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Subject: eBay International AG - Notification - N93365 [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
Attachments: EBAY-ACCC.doc
ACCC Classification: SEC=UNCLASSIFIED

From: Natalia Atkins
Sent: Friday, 9 May 2008 12:10 PM
To: Adjudication
Subject: eBay International AG - Notification - N93365

**EXCLUDED FROM
PUBLIC REGISTER**

****PLEASE KEEP MY CONTACT DETAILS PRIVATE AND OFF THE PUBLIC REGISTER****

To whom it may concern at the ACCC,

Thank you for offering me the opportunity to submit comments in response to Ebay's proposal to restrict payment systems available to clients of Australian businesses who use Ebay as a selling platform .

I would like to add my voice to public outcry against the proposed changes. I offer the perspective of an Australian business owner who has traded exclusively on ebay for a period of 3 years. I am regarded by Ebay as a 'large' client with 'powerseller' status. This is a label assigned to sellers who trade on Ebay professionally and provide consistent & professional customer service.

I am also a client of Ebay's third party checkout system 'Prostores' which currently allows me to offer my customers multiple payment options such as direct credit card payments, bank deposit, Paypal, and money order payments .

The following points describe why I believe Ebay's proposed plans pose a major risk to Australian consumers:

1. EBAY MONOPOLISES ONLINE SHOPPING IN AUSTRALIA AND HAS BEGUN IMPLEMENTING PLANS TO EXPAND THAT MONOPOLY BY TRANSFORMING ITS WEB SITE INTO A MAJOR RETAIL SHOPPING PORTAL WORLDWIDE.

-According to recent press releases and Ebay's Australia CEO Simon Smith's speech

addressing ebay clients in Melbourne on the 5th of May, 5 out of every 6 Australian online shoppers buy at ebay. That represents a monopoly of 83.3 % of the total market share of online shopping in Australia. (see reference 3)

-According to AC Nielsen, 52,700 Australians use eBay as a source of income, including 17,567 businesses that rely on eBay as their primary or only sales channel and 35,133 that use the online marketplace as a secondary source of income or channel for their business. No Ebay alternative exists in Australia, hence Ebay's aggressive fee policies directed at Australians compared with other nations. (see reference 4)

-Ebay has already begun brokering lucrative deals with major retailers to encourage the participation on ebay, such Buy.com. General motors, and drive.com in Australia. If successful, ebay will be the largest shopping portal worldwide for retail items. (see references 1,2)

References:

1. Press release regarding ebay's plans:

<http://www.nytimes.com/2008/04/17/technology/17ebay.html>

2. Article explaining ebay's new deals with major retailers, buy.com

<http://seekingalpha.com/article/75535-buy-com-partnership-a-bump-in-ebay-s-level-playing-field?source=yahoo>

3. Reference to Simon Smith's speech revealing 83% monopoly of online commerce:

http://apcmag.com/ebay_boss_not_offering_paypal_is_like_buying_heroin.htm

4. <http://www.infoage.idg.com.au/index.php/id;1570065860;fp;4;fpid;582518876>

2. EBAY DEMONSTRATE AN OVERLY AGGRESSIVE FEE POLICY IN THE ABSENCE OF COMPETITION, AT THE EXPENSE OF AUSTRALIAN CONSUMERS

- Listing Fees for items under \$ 20.00 with gallery are over 1000% * higher per item in Australia than the USA due to lack of competition in Australia, such as Amazon.
- 10-15% Ebay fee Discounts for large businesses not offered in Australia due to lack of competition in Australia.

- Paypal fee reductions offered recently in Canada are not offered in Australia
- Higher currency conversion fees than in the USA.

* Australian Fees: <http://pages.ebay.com.au/help/sell/fees.html>

* USA fees: <http://pages.ebay.com/help/sell/fees.html>

3. ELIMINATING ALL COMPETING FORMS OF PAYMENT OTHER THAN EBAY'S OWN PAYMENT GATEWAY WILL ALLOW EBAY/PAYPAL TO FINANCIALLY HURT AUSTRALIAN CONSUMERS DUE TO THEIR MONOPOLY AND OVERLY AGGRESSIVE FEE POLICIES

AREAS WHERE FEES CAN BE INCREASED WHEN COMPETING PAYMENT OPTIONS ARE ELIMINATED BY EBAY:

- Paypal withdrawal fees to bank accounts or debit cards
- International currency conversion fees
- Fees for consumer usage
- Seller commission fees which will be passed onto the consumer
- High probability for forcing consumers to 'Buy' unnecessary buyer protection from ebay, when new feedback system changes disqualify most transactions from buyer protection

4. PAYPAL BUYER PROTECTION ONLY APPLIES TO DEALINGS WITH RESPECTED BUSINESSES; IT DOES NOT PROTECT BUYERS FROM SCAMMERS WHO EMPTY THEIR PAYPAL ACCOUNT UPON PAYMENT, NEW SELLERS WITH LESS THAN 50 FEEDBACK RATINGS, NOR SELLERS WITH LESS THAN 98% FEEDBACK RATING.

Please refer to the Paypal Buyer Protection policy on Paypal's web site:

https://www.paypal.com/au/cgi-bin/webscr?cmd=p/gen/ua/policy_buyer_complaint-outside

Paypal only provide full buyer protection when all of the following criteria are fulfilled

- The consumer buys from a seller who has not already withdrawn the funds in their account.
- The consumer buys from a seller who has a feedback rating over 98%
- The consumer buys from a seller who has a feedback rating of 50 or more.
- The consumer buys from a seller who has a paypal account in 'good standing' according to Paypal's opinion

Please note, that Ebay have changed their feedback system to make the ability for any seller to maintain 98% feedback virtually impossible. This new feedback system will roll out during mid year 2008.

As you can see, Paypal buyer protection cannot protect ebay clients from scammers. A scammer will simply empty their paypal account immediately upon payment, leaving the buyer no option other than ebay's basic tier protection

What is ebay basic tier protection?

Basic tier buyer protection offers a maximum of AUD \$375 compensation, but is not viable for items sold for less than \$100:

Basic tier buyer protection requires the consumer to pay the following processing fees in order to receive financial compensation:

- \$25 fee to process their application,
- A 'written inspection fee' by a professional company is required to validate the buyer's claim. As an example, a typical fee to hire a computer company to provide written verification is over \$100

Since Basic tier Buyer protection costs over \$100 to process, it is not viable for a consumers buying items under \$100.

5. THE BUYER PROTECTION PROGRAM WILL BECOME REDUNDANT ONCE EBAY'S NEW FEEDBACK SYSTEM IS IMPLEMENTED WHICH WILL DISQUALIFY MOST BUYER PROTECTION ACCORDING TO PAYPAL BUYER PROTECTUION POLICY, EBAY SELLERS WILL NO LONGER BE ABLE TO MEET THE 98% THRESHOLD WHICH PROTECTS BUYERS.

-Ebay have recently implemented changes to the feedback system, where Sellers cannot leave feedback for their buyers. This will naturally result in average feedback ratings for sellers to drop well beneath 98%, which is required in order for consumers to receive buyer protection

Reference:

New feedback system: <http://www2.ebay.com/aw/au/200805.shtml#2008-05-08095913>

paypal buyer protection policy: https://www.paypal.com/au/cgi-bin/webscr?cmd=p/gen/ua/policy_buyer_complaint-outside

6. PAYPAL SELLER PROTECTION IS BASED ON THE USA POSTAL SYSTEM, AND WILL CAUSE UNECESSARY INFLATION OF PRICES DUE TO SELLER RECEIVING EXCESSIVE FEES AND UNDER-PROTECTION FROM FRAUD

- EXPRESS POST IS NOT COVERED BY PAYPAL SELLER PROTECTION
- REGISTERED POST IS SLOW BY AUSTRALIAN STANDARDS CONSIDERING THE SIZE OF OUR COUNTRY
- CONSUMERS WILL ABOSRB UNECESSARY COST DUE TO INCREASED FRAUD RISKS TO SELLERS

The consequences of these issues include unnecessary expenses being passed onto Australian consumers and the potential elimination of express postal services by ebay sellers due to this service being subject to buyer fraud.

By way of conclusion, I believe that allowing Paypal to become the compulsory payment method for Australian consumers buying on ebay is too risky. Paypal clearly require competition in this area to keep it honest and to prevent Ebay for implementing aggressive fee policies via paypal directed at Australia consumers.