

RE: eBay International AG - Notification - N93365

I myself currently use both eBay and PayPal. I am not a 'powerseller' nor do I make a large volume of transactions, yet I have never experienced any negativity from other eBay members as either Buyer or Seller, and have never had the need to use any of the protection schemes mentioned in the proposal. Nor have I heard of any similar story from any friends or acquaintances who also regularly use eBay (this includes some who rely on it for their sole source of income).. therefore I would challenge eBay's statement that there is a large and growing problem of BBE (their acronym, not mine).

I would also point out that a significant proportion of all eBay transactions that I have personal knowledge of, have been conducted **without** the use of PayPal as it is seen as a less secure, and less user friendly option by most buyers, and is not preferred by most sellers.

However, I do not challenge eBay's right to promote their own payment gateway as a preferred *option* for users of the eBay site, and in fact would even not challenge their proposal to make PayPal a mandatory *option*.

My specific objection is to the second part of the changes (those being proposed for 17th June) where the user agreement will be changed to **only** allow PayPal. This I see as a significant abuse of trust of a VERY large and established userbase, and a blatant attempt to cross promote a subsidiary's services at the exclusion of genuine competitors (some of which I view as providing a more secure offering.)

I believe that the biggest impact this will have on me personally is an ultimate reduction in the number of eBay sellers and therefore a reduction in the range of products available to purchase in what is arguably the most popular online shopping destination in Australia.

I cannot provide specific evidence to support that statement, however I do have some comments in response to specific clauses in eBay's proposal.

I note that Annexure B (the NERA report) is not included in the public register, however the comments made about it in Section 4 are questionable. I find it very hard to fathom that a large and experienced economic consulting group were unable to accurately gauge eBay's market share when online shopping has been the focus of many survey's and reports both here in Australia and overseas. There are even examples in the research quoted by eBay themselves that provides statistics that indicate eBay is a market leader, and the phrase 'eBay it' has even passed into common usage indicating to me that they also have a significant portion of mindshare when it comes to online transactions.¹

Item 5.4

ACNielsen very clearly speaks about **increased choice** for consumers, and even specifically points out the fact that the increase in PayPal popularity is linked to them being a wholly owned subsidiary of eBay². Given that *the conduct* is intending to reduce choice, I cannot agree with the assertion that this research supports a public benefit.

I would also point out that this research provides statistically significant measures of the number of online users that have used eBay, yet the comments in eBay's submission regarding the NERA report seem to indicate that a consultancy firm with a lot more resources than just I was unable to determine whether eBay had a significant market share?

Also, in Annexure C – the Australian Online Retail Monitor, there are statistical measures that specifically counter eBay's statement that online shoppers are unhappy with the security of online purchasing.

¹ <<http://mendicantbug.com/2008/01/26/to-ebay-this-to-google-that/>>

² <<http://au.nielsen.com/news/Onlinespending2H07.shtml>>

Trust in the available online payment methods is a perceived online shopping obstacle for very few consumers, with only 3 percent listing this aspect of online purchasing as a perceived barrier - likely due to an ever increasing variety of payment options along with improved online security measures.

Item 5.10

eBay proposes that the exclusive use of Paypal on eBay will encourage the use of Paypal on other sites. While this may be so, I fail to see how this can possibly be a benefit to anybody other than eBay themselves. This clause strikes me as a very cleverly worded explanation of an internal strategic objective to exclude their competitors on not only their own auction site, but others as well.

Item 5.11

This statement assumes that PayPal is an appropriate and secure payment solution. A fact that is in question on many public discussion forums and indeed in other submissions already received on this notification. Therefore using this as a reason to *allow the conduct* seems redundant and counterintuitive.

Item 5.13

"the large number of existing sellers that rely on eBay as their only or primary source of income." This direct quote from eBay's submissions should be read in a larger context. They are now imposing very specific restrictions on "a large number of users" that will have a very real prospect of reducing their customer and sales volumes in a business that forms their "only or primary source of income". This is a worrying statement from a company that provides ¼% of Australia's GDP (figure from their research)

Item 5.17, 5.18, 5.19 & Item 5.20

The further public benefits mentioned in these points would still exist if *the conduct* did not go ahead. I personally have held a PayPal account for many more years than I have been a user of the eBay site, so *the conduct* has not had (and would not have had) any bearing on whether I can benefit from using the PayPal service.

I would also point out that there are other programs specifically designed to increase security of online shopping that are promoted by both Visa (Verified by Visa) and Mastercard (SecureCode), and neither of these are reliant on a specific merchant to provide these benefits to consumers.

While many of these comments are based on my personal experience, I do know that there is a portion of eBay users who are either unaware of these impacts or unable or unwilling to comment on them. I would not like to think that eBay would be allowed to flaunt their ignorance for monetary gain and therefore would urge you to view this proposal in a larger context and not solely as an impact on specific interested parties.

Regards
Daniel H