



FILE NOTE			
Matter name:	eBay International AG exclusive dealing notification N93365		
ACCC parties	Darrell Channing (DC), Shane Chisholm, Lauren Roy, Tess Macrae		
Professional eBay Sellers Alliance	Philip Leahy (PL)		
Date:	15 May 2008	Time:	2:05pm – 2:35pm

***How many members does PESA have in Australia?***

PL stated that PESA has 54 members in Australia. PL noted that memberships are continuing to grow, as the criteria for becoming a member of PESA has recently been extended to include all PowerSellers. PL noted that in the past, businesses needed a gross merchandise value (GMV) of at least \$25,000 per month to qualify for PESA membership.

***What is a 'PowerSeller?'***

PL indicated that in order to be a PowerSeller, a seller must generate \$2500 a month in sales on eBay for three consecutive months.

***To what extent do PESA members currently use the following sales platforms in addition to eBay? In relation to each type of platform, please give reasons why it is or is not used.***

- (a) Own website.*
- (b) On-and off-line classifieds (eg Trading Post, Gumtree and Cracker).*
- (c) List, search and redirect sites (eg shopping.com, google.com.au).*
- (d) specialist listing sites (eg drive.com.au, domain.com.au).*
- (e) Offline methods of sale.*

PL indicated that 80 per cent of the revenue that PESA members derive is on eBay. PL noted that the other 20 per cent is derived from using a combination of other sales platforms, including the member's own website and search options such as google adwords.

PL noted that this situation is different in the United States because there is much more competition in that market. PL commented that when eBay increases their prices in the U.S., sellers can list their businesses on other platforms, such as Amazon. PL stated that in contrast, eBay is the only viable option in Australia.

PL noted that his own website accounts for only 6 per cent of his overall revenue.

PL also noted that while sellers can list on overseas platforms, such as Amazon, there are certain restrictions. PL commented that such restrictions include the strengthening of the Australian dollar

and the issue of freight costs. PL stated that sellers can be internationally competitive with regards to smaller items but not larger items because of the associated freight costs.

*Consider a scenario where eBay permanently increased its fees to sellers by 5% to 10%. What is the likely reaction of PESA members and the reasons for such a reaction? Some possible reactions are set out below.*

- (a) Leave eBay and sell by alternative means.*
- (b) Continue to offer the goods for sale on eBay and pass through the price increase.*
- (c) Continue to offer the goods for sale on eBay and absorb the price increase.*
- (d) Any other reaction.*

PL commented that in the past, where fee increases have been dramatic, sellers have been forced to either pass on the increase to customers or go into another business.

*DC asked what determined whether a seller passed on the price increase to customers or absorbed the cost themselves.*

PL commented that many sellers are already operating on minimal margins and are likely to go under if they can't pass on price increases to customers. PL noted that he has spoken to a number of smaller PESA members who say that if the notified conduct goes ahead, their business will fold.

*In the event that PESA members decided to leave eBay, what types of alternative means of sale are they likely to switch to?*

PL commented that as the market in Australia is small, there really aren't any alternatives. PL noted that as eBay does not pay GST in this marketplace, it puts other platforms such as Trading Post at a disadvantage.

*DC noted the market presence of Oztion and Grays Online Auctioneers and asked why these would not be considered viable alternatives to eBay.*

PL stated that these sites don't attract the same amount of online traffic as eBay. PL considers that the problem with Oztion is that it is an 'eBay clone.' PL stated that there is a belief that eBay is waiting for Oztion to increase their market share and will then sue Oztion and ensure they are shut down.

PL notes that Oztion was established in response to a price increase on eBay.

PL stated that Deals Direct is probably the only trader that has moved successfully from eBay to its own platform.

*DC asked whether there were fixed or set costs associated with setting up a PayPal account.*

PL indicated that there are no costs associated with setting up a PayPal account. PL stated that PayPal pushes problems with a transaction onto the seller, noting that in the event of a dispute, money is taken out of the seller's account.

### *Security benefits of PayPal*

PL disputed eBay's claims that PayPal is the safest method of payment. PL commented that the amount of phishing emails sent for PayPal accounts is 'out of control.' PL considers that there is nowhere near the same volume of similar emails circulating regarding Australian banks.

PL noted that he has conducted over 100,000 banking transactions on eBay and only experienced problems with payment, such as incorrect banking details being provided, in around 10 of those.