

Listen to David giving his presentation about eBay in a business school seminar.

**Optional exercise.** (The answers are at the end of the script).

Listen and correct the mistakes in this student's notes on David's presentation.

1. eBay was founded **five** years ago
2. eBay employs **12,600** people around the world
3. In 2005 the turnover was \$ **5.55 million**
4. From the beginning top eBay management had successful **computer** backgrounds
5. eBay **has got** shops all over the world
6. eBay **is** successful in Japan and Hong Kong

Lecturer: Welcome everybody to today's seminar. If I remember correctly, David, you'll be leading the seminar

David: Yes, that's right ...

Presenter: Fine and how about questions – shall we keep these to the end or would you like people to interrupt during your presentation?

David: Thanks, ehm , if anyone has a question just ask straight away ..

Lecturer: Fine, let's go then ..

David: Right, ehm ..... eBay is an enormously successful company, it's a household word in several countries, in 2005 it had a turnover of \$4.55 billion and it employed 11,600 people – it's achieved all of this in just 11 years. What's the secret of eBay's success? I think the key issue here is that eBay couldn't exist without the Internet – you know there aren't many examples of companies like this – take Amazon, for example if you don't feel like switching your computer on you can always go round to the nearest book shop. But if you want to sell your old magazines to somebody in Germany eBay's the only way to do it. Without the Net's ability to bring buyers and sellers together from different locations there would be no eBay. So this is big point number one. Now, let's move on to point two, the founders of eBay – Meg Whitman, the CEO , like all of the senior staff already had a successful business background – she brought in an experienced management team. They had a great idea but it had to be a great profitable idea – around this – the importance of profitability - they built their business model. Let's move on to point three, sound business management – did you hear of eBay during the dotcom boom years – not a lot – they were busy building their customer base and making money, they didn't feature in stories headlining the excesses of the dotcom boom years ... Actually I'll add another point, point four, eBay doesn't produce, sell or ship anything itself, it provides the online marketplace for other people to do this – this gives it enormous financial power ....

Student: David, can I ask a question?

David: Sure ...

Student: What difference does that make – the point about eBay not making anything itself ..

David: Well, this means that they can use their capital very effectively – you know their capital isn't tied up in buildings, factories, warehouses that sort of thing, again their capital isn't tied up in things that are waiting to be sold, they haven't got shops all over the world with sales assistants in them – all this costs – see what I mean ...

Student: Sure, I get it now ..

David: Great, now .... The only problem they've run into, actually that's not true they've had a couple of major problems – anyway the first problem – they arrived in a couple of key markets too late – this happened in Japan and Hong Kong where Yahoo's online marketplace had a head start. The other problem – well it's the sort of thing we've all heard about – buyers receiving stolen goods or a product different from the one they thought they'd bought or no product at all, sellers putting in false bids to increase the price just before an auction finishes. eBay admits this happens but says that this sort of thing accounts for a very small percentage of all sales. OK , now I'd like to have a look at just how the company has expanded over the last 11 years ...

Answers

1 11 years ago; 2 11,600 people; 3 \$4.55 billion; 4 Business backgrounds; 5 It does not have shops; 6 It is not successful there.