

To whom it may concern,

PROPOSAL

This is a submission in relation to Exclusive Dealing Notification N93365, lodged by eBay International AG on 11 April 2008. I refer the reader to point 2.5 of the notification which summarises the proposed "conduct".

ANALYSIS

I have read the notification and also attended the Question & Answer session held in Melbourne on Monday 5 May 2008. An analysis of both of these information sources leads me to conclude that one of the primary reasons cited for the mandatory use of PayPal is to increase buyer confidence and experience, primarily over the receipt of goods.

eBay and PayPal offer two sorts of protection for sellers and buyers:

- Buyer Protection (the buyer can be more confident they will receive goods they have paid for), and
- Seller Protection (the seller can be more confident that the buyer will not falsely claim a chargeback)

Seller Protection is, by eBay's own rules, only applicable if the seller can provide Proof of Shipment. In Australian domestic mail terms, this basically translates to the use of Registered Post or eParcel services. These are externally-provided services (via Australia Post) that come with their own inbuilt form of guarantee, which exists independently of eBay and PayPal.

So it becomes more apparent that one of the desired objectives for increasing buyers' good experiences with eBay is to ensure the safe delivery of their goods. I acknowledge eBay's good intentions in enhancing and improving the buyer experience on their site.

eBay has proposed that mandating PayPal as the payment method will achieve this objective. Whilst this may or may not eventuate, I do not believe it to be the only alternative that should be proposed.

RECOMMENDATION

If sellers are to be mandated to operate in a certain way, there is another option which will also fulfil the requirements to achieve both Buyer and Seller Protection.

Mandating the use of Registered Post or eParcel for domestic mail, and similar services for overseas mail, would ensure that sellers receive Seller Protection. It would also use an external, already-existing guarantee that the buyer has the maximum chance of receiving their item, thereby fulfilling the intent of Buyer Protection.

eBay states that PayPal will increase security and confidence for buyers and sellers. However, as mentioned above, it only achieves this if a trackable

"Proof of Shipment" method is used. Given that this is a secondary prerequisite, it could just as well be used on its own. Payment via PayPal does not add any extra security over and above what is already inherent in these (external) services.

By no means am I inferring that eBay is trying to mandate PayPal as the only payment method in order to increase revenue and share profitability. However, unfortunately that is the way it has been (and will be) perceived. Emotion and personal issues can often cloud the need for logic. This is particularly so given the relatively rapid rate of change in eBay's terms of operation in recent times.

I cannot speak for anyone else, but as a seller, if I am to be restricted in the way I operate, I would prefer to use existing guaranteed services through an external company, ie Registered Post and eParcel. As far as I can see, they will fulfil the intent of the proposal, which is to maximise the buyer and seller experience on eBay through security and delivery considerations.

SUMMARY

In order to fulfil the intent of providing a more secure experience for buyers and sellers on eBay, an alternative option to eBay's proposal as documented in notification N93365 is to mandate the use of trackable and guaranteed methods of postage. These already exist and have inbuilt guarantee levels which are independent of eBay and PayPal.

I raised this option at the Question & Answer night, with the eBay Asia-Pacific Vice President, Simon Smith, as well as PayPal Australia's Andrew Pipelow (I'm unsure of the spelling of that gentleman's surname).

Thank you for your time in considering this submission. I await with interest the outcome of your investigation.

Sincerely,

Anh-Dao Vlachos
Address excluded

**EXCLUDED FROM
PUBLIC REGISTER**

(I assume that my email address and contact details will be struck from the public register, for privacy reasons).