



eBay

Friend Or Foe?

I must confess, I'm an eBay junky. I sell stuff I no longer need on eBay and buy more stuff I often don't need via the online auction service. I'm an early adapter and began using eBay's auction services more than five years ago. Now I'm definitely hooked!

During that past four years eBay has shown phenomenal growth. They've also caused considerable *angst* among some powersports dealers who feel they are vulnerable and could lose business to the online auction house. After all, a motorcycle sells on eBay every four minutes. Sound unbelievable? It's true, according to the facts and figures Curtis Kroecker the senior manager of powersports and other vehicles for eBay shared with me.

I finally met Curtis at MPN's MotoBusiness Expo where he was among the presenters. He was happy to let me take a look inside eBay for an update on what they do and how they do it. Much to my surprise, I also received a follow-up e-mail giving me their numbers! So here's an inside look at this very unusual company:

There are 125,000,000 registered users of their services. There are 348,000,000 items listed among the 50,000 categories of products. In 2003 the company's net revenue was a staggering \$2.17 billion.

According to tracking records of eBay's car and motorcycle auctions, an automobile sells every minute, 24/7. An SUV sells every seven minutes. More cars are sold on this auction site before 9 a.m. than any car dealer sells in a year. But who cares about cars, let's take a look at motorcycles. One bike is sold every four minutes. A Harley-Davidson is sold every seven minutes, a Honda every 15.

It also appears franchised dealers are the ones offering the majority of new and almost-new motorcycles on eBay. Many of these are large savvy dealers who also find a way to incorporate their web address. Interestingly, the same can be said of luxury cars offered on eBay. The difference is the way car dealers use the site. They incorporate more photos and considerably more detail.

The question of security is the one most often aired by dealers, according to Curtis. The truth is that selling motorcycles via eBay is probably safer than giving someone the keys to do a test ride. They have a great deal of built-in security. Payment can be secured by using an escrow service. I use PayPal, an eBay company, which enables me to make or collect payment as soon as the auction ends, and do so with little chance for fraud. The only problem I've ever had in the 245 transactions I've made was having one person (with no feedback) make a winning bid and then not paying or responding to my e-mails.

As for the feedback, this is probably the best possible hedge against fraud. Every buyer and

seller is encouraged to leave appropriate feedback upon completion of any transaction. Most comply. This feedback is listed after the user's ID along with a percent of positive or negative responses. If the seller's ID shows there is little or no feedback, that should indicate the need for greater caution and perhaps a reason to communicate before bidding or transferring funds. A seller with a string of negatives is often taken out of action by eBay.

So, is eBay a friend or foe? My view? It can be an aid to a dealership. Here's a company who boasts of conducting just under \$24 billion worth of total transactions in 2003 and is scheduled to exceed that by a wide margin when the 2004 numbers are released. Here's a company doing business in 29 international markets, including the U.S. Here's a company where 430,000 people in the U.S. earn their living buying and selling goods full or part-time.

Fortunately for us, our customers still want to feel and touch our products. Online sales may be safe, but photos and descriptions can't be a substitute for eye-to-eye or hands-on contact. There will always be a segment of our marketplace that won't accept technology, just as there will always be dealers who insist on absolute control of their marketplace. There will always be those who will refuse to accept change.

On the other hand, there are those who are constantly looking for ways to expand their market. What better way to have customers visit you electronically even though they may live in another state?

The eBay folks say that the average number of bids for a car or motorcycle is six. How many offers do you get on the floor? Using eBay you can establish a reserve price to assure that you won't be selling for less than your lowest price. As the seller you have many options using this site. To help in the learning process, eBay has training programs. The best way to discover more about them is to go online and have a look.

I know of one dealer who disposed of obsolete parts on eBay only to discover the demand was so strong that he went on a hunt and bought more obsolete parts from other dealers and put them up on eBay.

The early adapters are already there; now is the time to join them. You have little to lose and much to gain. The learning curve is not steep. All you need is a digital camera. It doesn't have to be a high resolution, expensive camera. According to eBay, one that has a resolution of 640x480 will do nicely. Next, you'll need someone who knows how to describe and define what you want to sell. The fees are very reasonable, and you'll find incremental sales as a result.

Remember the old cliché about the 800-pound gorilla? Well, eBay is that 800-pound gorilla, and it could be *your* 800-pound gorilla. 