

Polis – Is eBay doomed?

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We are so used to the success of Internet companies like Google, Facebook and Craigslist that we can forget that they are also subject to the laws of the market.

Thomas Jones has written an entertaining article for the [London Review of Books](#) which suggests that eBay may be about to stumble and even fall.

Jones suggests that eBay is an unusual Internet company in that it charges its users for services. Those services may soon be available for free elsewhere:

“MySpace, YouTube and Facebook are all funded by advertising, and Wikipedia by donations; eBay charges its users. With the spread of free social networking sites, not to mention the ubiquitousness of Google, the need for eBay becomes increasingly unclear. Why give eBay its 2.5 per cent cut when you can auction a CD to all the Keane fans on MySpace and Facebook, who can check your integrity on a site like ebuyer-feedback.com? This isn’t yet possible, though surely it soon will be. Last year, for the first time, the number of listings on eBay began to decline. The company was built on the principle of cutting out the middleman; in the process, it has become the middleman. At some point in the not too distant future, its cherished community of online traders may well decide that the time has come to cut it out.”

I doubt that eBay will disappear overnight because it has such a vast market share. People take time to move on. And anyway, it can adapt, just like Old Media companies did. But it does remind us that a business built on a simple idea can be especially vulnerable when that proposition becomes dated.

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