One incident, in 1997, there were forty categories of items for sale, the posting of antiques and collectibles had increased dramatically, and additional categories for these items were needed, eBay evaluated the items listed and developed many new listing categories, without even consulting the community, it doesn't have to bother about goods which are to be manufactured or assembled and individual operations, Bay was not bothered about the operations aspect of any goods, it only provided a virtual roof for enabling transactions.

- Outbound Logistics

eBay acted as an online auction site so they need not be worried about goods being sent along the supply chain to wholesalers, retailers or the final consumer.

- Marketing and Sales

eBay's fundamental challenge was to establish trust among remote and anonymous traders who might never interact again, it had a feedback system for building reputations, community members could use a number of tools to make their transactions secure. Most purchases on eBay were protected by an insurance policy administered by Lloyd's of London as part of the standard eBay service and protected at no charge to the buyer, high value transactions were protected by Tradenable, a third party escrow service company. Sales outside the eBay marketplace were a concern for eBay an enterprise, since it did not receive fees for such off-site transactions. The company also believed such that off-site transactions deprived the participants of eBay's services in case of problems. eBay formed groups called "voices", they agreed to participate for one year without any compensation, it established a group for community support and relations, true customer orientated fashion, at this stage the organization prepares the offering to meet the needs of targeted customers. This area focuses strongly upon marketing communications and the promotions mix.

- Service

EBay community flourished, this community was analogous to a real world society, in which people interacted with each other under a set of shared rules and expectations, this excludes all areas of service such as installation, after-sales service, complaints handling, training and so on.

Support Activities

- Procurement

eBay need not be worried about procurement; (this function is responsible for all purchasing of goods, services and materials, the aim is to secure the lowest possible price for purchases of the highest possible quality. But, eBay only provides a platform for online trading to take place, does not take possession of the items being sold, this reduces inventory management costs.

- Technology Development

eBay operated as an online venue for buyers and sellers; technology is an important source of competitive advantage. eBay uses online option to innovate, to reduce costs and to protect and sustain competitive advantage. This includes Internet marketing activities, lean manufacturing, Customer Relationship Management (CRM), and many other technological developments.

- Human Resource Management (HRM)

Employees are an expensive and vital resource. An organization would manage recruitment and selection, training and development, and rewards and remuneration. The mission and objectives of the organization would be driving force behind the HRM strategy. eBay's strategy of developing a community whose members are anonymous, trust among traders still prevailed, is indeed incredible,

- Firm Infrastructure

This activity includes and is driven by corporate or strategic planning. It includes the Management Information System (MIS) and other mechanisms for planning and control such as the accounting department. But eBay has created an online marketplace, it operated much like a newspaper-classified section, it facilitated person-to-person transactions but did not take possession of the items being sold.

Conclusion

eBay's strategy of providing a safe trading place on the internet, the eBay community has flourished, by not only providing an efficient medium for people to buy or sell items directly from or to a large member of people, it's a forum where buyers and sellers, develop reputations and in some cases, it can change people's lives. This case study was of interest to the authors because it was intended to analyze the case from a strategic viewpoint. This attempt requires more information and data, which could provide ground to understand its

strategy in a better way, which is an important area for the future researchers and analysts who wish to write case studies of giant e-tailers like eBay .We are not very much convinced as yet of the study as it required material that really could be of importance to researchers, probably that would provide direction for further research. Not, many case studies have been written by researchers on eBay, primarily research by Indian researchers in Indian context on online shopping is heavily lacking. Keeping that in mind we attempted to write this case study, which has ample scope for improvement and further research will add value undoubtedly.

[eBay: “The world’s largest online marketplace”- A Case Study, J. GopalKrishan and V.K. Gupta]