

UNIVERSITE DE NANTES

ANNEE : 2006/2007

U.F.R. DE LANGUES - CENTRE INTERNATIONAL DE LANGUES
LEA

SESSION 1 - 1er semestre

DIPLOME : CYCLE LICENCE : NIVEAU M1

DATE : 16/01/2007

UNITE D'ENSEIGNEMENT CONCERNEE : 74

HEURE : 13h30

INTITULE DE L'EPREUVE : Etude de Cas.

SALLE : CU414

DUREE : 3 h

EPREUVE POUR : ~~DA~~ - DA& ASSIDUS (rayer la mention inutile)

DOCUMENTS AUTORISES : Aucun.

NOM DU PROFESSEUR RESPONSABLE : H. J. Colin + E. Kennedy-Dubourdieu.

OBSERVATION DU PROFESSEUR : Bien respecter les consignes ci-dessous.

IN YOUR OWN WORDS write a report in English on eBay using the following documents.

Firstly give a **BRIEF** summary of the case: the history of the company and its evolution in the changing market environment. Then judge the company's performance and suggest possible strategies for the future.

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eBay: Money for Old Rope?

By Charles Miller
BBC Money Programme

The online auction site eBay is ten years old - that's pensionable age in "internet time".

But this original star of Silicon Valley's dotcom boom is still growing at over 40%, and now earns half a billion pounds a year.

With its extraordinary range of goods for sale, from the original "collectors items" - like Elvis and Star Wars memorabilia - to cars and even property, eBay has expanded its reach to over 100 million registered users, with its own branded sites in more than 30 countries.

Today in the UK, according to eBay, 10,000 people earn all or some of their income from trading on the site.

They are people like Paul and Elaine Harrison from Berkhamsted, who make a living selling movie props.

If the company continues to grow at current rates, sooner or later it is going to impinge upon the consciousness of tax collectors and excise agents around the world
Investment manager Nick Train

They recently got £500 for the actual diary used in the first Bridget Jones film, after Paul had built a special presentation case for it - complete with lights, pictures and even a microphone to make the lights react to music.

Or there's George Crudgington from Derby whose garage is full of £100,000 of porcelain, ready to sell on eBay.

Having built a successful business with that, now he's moving into French antiques, taking advantage of prices in a country where eBay hasn't yet taken hold as it has here.

Shares jitters

Every eBay trade makes money for the company through a basic listing fee - which can be as low as 15p - together with a small percentage of the final sale price. With millions of users worldwide, it all adds up.

But yet eBay's very success makes it vulnerable.

Whilst past enthusiasm for eBay shares has pushed their value up, now the financial markets are alert to the slightest stumble in the company's performance.

eBay's shares have slid suddenly, by about a third since New Year. The fall was triggered by

a company announcement of a miniscule shortfall in earnings compared with analysts' predictions.

As one commentator put it: "it's not often a company's quarterly sales and profits shoot up by 44% only to have its stock plummet by 19% the next day."

But future jitters are likely to be caused not by eBay's own performance, but by factors outside its control.

London investment manager Nick Train describes eBay as "part of the black economy" and warns that it will be government intervention, rather than the market, that will clip eBay's wings.

"If the company continues to grow at current rates, sooner or later it is going to impinge upon the consciousness of tax collectors and excise agents around the world."

'National economy'

eBay's business represents a massive growth in "person-to-person" trading, which governments have, until now, found hard to regulate.

But with the total value of trades on eBay now amounting to \$34bn a year, it's an area which tax authorities are going to be increasingly keen to regulate.

Nick Train points out that if eBay's trading were the total economic activity of a nation state, it would represent the 59th largest economy in the world, just behind Kuwait.

For a person disposing of an unwanted personal possession, whether through the newspaper small ads or on the internet, his or her activities would not amount to trading
Inland Revenue

And, of course, most national governments would be delighted with a growth rate one-tenth of eBay's.

Last year the Inland Revenue visited eBay's UK headquarters in Richmond-upon-Thames, and eBay says it will be putting up a link to the Revenue's website to encourage traders to declare taxable earnings.

But to date, that link has not appeared, and if you search eBay's Help section for advice, you'll get the message "Sorry, no topics were found for "income tax".

But Doug McCallum, eBay UK's managing director insists that eBay traders "are paying their taxes", and that "Gordon Brown and the Treasury should be absolutely delighted that eBay has unleashed an astonishing army of entrepreneurs in this country".

EBAY'S HISTORY

1995 Set up in by Pierre Omidyar, although it is a myth that he did so because his wife, an avid Pez sweet dispenser collector, wanted to trade with other collectors over the net

1995 Mr Omidyar sells his first item - his own broken laser pointer - for \$14

1997 Meg Whitman joins eBay

1999 Sets up in the UK, Germany
1999 Site crashes for 22 hours
2000 Sets up in Japan
2001 Overtakes Amazon as the most visited e-commerce site
2002 Moves into China
2002 Buys online payment service Paypal
2002 Pulls out of Japan
2004 moves into South Korea and India, giving it a foothold in 29 international markets

For its part, the Inland Revenue has refused to admit that there is a grey area for eBay traders, between those who are buying and selling privately, and those who are doing it "professionally" or to supplement their income.

As the Revenue told the Money Programme: "There is usually no dispute that the activities carried on by a particular taxpayer do amount to a trade: the butcher, the baker and the candlestick maker all know, without getting into semantics, that they are carrying on a 'trade'.

"On the other hand, for a person disposing of an unwanted personal possession, whether through the newspaper small ads or on the internet, his or her activities would not amount to trading."

Some observers believe that the Inland Revenue will have to take further action over eBay and its traders.

Fees increase?

Hellen Omwando, market analyst at Forrester Research put it: "of course they're going to look at some way of taxing eBay, and eBay will carry that down to consumers."

If that happens, eBay will have to increase its fees to traders, which could trigger another bout of share price jitters.

Until then, eBay traders in Britain will continue to do well.

George Crudgington, having traded porcelain from his home in Derby for seven years, has just bought a house in the French countryside using the profits of seven years of eBay trading.

That's not bad, considering he only started because he was out of work and short of money. eBay has changed all that.

The Money Programme's eBay: Money for Old Rope? was broadcast on BBC Two on Friday, 25 February, at 1900 GMT.

Story from BBC NEWS:
<http://news.bbc.co.uk/go/pr/fr/-/2/hi/business/4274683.stm>

Published: 2005/02/25 00:04:58 GMT

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History of eBay [Document taken from the eBay website].

Founded in 1995, **eBay** is The World's Online Marketplace™ for the sale of goods and services by a passionate community of individuals and businesses.

Nov 2006

Today, the **eBay** community includes tens of millions of 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.

THE EBAY MISSION

eBay's mission is to provide a global trading platform where practically anyone can trade practically anything.

eBay was founded with the belief that people are honest and trustworthy. We believe that each of our customers, whether a buyer or a seller, is an individual who deserves to be treated with respect.

eBay is dedicated to its community of members, and has numerous services which enhance the trading experience. The growth of the eBay community comes from meeting and exceeding the expectations of these special people.

THE EBAY MARKETPLACE

On any given day, there are more than 19 million items listed on eBay across 35,000 categories, including fashion, antiques, sports memorabilia, computers, toys, coins, books, magazines, music, pottery, glass, photography, electronics, jewellery, gemstones, and much more. From hard-to-find event tickets and cars to picture frames and coffee tables, users can find the unique, the amazing, the collectable, and the practical on eBay.

eBay enables trade on a local, national and international basis with customized sites in markets around the world in 27 countries. Through a wide variety of features and services, eBay enables its members to buy and sell on the site quickly and conveniently. Buyers have the option to purchase items in auction-style format or items can be purchased at fixed price through a feature called Buy-It-Now. In addition, items at fixed price are also available Half.com, an eBay company.

THE EBAY HISTORY

The idea for eBay was conceived from a conversation between eBay founder Pierre Omidyar and his wife. An avid Pezý collector (she currently covets a collection of more than 400 dispensers), Pierre's wife was looking for a place where she could collect Pez dispensers and interact with other collectors over the Internet.

As an early Internet enthusiast, Pierre pioneered the auction format for online person-to-person trading, creating a simple, easy-to-understand mechanism that let buyers and sellers decide the true value of items and connect with others.

Users on **eBay** represent countries all over the world. With eBay's vision and global business strategy, the company continues to expand its service and brand abroad. It is not uncommon to hear about eBay users in **Korea** buying items from users in the **USA**, or users in Australia buying from others in **France**. Currently, **eBay** has country specific sites in **Austria, Australia, Canada, France, Germany, Ireland, Italy, Korea, New Zealand, Switzerland** and the **UK**.

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Fakes sold on eBay says BBC's *Watchdog*

Counterfeit¹ goods are being passed off as authentic items on the eBay website, a report out today says.

Researchers from BBC's *Watchdog* show found some of the auction sites' 'power sellers' were offering fake goods. They bought counterfeit Prada shoes, bogus Christian Dior bags and a fake Chloe bag.

All the items were being passed off as the genuine versions by the vendors. eBay does not allow fake goods to be sold on its website, but tonight's *Watchdog* show says eBay's system for monitoring counterfeit goods relies too heavily on the genuine brands to keep a lookout for fakes. It says vendors who are caught selling counterfeits are sometimes able to start trading in fake items again under different names.

Watchdog editor Rob Unsworth said: "Fake goods described as genuine were easy for us to find. But somehow eBay missed them. Customers who think they're getting the real thing are being ripped off² - and often it's by those sellers who seem to have eBay's seal of approval."

All the 'power sellers' who sold goods to *Watchdog* had a high volume of feedback scores on the eBay website. But some of that feedback was from angry customers who had been ripped off, the researchers found.

Responding to the *Watchdog* report, eBay said that counterfeiting was a global problem that also affected its auction site. It said in a statement: "Selling fake items is an illegal activity and eBay is committed to preventing fake items from being sold on the site. Over half of eBay's workforce is deployed in helping to keep the site a safe place to trade. In addition, we have our Verified Rights Owner (VeRO) programme to assist brands in reporting fake items to eBay." The site has a policy of quickly removing suspected counterfeits and taking "appropriate action" against the sellers. It removes "millions" of listings each year to prevent fake goods being sold, the statement added.

17 November 2006, *Manchester Evening News*.

¹ counterfeit, fake = faux, contrefaçon

² to rip off someone = escroquer qn