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THE EFFECTIVENESS OF ALTERNATIVE EBAY BIDDING STRATEGIES

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ABSTRACT

In just a few years, eBay has emerged as a dominant force in e-commerce. Founded in September 1995, eBay has become the world's largest online marketplace. 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. As stated in their Annual Report, eBay's mission is to provide a global trading platform where practically anyone can trade practically anything. On an average day, there are millions of items listed on eBay. eBay has become a global phenomenon. eBay has local sites that serve Australia, Austria, Belgium, Canada, China, France, Germany, Hong Kong, India, Ireland, Italy, Malaysia, the Netherlands, New Zealand, Poland, the Philippines, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, the United Kingdom, and the United States. Furthermore, eBay is a major business success. eBay has a market capitalization of over \$58 billion, giving it a valuation greater than General Motors and Ford put together.

Numerous books and articles exist to suggest various bidding strategies to improve the transaction prices of desired products. This study analyzes a data set of eBay transactions to determine whether or not these proposed strategies result in better prices. In particular, the effects of sniping (last minute bidding), opening bid manipulation, seller track record, handling/shipping costs substitution, and other commonly observed approaches are analyzed. There is evidence to suggest that proper use of specific strategies can produce superior net results for both buyers and sellers.

