



Exploratory study of consumer issues in online peer-to-peer platform markets

Task 4 – Case study: eBay



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Consumers

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CONTENTS

1	INTRODUCTION.....	8
1.1	Platform overview.....	8
1.2	User experience.....	9
1.2.1	Peer consumers.....	11
1.2.2	Peer providers.....	13
1.2.3	Add-on services.....	17
2	ASSESSMENT OF THE PLATFORM.....	18
2.1	Evolution of the platform business model.....	18
2.1.1	Development of the platform.....	18
2.1.2	eBay today.....	Error! Bookmark not defined.
2.2	Current business model.....	19
2.2.1	Business model and pricing.....	19
2.2.2	Payment.....	20
2.3	Consumer experiences.....	21
2.3.1	Satisfaction with overall experience and likelihood to use the platform again.....	21
2.3.2	Frequency of problems encountered on the platform.....	22
2.3.3	Knowledge of rights and obligations.....	22
2.4	Transparency aspects.....	23
2.4.1	Information to platform users (clarity, easy accessibility).....	23
2.4.2	Terms and conditions.....	26
2.4.3	Data protection.....	27
2.5	Trust building and verification of information.....	28
2.5.1	Peer reviews and ratings.....	28
2.5.2	Verification of peer information by platform.....	31
2.6	Complaints, redress and insurance.....	32
2.6.1	Complaints handling mechanisms.....	32
2.6.2	Access to redress.....	33
2.6.3	Access to Insurance.....	35
2.7	Cross-border dimension.....	35
3	CONCLUSIONS.....	36
3.1	Main findings.....	36
3.1.1	Contribution to the business model typology.....	36
3.1.2	Consumer experiences.....	37
3.1.3	Transparency of the platform, including information provided to peers.....	37
3.1.4	Trust building and verification of information.....	37
3.1.5	Access to complaints, redress and insurance.....	38
3.1.6	Cross-border issues.....	38
3.2	Good practices.....	38
3.3	Elements of concern.....	39
3.4	Future developments.....	39

TABLES

Table 1: eBay availability per country..... 8
Table 2: eBay daily and monthly unique viewers per country 8
Table 3: Business model canvas for eBay (P2P)19
Table 4: eBay fees per country19
Table 5: eBay’s liability by country26

FIGURES

Figure 1: eBay registration screen (desktop version)..... 9
Figure 2: eBay main screen after log in (desktop version).....10
Figure 3: My eBay page (desktop version)10
Figure 4: eBay’s main screen on mobile app (Android version)11
Figure 5: Searching for an item on eBay (desktop version)11
Figure 6: Item listed on eBay using auction format (desktop version)12
Figure 7: Item listed on eBay using “Buy It Now” format (desktop version)12
Figure 8: Item listed on eBay using classified ad format (desktop version).....13
Figure 9: eBay’s “Best offer” feature for fixed price items (desktop version).....13
Figure 10: Selling an item on eBay (desktop version).....14
Figure 11: Satisfaction with overall experience on eBay and likelihood to use the platform again in the future21
Figure 12: Problems experienced on eBay – Frequency breakdown (Peer consumers)22
Figure 13: Knowledge of rights and responsibilities on eBay.....23
Figure 14: Seller information box on the right-hand side of the listing page (desktop version)24
Figure 15: eBay’s Feedback scores scale29
Figure 16: Peer provider feedback profile on eBay30

1 Introduction

1.1 Platform overview

eBay is an online (re)sale platform that allows people to sell new and used items by auction or at a fixed price¹.

As of 2016, eBay operates in national language in 10 EU countries and Norway (see Table 1). The platform is also available on a mobile app.

Table 1: eBay availability per country

Country	eBay availability ²	Country	eBay availability	Country	eBay availability
Austria	✓	France	✓	Netherlands	✓
Belgium	✓	Germany	✓	Norway	
Bulgaria		Greece		Poland	✓
Croatia		Hungary		Portugal	
Cyprus		Ireland	✓	Romania	
Czech Republic		Italy	✓	Slovakia	
Denmark		Latvia		Slovenia	
Estonia		Lithuania		Spain	✓
Finland		Luxembourg		Sweden ³	✓
				United Kingdom	✓

eBay's biggest markets in the EU are Germany and the UK. Both countries together account for one third of the annual net revenue of the company.⁴ The national versions of the eBay website in these countries also have the highest number of visitors (Table 2).

Table 2: eBay daily and monthly unique viewers per country⁵

Country	Daily viewers	Monthly viewers
Austria	69,200	2,076,000
Belgium	49,750	1,492,500
France	425,000	12,765,000
Germany	2,379,000	71,370,000
Ireland	114,000	3,420,000
Italy	750,000	22,515,000
Netherlands	56,610	1,698,300
Poland	70,877	2,126,310

¹ Within the scope of this case study, desk research and the mystery shopping exercise were carried up until December 2016. Some minor clarifications regarding the core research results were sought until February 2017.

² Information available at: <https://www.ebayinc.com/our-company/our-other-businesses/>, accessed on 09/02/2017.

³ The Swedish version of eBay is called "Tradera": <http://www.tradera.com/>

⁴ Information available at: <https://www.statista.com/statistics/266198/regional-distribution-of-ebays-annual-net-revenue/>, accessed on 09/02/2017.

⁵ This table has been taken from a previous VVA study, and figures have been updated on 08/08/2016. Unique viewers represent unique IP (internet protocol) addresses that have visited a certain website per day. They are associated to individual computers. All data were derived from the website <http://www.hypestat.com/>. This does not measure visitor traffic on mobile apps. Figures are taken by checking national versions of the platform (i.e. the website with the country internet suffix, e.g. ebay.de for Germany).

Country	Daily viewers	Monthly viewers
Spain	316,500	9,495,000
Sweden ⁶	61,085	1,832,550
United Kingdom	2,578,00	77,340,000

The eBay platform hosts two types of transactions:

- Peer-to-peer (P2P) transactions between private peer providers and private peer consumers;
- Business-to-consumer (B2C) transactions between businesses and private peer consumers.

This case study focuses on the platform’s **P2P activities**. However, it should be noted that B2C transactions have greater economic significance. According to an eBay spokesperson, 80% of the company’s gross added-value comes from B2C transactions.⁷

1.2 User experience

To register on eBay, peer users must enter their email, name and mobile phone number. They must accept the terms of the user agreement prior to completing registration.

The registration process is the same for peer providers and peer consumers. Peers can either sell or buy using the same account.

Figure 1: eBay registration screen (desktop version)

The screenshot shows the eBay registration interface. At the top is the eBay logo. Below it are two tabs: 'Sign in' and 'Register'. The 'Register' tab is selected. The registration form consists of several input fields: 'Email', 'Re-enter email', 'Password' (with a 'Show' checkbox), 'First name', 'Surname', and 'Mobile phone' (with a dropdown menu showing '+44'). Below the form is a blue 'Register' button. At the bottom, there is a link for 'WANT TO JOIN AS A BUSINESS? Register for a business account'.

Once logged in, peers can see the list of goods they follow, daily deals and sponsored listings.

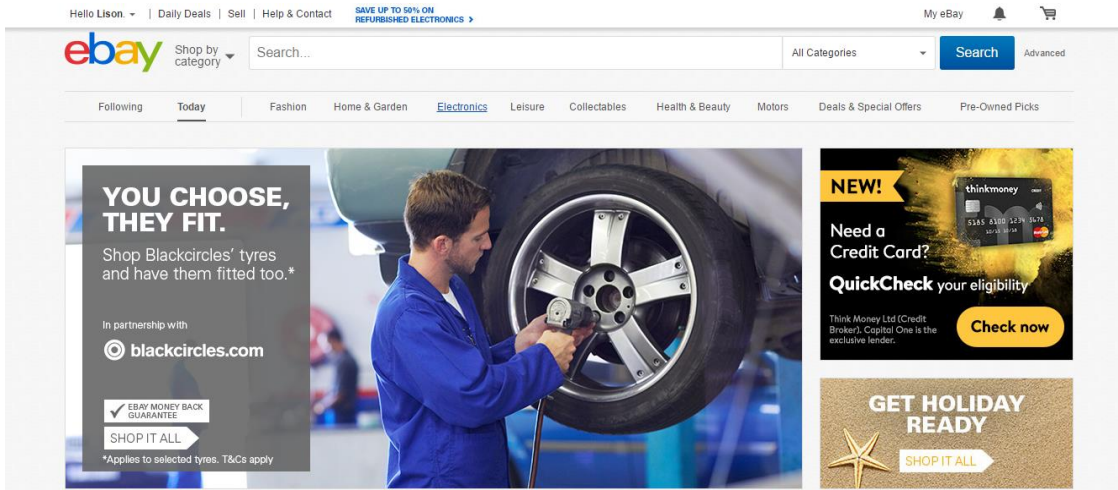
On the top left of the screen, peers can access their account settings and the list of items they follow under the section "Collections". On the top right of the screen, peers can

⁶ Results for <http://www.tradera.com/>

⁷ Interview with the platform, 21/07/2016.

access their shopping basket, notifications list, and manage their activity under the section “My eBay”.

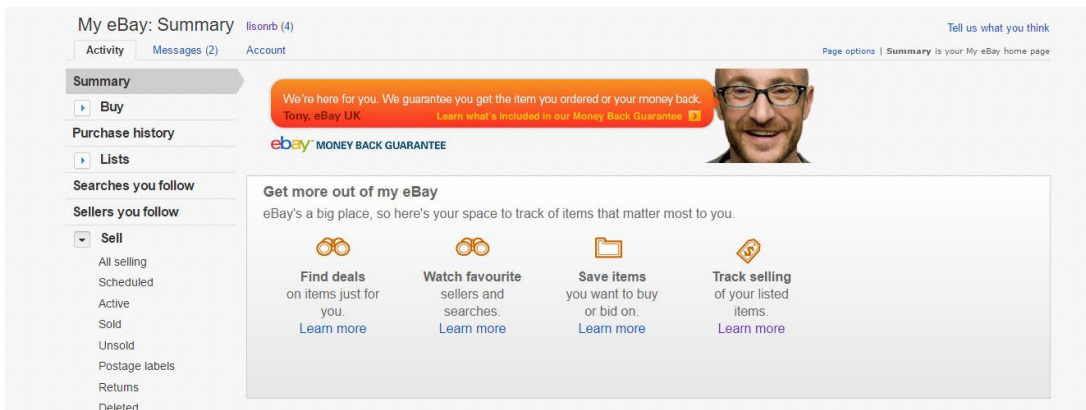
Figure 2: eBay main screen after log in (desktop version)



My eBay is the peer’s home page where they can review their activity, access the online messaging system and modify their account settings.

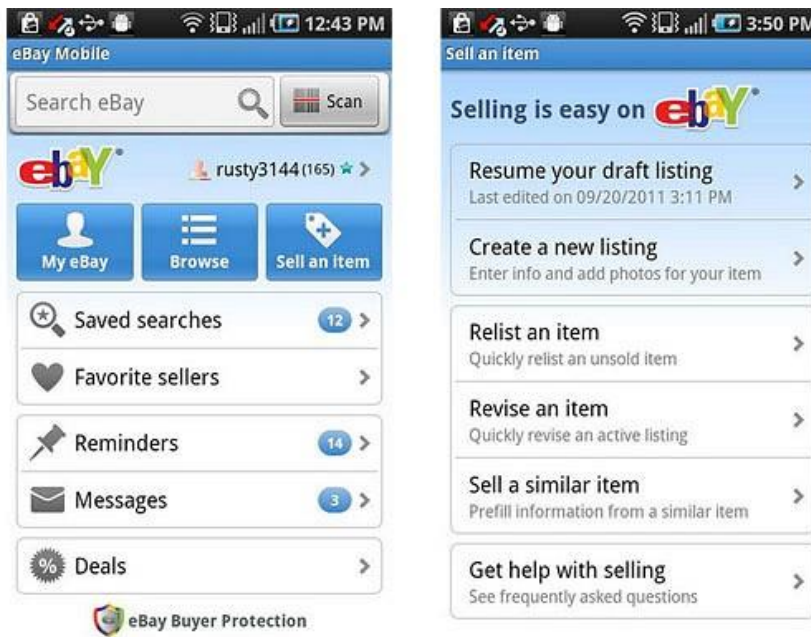
- Peer consumers see the bids/offers they follow, the ones they lost or deleted, as well as their purchase history;
- Peer providers see all their sales activity, including scheduled, active, sold, unsold, returned or deleted items.

Figure 3: My eBay page (desktop version)



The mobile app offers the same features as the website.

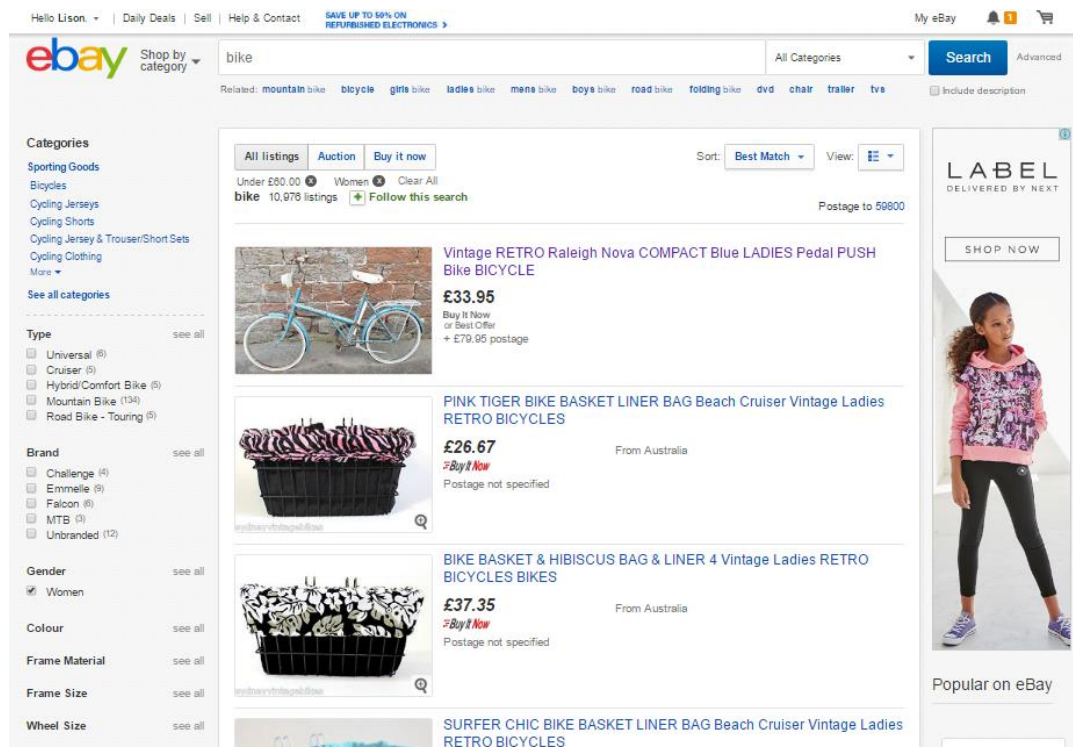
Figure 4: eBay’s main screen on mobile app (Android version)



1.2.1 Peer consumers

To buy items on eBay, **peer consumers** can use eBay’s search tool at the top of the screen, divided into categories and subcategories. The search tool contains filters according to the type of listing, brand, colour, etc.

Figure 5: Searching for an item on eBay (desktop version)



When peer consumers click on a listing, they get a detailed description of the good, postage options, delivery options, payments, returns options, information about the seller and previous user reviews, and the price.

There are three listing formats:

- **The listing is an auction.** Peer consumers submit a bid and wait for the end of the auction. The price is likely to increase as other peer consumers bid on the same item.
- **The listing has a fixed price** (“Buy It Now”). In this case, peer consumers can either:
 - Buy the product immediately at a fixed price;
 - Make an offer to negotiate the price (“Best offer”).
- **The listing is a classified ad** (in the UK only). eBay publishes the listing along with the provider’s contact details (to registered users only) and peers handle the transaction themselves. *The feedback system and eBay’s customer service, redress and insurance policies are not available*, as will be detailed below.

The peer provider indicates the desired format when creating the listing (see section 1.2.2). Figure 6, Figure 7 and Figure 8 show these three options on the website, while Figure 9 illustrates the “Best offer” feature.

Figure 6: Item listed on eBay using auction format (desktop version)

The screenshot shows an eBay auction listing for a "Ridgeback 500LX Ladies Hybrid Bike". The main image shows a blue bicycle parked outdoors. To the right of the image, the listing details include: Condition: Used; Time left: 7h 24m 32s (11 Aug. 2016 17:59:05 BST); Price: £25.00 with 2 bids; a bid input field containing "30"; a "Submit bid" button; and options to "Add to Watch list" and "Add to collection". Below the bid section, it states "Zero customs charges" and "Longtime member". The seller information is "jangreecat (5)". A banner for "EVANS CYCLES" is visible, advertising a "SALE" on "ACROSS OUR S/S CLOTHING RANGE".

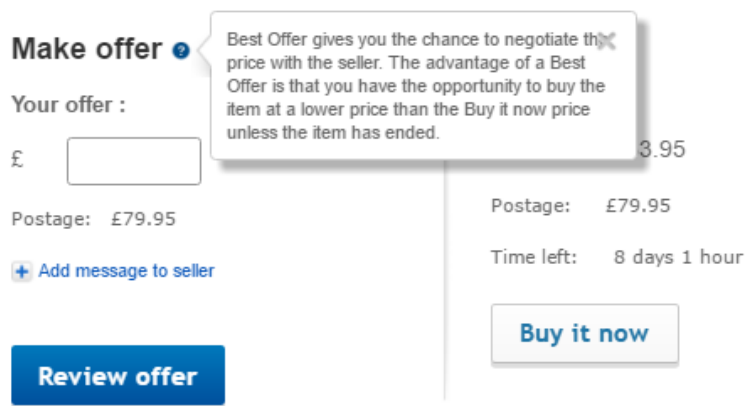
Figure 7: Item listed on eBay using “Buy It Now” format (desktop version)

The screenshot shows an eBay "Buy It Now" listing for a "Vintage RETRO Raleigh Nova COMPACT Blue LADIES Pedal PUSH Bike BICYCLE". The main image shows a light blue bicycle against a stone wall. To the right, the listing details include: Condition: Used; Time left: 8d 02h (19 Aug. 2016 12:42:45 BST); Price: £33.95; a "Buy it now" button; an "Add to basket" button; and a "Make offer" button. Below the "Make offer" button, it says "Add to Watch list" (4 watching) and "Add to collection". The seller information is "ryehill_retail (51574)" with "99.2% Positive Feedback". A banner for "NEERAT MOVIES" is visible, advertising "TAKE A FRIEND TO THE CINEMA WITH 2 FREE TICKETS".

Figure 8: Item listed on eBay using classified ad format (desktop version)



Figure 9: eBay's "Best offer" feature for fixed price items (desktop version)



Peer consumers have access to several features, for instance:

- **"At a glance"** provides a snapshot of newly listed items, updated every 10 minutes on eBay's main page;
- **"Watch list"** allows to save items peer consumers may want to buy or bid on;
- **"Searches you follow"** and **"Sellers you follow"** shows updates of peer consumers' favourite searches and sellers.
- **"Collections"**⁸ allows peer consumers to gather items they like/are interested and publicly share them with other peer consumers.

1.2.2 Peer providers

To sell items on eBay, **peer providers** must create a listing. The platform gives guidance and advice along the process: suggestions for a title and categories, tips for a good description, guidance information on prices, such as how to set the price including postage costs and listing fees (see Figure 10).

⁸ Information available at: http://p.ebaystatic.com/aw/pics/uk/Collection/CollectionGuide_UK.pdf, accessed 09/02/2017.

Figure 10: Selling an item on eBay (desktop version)


Tell us what you're selling

Give us a title for your listing or enter an EAN or ISBN.
 [Start selling](#)


For example: Amethyst gemstone ring

- Quick sell (not suitable for vehicles and vehicle parts)
List your item quickly using the most popular options
- Advanced sell (Sell your item form)
Access to all the options (Subtitle, Listing Designer and more)

[Browse categories](#)


 [Sell a car or motorbike](#)

1 Create a descriptive title for your item

[Find a category](#) 

(Your title has 64 characters remaining)

2 Select the category that best describes your item

We suggest using one of the categories below to place your item. 


[Suggested categories](#) [Browse categories](#)


- Cycling > Bikes
- Cycling > Cycling Shoes & Overshoes > Women's Shoes
- Cycling > Helmets & Protective Gear > Helmets
- Cycling > Cycling Clothing > Jerseys
- Cycling > Other Cycling
- Clothing, Helmets & Protection > Motorcycle Clothing > Boots
- Men's Clothing > Hoodies & Sweats


Not one of these? Try [browsing categories](#).


3 Bring your item to life with pictures

Click **Add a photo** and select the photo you want to upload. ?









Gallery plus: Display a large picture in search results - capture special details or different views for buyers. (£2.50) (recommended) ?

Tips

Your pictures in this category are on us and will appear on your Gallery picture, a small version of your picture which appears in search results. With Gallery Plus, buyers can also see larger pictures in search results.

4 Describe the item you're selling

Buyers often refine their search using these item specifics. If you don't provide these details here, your listing may not appear in their search results. [Help on item specifics](#)

Item condition

- ?

Type [Remove Type](#)

* Brand

Model [Remove Model](#)

* MPN
Enter the manufacturer's part number to optimise your listing for internet search engines.

Gender [Remove Gender](#)

[+ Add Colour](#) [+ Add Frame Material](#) [+ Add Frame Size](#) [+ Add Wheel Size](#) [+ Add Number of Gears](#)

5 Set a price and P&P details

Start auction bidding at £ lasting for ?

Add **Buy It Now** to the listing £ (£0.50) ?

Start listing immediately

Schedule start time (£0.00 ~~£0.00~~) **Special offer** - -

1 We require that all listings include a postal service, P&P cost and dispatch time. You can use the [Postage Calculator](#) to help you select a service and calculate cost.

1 If you offer international postage, your item may be sold on another eBay site. If so, your listing will be subject to that site's [eBay Money Back Guarantee](#) and other policies.

Postal destination: Service: Postage cost to buyer: £ ?

[+ Add another postage option](#)

[Postage calculator](#)

Dispatch time: ?

6 Decide how you'd like to be paid

1 We're making transactions safer for eBay members by updating our accepted payments policy. The policy requires all sellers to offer PayPal as a payment method in their listings.

Learn more about the [eBay accepted payments policy](#).

Accept payment with **PayPal** ?

Personal cheque

Postal order

Other (please provide details in step 4)

Peer providers have access to many additional features, for instance:

- **“Multiple listings”** allows to sell several items in a single listing;
- **“Listing activity”** displays a statistical summary of scheduled, active, and completed listings. Peer providers can use filters to create groupings of listing activities;
- **“Favourite links”** can include eBay Preferences, My Messages, Manage my Shop, PayPal, eBay File Exchange, Selling Manager/Selling Manager Pro discussion board, View my Shop;
- **“Sold”** displays a statistical summary of items that peer providers sold in the last 90 days;
- **“Listing offers”** shows discounts on eBay fees available to peer providers.

In case of frequent sales, peer providers (individuals) can subscribe to an eBay shop. For a fixed monthly cost, peers can benefit from reduced fees for listings and reduced transaction fees⁹. Also, commercial (peer) providers benefit from discounts on eBay fees and access to three “shop” options as shown in Table 3.

Table 3 : Shop options at eBay

	No Shop	Basic	Featured	Anchor
Who it's for	People new to eBay and selling online.	Small businesses looking to maintain a professional online presence.	Growing businesses with even lower listing fees and business tools.	Businesses looking to expand rapidly at home and abroad, with free listings and business tools.
Monthly price		£17.38	£52.17	£217.38
Included Fixed Price Listings	0	200*	1,200*	Unlimited*
Free listings in over 15 countries**	X	X	✓	✓
Price per additional fixed price listing	26p	9p	4p	Free
Price per auction starting at £1 or more	26p	13p	13p	13p
Price per auction starting under £1	9p	4p	4p	4p

Source: Source: <http://sellercentre.ebay.co.uk/business/what-fees-youll-pay#anchor20674>

⁹ More information available at: <http://sellercentre.ebay.co.uk/private/what-fees-youll-pay#shops>

1.2.3 Add-on services

Finally, the platform also offers a number of add-on services to both peers.

Peer consumers can use the "automatic bidding" service¹⁰ to allow eBay to bid for them. The peer registers the highest amount they are willing to pay in an auction, then eBay automatically bids just enough to keep them in competition with other buyers, and stops bidding when the maximum amount specified by the peer has been reached. This service is free of charge and can be selected when bidding for an item.

Peer providers can benefit from a free international shipping programme where eBay takes care of customs and tracking.¹¹ There is also a free escrow service for high value items (see section 2.2.2).

In addition to these free services, peer providers can, against payment:¹²

- Set a reserve price for auction listings (under which the item cannot be sold);
- Add a "Buy It Now" price for auction listings;
- Add a subtitle that appears beneath the listing in search results;
- Add larger pictures for the listing when it appears in search results;
- List the item in two product categories instead of one;
- Schedule the listing to be released on certain days and times;
- Design the listing description with a theme;
- Subscribe to "shops" to reduce eBay's fees (see section 2.2.1).

¹⁰ Information available at: <http://ocsnext.ebay.co.uk/ocs/sr?&query=337>, accessed on 09/02/2017.

¹¹ Information available at: <http://sellercentre.ebay.co.uk/business/global-shipping-programme>, accessed on 09/02/2017.

¹² Information available at: <http://sellercentre.ebay.co.uk/private/what-fees-youll-pay>, accessed on 09/02/2017.

2 Assessment of the platform

2.1 Evolution of the platform business model

2.1.1 Development of the platform

eBay was created in 1995 by Pierre Omidyar in San Jose, California.¹³ It started as an auction platform called "Auction Web". At the time, **the platform would only publish listings and charge a small listing fee**¹⁴ which is characteristic of the first business model category identified in Task 1 of this study ("hosting model").

eBay expanded rapidly: in 1997, it facilitated over two million auctions compared to only 250,000 the year before. In September of the same year, the platform changed its name to "eBay".¹⁵ In 1998, the company entered the stock market and its shares quickly reached 2.5 times their initial value.¹⁶

Since 1995, eBay has grown internationally and diversified its services. The company acquired and invested in other businesses. In 2002, eBay purchased the digital payment platform PayPal to offer users a safe way to transfer money. In 2005, eBay acquired the Internet communications platform Skype to facilitate transactions between people who do not know each other.¹⁷ eBay diversified its services offer. In 2000, eBay stopped being an "auction-only" platform with the introduction of the fixed-price feature "Buy It Now" described above.

2.1.2 eBay today

In 2008, John Donahoe, the newly appointed CEO confirmed this shift in the platform's nature from a 100% auction to a part-auction, part-retailer website. eBay established ties with retailers and brands to offer consumers a wider selection of popular items from high street retailers such as Toy R Us, Barnes & Nobles, Timberland, Macy's, Home Depot, etc. This model was inspired by Amazon, the online retailer considered as eBay's main competitor as an e-commerce leader.¹⁸ This change in the platform's nature was accompanied by new fraud protection policies for peer consumers in response to complaints about a lack of customer service, counterfeit merchandise and other fraudulent practices.¹⁹

¹³ Information available at: <http://teamcaffeine.wikidot.com/ebay>, accessed on 09/02/2017.

¹⁴ Information available at: http://ebay.about.com/od/ebaylifestyle/a/el_history.htm, accessed on 09/02/2017.

¹⁵ Information available at: <http://www.happynews.com/living/online/history-ebay.htm>, accessed on 09/02/2017.

¹⁶ Information available at: http://ebay.about.com/od/ebaylifestyle/a/el_history.htm, accessed on 09/02/2017.

¹⁷ Please note that Skype was sold in 2009, and PayPal became independent from eBay in 2015.

¹⁸ Information available at: <https://www.fastcompany.com/3004125/pivoting-auctioneers-online-sellers-ebay-takes-amazon>, accessed on 09/02/2017.

¹⁹ Ibid.

2.2 Current business model

2.2.1 Business model and pricing

The **business model canvas** for eBay focuses on the company’s P2P activities across the three selling formats (i.e. auctions, fixed price and classified ads).

Table 4: Business model canvas for eBay (P2P)

<i>Key partners</i>	<i>Key activities</i>	<i>Value proposition</i>	<i>Customer relationship</i>	<i>Customer segments</i>
-Community - Investors - Third party providers of add-on services (escrow system, additional insurance)	- Merchandising - Product development/management - Customer service	Facilitation of P2P transactions by: - Listing goods/services - Generating trust	- Co-creation (user reviews) - Automated services	- Mass market (and collectibles) - Multi-sided platform
	<i>Key resources</i>		<i>Channels</i>	
	- Community - Technology	- Setting terms of P2P transactions	- Web - Mobile app	
<i>Cost structure</i>		<i>Revenue streams</i>		
- Fixed costs: Maintenance of the website - Advertising/PR: Marketing and advertisement (Google + social media) – promotions		- eBay fees (insertion, final value, add-on services)		

eBay earns revenue through fees charged to peer providers:²⁰

- **Insertion fees:** above a certain number of listings per month (see Table 5 below), peer providers must pay a small fee for each additional listing;
- **Transaction (or "Final value") fees:** for sales over a certain amount (see Table 5 below), peer providers must pay a fee on the total value of their transactions;
- **Add-on service fees** for pricing and increased visibility features, and assistance for selling items (i.e. scheduled listings and shop subscriptions) (see section 1.2.3 above).

Fees and the number of free listings vary depending on the country. The following table provides an overview of these differences.

Table 5: eBay fees per country²¹

Country	Insertion fees	Final value fees	Shop subscription fees (per month)
Austria	€0.50 (20 listings free)	Variable, as of total value of €250	No data
Belgium	From €0.16 to €1.05	8.4% of the final	€17.35

²⁰ Information available at: <http://ocsnext.ebay.co.uk/ocs/sr?query=371&topicName=Fees+for+selling&st=6&levelHierarchy=4a1a1>, accessed on 09/02/2017.

²¹ Information available at: <http://sellercentre.ebay.co.uk/private/what-fees-youll-pay>, accessed on 26/07/2017.

Country	Insertion fees	Final value fees	Shop subscription fees (per month)
	(75 listings free)	price	
France	€0.35 (50 listings free)	Variable as of €200	€17.35
Germany	€0.50 (300 listings free + 20 per month + 2,500 with a starting price of €1 per month)	10% of the final price (as of €199)	No data
Ireland	From €0.27 to €3.21 (100 listings free)	10.7% of the final price as of €101.61	€21.73
Italy	€0.35 (50 listings free)	10% of final price as of €200	€19.95
Netherlands	From €0.11 to €0.37 (75 listings free)	8.4%	€17.35
Poland	Free	2.7% of the final price as of €10.92	€2
Spain	€0.35 (50 listings free)	8% of the final price as of €200	€19.95
Sweden ²²	Free	10% of the final price as of €150	From €31 to €20.55
United Kingdom	£0.35 (20 listings free)	As of £250	£19.99

Classified ad listings only incur insertion fees. Other fees do not apply as eBay only publishes the item without providing any other service.

Peer providers are free to choose the price they want for their listing.²³ The platform does not suggest prices, but it gives some basic pricing guidance; for instance, peer providers are advised to set a low auction starting price and can use a Postage Calculator to estimate shipping fees.

2.2.2 Payment

Payments on eBay can be made through several **payment methods**, including PayPal, bank-to-bank transfers, checks, money orders, and electronic wallets (Allpay.net, CertaPay, hyperwallet.com, Fiserv, Nochex.com, and XOOM).²⁴ Cash is allowed as a payment method for items that are collected in person.²⁵

eBay obliges peer providers to offer PayPal as part of the payment methods proposed,²⁶ and it gives incentives to peer consumers for choosing it – for instance, the eBay insurance only works on items paid via PayPal.²⁷

To pay via PayPal, peer consumers log into their PayPal account when buying the product and send the money to the peer provider's account, who receives payment instantly and then sends the item.²⁸

²² Results for: <http://www.tradera.com/>

²³ Mystery shopping 16/08/2016.

²⁴ Information available at: <http://pages.ebay.com/help/policies/accepted-payments-policy.html>, accessed on 09/02/2017.

²⁵ Information available at: <http://sellercentre.ebay.co.uk/private/receive-money>, accessed on 09/02/2017.

²⁶ Information available at: <http://pages.ebay.co.uk/help/policies/accepted-payments-policy.html>, accessed on 09/02/2017.

²⁷ Information available at: <http://ocsnext.ebay.co.uk/ocs/sr?query=1&st=7&topicName=Payinq+for+items>, accessed on 09/02/2017.

²⁸ Information available at: <http://pages.ebay.co.uk/help/pay/accepted-payment-methods.html#escrow>, accessed on 09/02/2017.

When using other payment methods, the peer consumer pays after the sale is confirmed and the peer provider sends the item once payment has been received.²⁹

For high-priced items, eBay recommends peer providers use an **escrow service**. eBay itself does not retain payments in escrow but offers an approved third-party escrow service, Escrow.com.³⁰ The peer consumer must set up an account with and pay the escrow service. Funds are held until the peer consumer receives and accepts the item. The escrow fee is a percentage of the transaction value. Peer users must agree between them which party will pay the fee. The use of an optional third-party escrow system is characteristic of the **third type of business model identified in Task 1 (“platform governed transactions”)**, as the platform manages payments and monitors the success of the transaction before releasing payment to the peer provider.

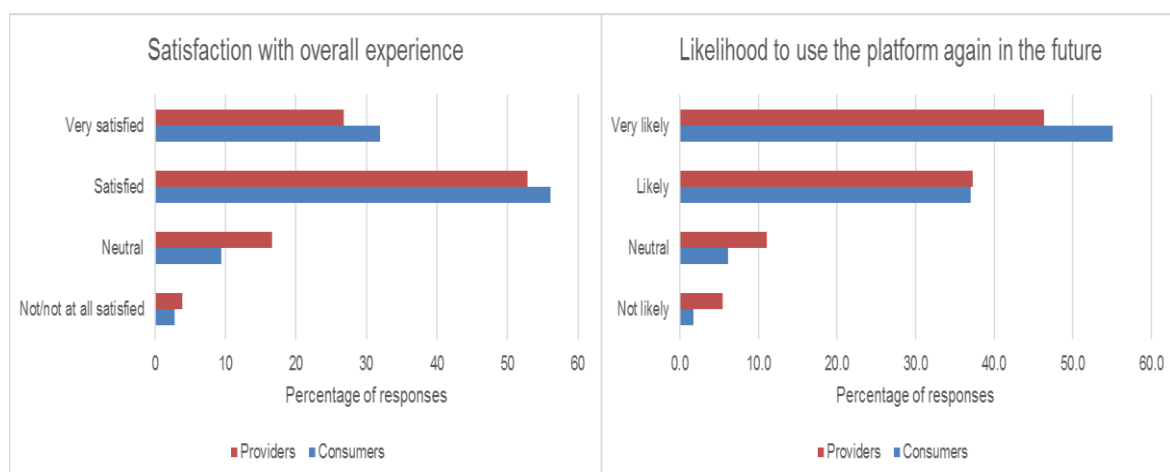
2.3 Consumer experiences

2.3.1 Satisfaction with overall experience and likelihood to use the platform again in the future

According to the Task 2 survey, **87.9% of peer consumers and 79.6% of peer providers report they are satisfied or very satisfied with their overall experience on the platform**. This is better than the average satisfaction level reported for (Re)Sale of Goods platforms (84.5% and 78%), and for all P2P platforms in general (83.4% and 77.2%) for this study.

The same picture emerges when asking about the likelihood to use the platform again in the future. **92.1% of peer consumers and 83.6% of peer providers reported to be likely or very likely to use the platform again**, which is more than the numbers reported for all P2P platforms (86.6% of peer consumers and 82.4% of peer providers). Whereas this figure is higher than the figure reported for the average re(sale) goods peer consumers (88.7%), it falls below the sector average for peer providers (85.7%).

Figure 11: Satisfaction with overall experience on eBay and likelihood to use the platform again in the future



Source: GfK survey, Task 2 (sample of 3,838 respondents, of which 1,570 peer providers and 2,268 peer consumers)

²⁹ Information available at: <http://sellercentre.ebay.co.uk/private/receive-money>, accessed on 09/02/2017.

³⁰ Information available at: <http://pages.ebay.co.uk/help/pay/accepted-payment-methods.html#escrow>, accessed on 09/02/2017.

2.3.2 Frequency of problems encountered on the platform

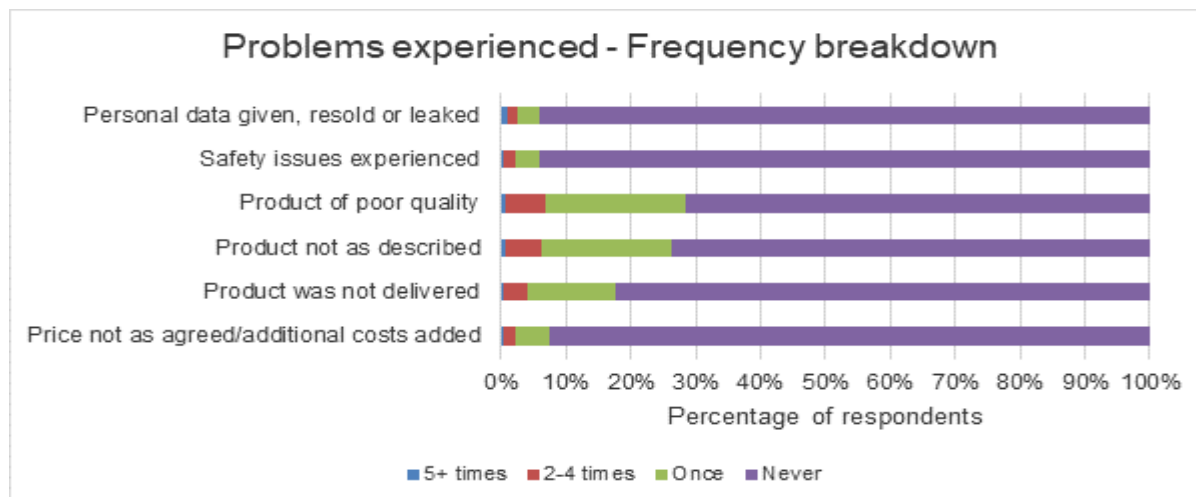
Task 2 survey asked users of eBay whether they had experienced problems when using the platform, and, if so, what kind of problems (ranging from problems in using the platform, to problems with concluding the transaction, price or problems with the product or the service itself).

Over half of the users (51.3%) of eBay had experienced one or more of these problems at least once. This is slightly less than the figure reported for the (Re)Sale Goods sector (53.7%), and less than the average for all P2P platforms (55%).

The most common problems peer consumers encountered concern products of poor quality (28.5% at least once or more) or products not being as described (26.4% at least once or more). These figures correspond to the average across all P2P platforms (28.7% and 27.8% respectively) and Re(Sale) Goods sector (28.1% and 26.8%). Problems concerning the non-delivery of products were encountered by 17.7% of the peer consumers, which is similar than the figures for all P2P platforms (17,6%) but more than the average for platforms in the Re(Sale) Goods sector (14.3%).

Problems with personal data being given, resold or leaked, safety issues, or price not as agreed/additional costs added, each account for less than 7.5% of the problems peer consumers encountered. This is less than the figures reported for all P2P platforms (9.9% for personal data problems, 11.6% for safety issues, 15.5% for price-related issues) and Re(Sale) Goods platforms surveyed (respectively 6.6%, 11.4% and 7.7%).

Figure 12: Problems experienced on eBay – Frequency breakdown (Peer consumers)



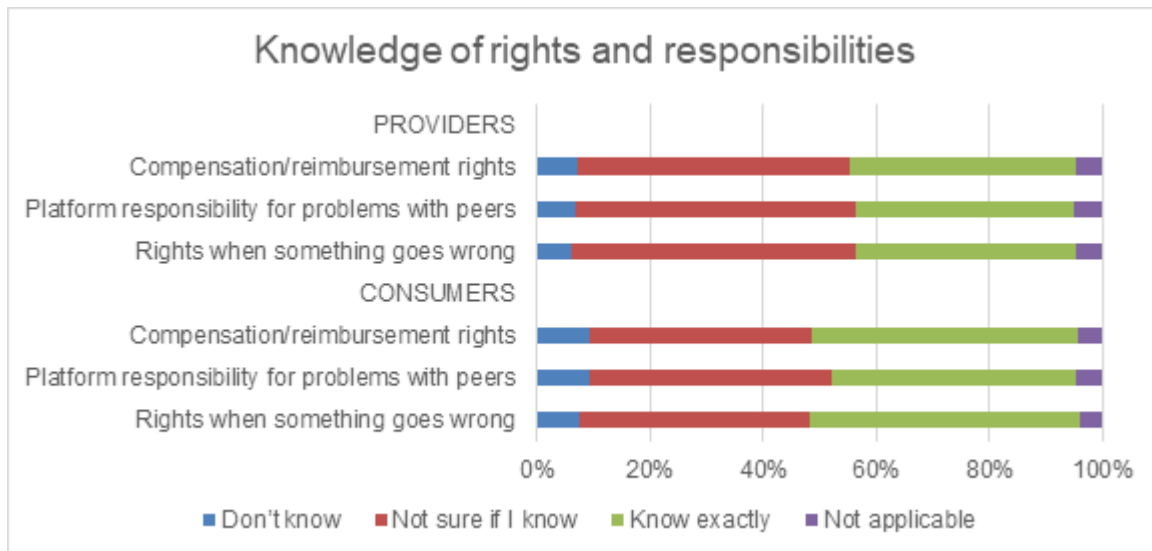
Source: GfK survey, Task 2 (sample of 2,268 peer consumers)

2.3.3 Knowledge of rights and obligations

About half of peer consumers declared they did not know or were not sure about their rights to be compensated/reimbursed (48.7%), their rights in case something goes wrong (48.4%), or the responsibility of the platform for problems with peers (52.1%). Peer providers are more often aware of their rights to be compensated/reimbursed (55.2%), their rights in case something goes wrong (56.3%) or the responsibility of the platform for problems with peers (56.6%) as shown in Figure 13.

The level of knowledge of rights and obligations is higher among eBay peer consumers than the average of about 60% on (Re)sale of goods platforms and across all P2P platforms.

Figure 13: Knowledge of rights and responsibilities on eBay



Source: GfK survey, Task 2 (sample of 3,838 respondents, of which 1,570 peer providers and 2,268 peer consumers)

2.4 Transparency aspects

2.4.1 Information to platform users (clarity, easy accessibility)

eBay makes a **clear distinction between private and commercial peer providers**, or “private” and “business” sellers as they are called on the platform. Each type of seller registers through a different process and they are assigned to separate sections in eBay’s “Seller centre” – the website section dedicated to providers.

Information on the two statuses is available in the eBay Help section:³¹

- **Commercial (peer) providers** register with a business name. They must accept returns and pay taxes (see below). They benefit from discounts on eBay fees and access to three “shop” options (see section 1.2.2)
- **Private peer providers** do not have to accept returns, they pay normal eBay fees, and can only access the “basic” shop option.

The mystery shopping exercise confirmed that **peer providers choose themselves whether to register as private or business sellers at the time of registration** (see section 1.2.2). It is possible to swap from an individual to a business account but not the other way around.³²

While eBay indicates that peer providers must register as a business if they intend to make profits from their eBay sales,³³ **the platform admits that it “has many private sellers who are actually businesses, i.e. they are buying purely to sell on for a**

³¹ Information available at: <http://pages.ebay.co.uk/help/account/how-to-register-business.html>, accessed on 09/02/2017.

³² Information available at: <http://pages.ebay.co.uk/help/account/how-to-register-business.html>, accessed on 09/02/2017.

³³ Information available at: <http://pages.ebay.co.uk/help/policies/business.html>, accessed on 09/02/2017.

profit”.³⁴ eBay does not specify whether the platform monitors accurate self-reporting by providers and, if so, how it enforces the distinction between private and commercial providers.

Notwithstanding these caveats, **the commercial nature of the (peer) provider is made clear to peer consumers on the platform.** Peer consumers find the information on the listing page:

- On the right-hand side of the listing page, a box entitled “Seller information” shows if the peer provider is registered as a business (see Figure 14 below).
- At the bottom of the page, along with the peer provider’s contact details.

If the seller has registered as a private individual, there is nothing indicated under the “Seller information” box and contact details.

Figure 14: Seller information box on the right-hand side of the listing page (desktop version)



Information about value added taxes applicable to eBay sales is given in the Help section³⁵, the Seller centre³⁶ and the online Customer service.³⁷

- Sellers are informed they may be required to charge VAT on their sales on eBay
- Private peer providers pay VAT on the total fees eBay charges them
- Commercial peer providers based in a EU country other than Luxembourg do not pay VAT on eBay fees, provided they have given the platform their VAT identification number.
- VAT and customs fees may apply for international sales.³⁸

Information about eBay’s **fees** is in the Help section (see section 2.2.1).³⁹ Peer providers can see explanation for the amount of insertion, final value, and shop subscription fees in

³⁴ eBay Buying Guide on “Private Vs Business Sellers – Your Legal Rights”: “eBay has many private sellers who are actually business, i.e. they are buying purely to sell on for a profit.” Information available at: <http://www.ebay.com/gds/Private-Vs-Business-Sellers-Your-Legal-Rights-/10000000014907954/g.html>, accessed on 09/02/2017. Please note that the eBay Guides are written by peer users, and not by eBay representatives.

³⁵ Information available at: <http://pages.ebay.co.uk/help/policies/seller-tax.html>, accessed on 09/02/2017.

³⁶ Information available at: <http://sellercentre.ebay.co.uk/business/about-vat>, accessed on 09/02/2017.

³⁷ See “Import charges” on eBay Online Customer service, available at: <http://ocsnext.ebay.co.uk/ocs/sc>, accessed on 09/02/2017.

³⁸ Ibid.

³⁹ Information available at: <http://sellercentre.ebay.co.uk/private/what-fees-youll-pay>.

the country they operate in, with detailed information on how they are calculated.⁴⁰ eBay does not charge fees to peer consumers.

The terms and conditions state that eBay has the right to change or introduce new fees by posting them at least 30 days in advance on the website, or via the Messages section of “My eBay”.

A “**Safety centre**” gives practical tips on how to stay safe on eBay, and includes tips for safety regarding payments, identity protection, listing description and delivery.⁴¹ It contains several sections:

- “Keeping eBay safe and building trust” explains eBay’s policies to reinforce trust on the platform;
- “Selling safely” provides advice to peer providers;
- “Buying with confidence” provides advice to peer consumers and explains eBay’s additional insurance (see below);
- “Avoiding scams and reporting fraud” gives peer users advice and guidance on this topic.

In case something goes wrong, peers can refer to an online Customer service section on the website⁴² which gives advice on several topics, such as non-delivery of an item or retracting a bid. Peer users can click on a topic and see a short answer with links to more detailed articles of the Help section. There is also a search bar to look for information. The Help section does not specify that eBay denies responsibility in case there is a problem with P2P transactions; this information can only be found in the terms and conditions.

In addition to the Customer service, the eBay Safety centre contains different sections such as eBay Money Back Guarantee, Counterfeit items or Know Your Rights⁴³. This includes the right of withdrawal and right to be reimbursed in case the provider is a business; possible refund, replacement and exchange options in case the provider is an individual who accepts returns.

Peer users also have the possibility to ask questions to other peers on a forum. Questions are divided by topic. When typing the question, the peer chooses the relevant topic from a drop-down menu. The post is immediately made public. Other peers can see the question on the topic section and they can see previous answers, or provide answer to the question themselves.⁴⁴

To conclude, information is available about:

- The status of providers (i.e. private or commercial), clearly shown in the listing page;
- Applicable VAT for peer providers;
- Various types of fees for eBay services;
- Redress options in case of problems with a purchase or a withdrawal from a purchase.

On the other hand, information is spread between various parts of the website (terms and conditions, help section, safety centre) and long lists of headings, which may affect clarity and accessibility. The mystery shopping experience showed that due to the

⁴⁰ The exact amount of insertion fees is also shown to peer providers at the end of the listing process.

⁴¹ Information available at: <http://pages.ebay.co.uk/safetycentre/index.html>, accessed on 09/02/2017.

⁴² Information available at: <http://ocsnext.ebay.co.uk/ocs/home>, accessed on 09/02/2017.

⁴³ Information available at: <http://pages.ebay.co.uk/safetycentre/index.html>

⁴⁴ Mystery shopping, 16/08/2016.

quantity and spreading of information over many sections, specific information can be difficult to find.⁴⁵

2.4.2 Terms and conditions

eBay's terms and conditions are called "User agreement"⁴⁶. They are 12 pages long and divided into several sections. A summary at the top of the page allows peers to go to the different headings. The user agreement must be agreed by peers prior to completing registration.

The terms and conditions concern both regular and add-on eBay services, as well as eBay's liability.

eBay denies **liability** for issues arising from transactions between peers and use of the platform. The terms and conditions state that the platform only provides "*pricing, postage, listing and guidance service*", and is not responsible for:

- Losses arising from:
 - The use of eBay's services;
 - The content, actions or inactions of third parties, including "*items listed during the services, and the destruction of allegedly fake items*";
 - The suspension of a user account;
 - The duration or manner in which listings appear;
 - The change of eBay's terms and conditions and policies.
- The accuracy and truth of the information posted by users, including the "*existence, quality, safety or legality of items, nor the truth or accuracy of users' content, listings or feedback, the ability of sellers to sell items, the ability of buyers to pay for items, or that a buyer or seller will complete a transaction or return an item*".⁴⁷

Furthermore, in the following paragraph of the terms and conditions, the platform specifies that notwithstanding the above, if eBay is "*found to be liable*", its liability is limited to the greater of:

- a) Any amount due under eBay's insurance up to the price of the item sold including its postage costs. This applies in countries where the eBay insurance is available: France, Italy, Spain, and the UK (see section 2.6.3); or
- b) The amount of fees in dispute not to exceed the total fees paid in the 12 months prior to the action giving rise to the liability; or
- c) An amount that varies by country (see Table 5 below).

Table 6: eBay's liability by country

Liability amount	Country
€150	FR, BE
€100	ES, IR, IT
£100	UK
PLN 2000 (€465) ⁴⁸	PL
SEC 1000 (€105) ⁴⁹	SE
Not specified	AUS, DE

⁴⁵ Mystery shopping, 16/08/2016.

⁴⁶ Information available at: <http://pages.ebay.com/help/policies/user-agreement.html>, accessed on 09/02/2017.

⁴⁸ Converted on 17/08/2016.

⁴⁹ Converted on 17/08/2016.

In case of breach of the terms and conditions, it is specified that eBay has the right to *"limit, suspend or terminate users' accounts and access to eBay's services"*⁵⁰

In addition to the terms and conditions, a section of eBay's Help pages called **"Member to member contact policy"** is about **communicating with peers**.⁵¹ eBay does not allow members to exchange email addresses on the platform, or information that is not related to the transaction. Guidelines exist for spam (email), threats, profanity and hate speech, and feedback comments containing inappropriate content.

eBay's forums are ruled by the **Discussion board's usage policy**. In case of non-respect of these rules, eBay may block messages, limit peers' buying and selling privileges and suspend accounts.⁵²

Overall, eBay's terms and conditions lack clarity. On the one hand, the platform denies liability for P2P transactions and the use of services by the peers. On the other hand, there are provisions in cases the platform is *"found to be liable"*, without clearly indicating under which circumstances this could be the case. Moreover, the vocabulary in the terms and conditions is technical and not easily accessible to non-specialists. Finally, by offering redress options and insurance (see section 2.6), the platform assumes some level of responsibility for the quality of P2P transactions, which contradicts its denial of liability in the terms and conditions.

2.4.3 Data protection

eBay's privacy policy has received a certification granted by the TRUSTe program. The parent company eBay Inc. has set global privacy standards for all companies as "Binding Corporate Rules".⁵³ Users can access and correct personal information collected by eBay about them via their account. The privacy policy describes eBay's collection, use, disclosure, retention and protection of users' personal information.⁵⁴

eBay collects the following data:

- Personal information when registering on the website, filling in a web form, participating in community discussions, chats or dispute resolution, (including *"device ID, device type, ID for advertising, unique device token"*).
- Geo-localisation information, including information from mobile devices.
- Computer and connection information such as statistics on page views, traffic to and from the sites, referral URL, ad data, IP address, browsing history and web log information.

The platform states that these data are used to:

- Improve eBay's services;
- Provide users with a personalised experience on the website, by offering them services and items they may like;
- Contact users about their account or eBay's services;
- Provide customer service;
- Target personalised advertising and marketing;
- Detect and prevent fraudulent activities.

⁵⁰ No information from the platform about how this is handled.

⁵¹ Information available at: <http://pages.ebay.co.uk/help/policies/rfe-spam-ov.html>, accessed on 09/02/2017.

⁵² Information available at: <http://pages.ebay.co.uk/help/policies/everyone-boards.html>, accessed on 09/02/2017.

⁵³ Information available at: <http://pages.ebay.co.uk/help/policies/privacy-policy.html>, accessed on 09/02/2017.

⁵⁴ Information available at: <http://pages.ebay.co.uk/help/policies/privacy-policy.html>, accessed on 09/02/2017.

eBay claims to retain personal information "*as long as it is necessary and relevant for its operations*", but it does not indicate any time limit.⁵⁵ The company may retain information from closed accounts in a certain number of cases, i.e. to comply with national laws, prevent fraud, collect fees owed, resolve disputes, troubleshoot problems, assist with investigation, enforce the User Agreement or take actions permitted or required by applicable national laws.

eBay discloses information to other members of the eBay Inc. corporate family, PayPal Inc. corporate family, other users, or to third parties. Third parties include service providers that help eBay to provide services, institutions that offer financial products, law enforcement authorities and governmental agencies. eBay claims to "*minimise the amount of personal information disclosed to what is directly relevant and necessary to accomplish the specified purpose*" but it does not clarify what this means in practice.

However, it is clearly stated that **personal and profile data are not disclosed to third parties for marketing and advertising without users' consent.**

To sum up, the information provided by eBay about its data management is extensive and detailed. In particular, it is clear that data are not disclosed to third parties for marketing and advertising without users' consent.

2.5 Trust building and verification of information

2.5.1 Peer reviews and ratings

After a transaction is completed, **peer consumers** can leave **feedback** which takes the form of a rating accompanied with a comment.⁵⁶ The feedback system is not available for classified ad listings, giving feedback is not mandatory and everyone surfing on the platform can see the ratings, including non-members. Ratings are of three types: positive, neutral, negative. They are combined to create a **Feedback score**, which is a percentage based on the peer's 12-month transaction history.⁵⁷ Feedback is not anonymous and peer providers can reply. Peer providers can send a limited number of requests to peer consumers to revise their feedbacks but only peer consumers can modify their feedback.⁵⁸

Feedback scores are calculated according to the following mechanism:

- Positive: increase feedback score by 1 point;
- Neutral: leave feedback score the same;
- Negative: decrease feedback score by 1 point.

A feedback score of at least 10 points earns a yellow star. As the feedback score increases, the star changes colour accordingly (see Figure 15).

⁵⁵ No information received from the platform.

⁵⁶ Information available at: <http://pages.ebay.co.uk/help/policies/feedback-ov.html>, accessed on 09/02/2017.

⁵⁷ Information available at: <http://sellercentre.ebay.co.uk/how-feedback-works#profile>, accessed on 09/02/2017.

⁵⁸ Information available at: <http://pages.ebay.co.uk/help/policies/feedback-ov.html>, accessed on 09/02/2017.

Figure 15: eBay's Feedback scores scale⁵⁹

Yellow star ()	= 10 to 49 ratings
Blue star ()	= 50 to 99 ratings
Turquoise star ()	= 100 to 499 ratings
Purple star ()	= 500 to 999 ratings
Red star ()	= 1,000 to 4,999 ratings
Green star ()	= 5,000 to 9,999 ratings
Yellow shooting star ()	= 10,000 to 24,999 ratings
Turquoise shooting star ()	= 25,000 to 49,999 ratings
Purple shooting star ()	= 50,000 to 99,999 ratings
Red shooting star ()	= 100,000 to 499,999 ratings
Green shooting star ()	= 500,000 to 999,999 ratings
Silver shooting star ()	= 1,000,000 ratings or more

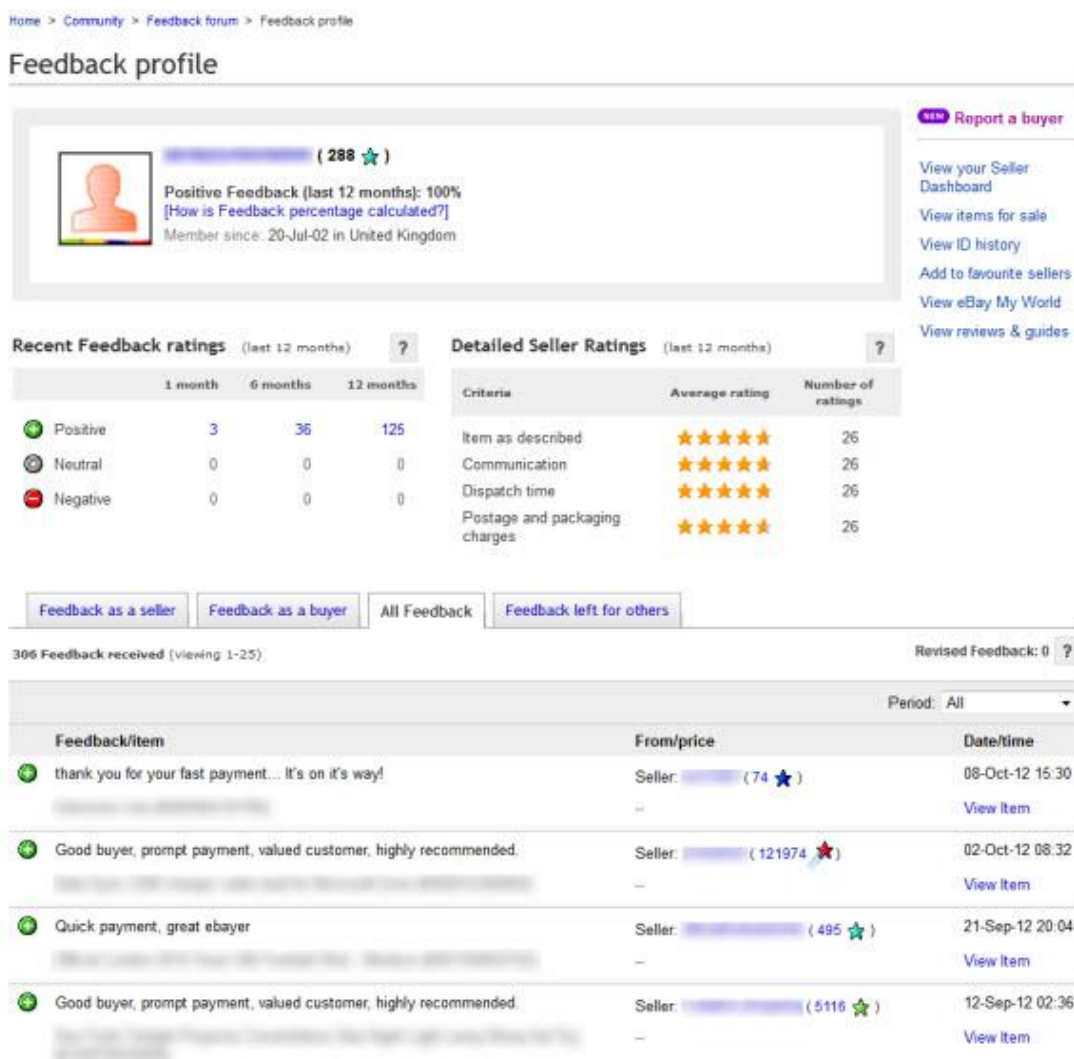
Ratings can be more detailed in four areas: Item as described, Communication, Dispatch time, Postage and packaging charges.⁶⁰ **Detailed seller ratings** are based on a scale of 1 to 5, with 5 stars being the most positive, and 1 star the least. Average detailed seller ratings are calculated on a rolling 12-month basis.

Figure 16 below shows an example of a peer provider profile with feedback ratings and detailed seller ratings.

⁵⁹ Information available at: <http://sellercentre.ebay.co.uk/how-feedback-works#profile>, accessed on 09/02/2017.

⁶⁰ Ibid.

Figure 16: Peer provider feedback profile on eBay⁶¹



After the transaction is completed, peer providers can also leave feedback to peer consumers, but they cannot be negative.⁶² The reason for this difference between peer consumers and peer providers' ratings is not explained by the platform.

User feedback can be removed if it breaches eBay policies⁶³ by containing abusive language, threats, manipulation, restrictions, or defamatory elements, as stated in the Seller centre. Feedback is not reviewed in advance by eBay but peer users can request removal.⁶⁴ In some case, for instance when the comment contains inappropriate content, the comment is removed while the rating remains.⁶⁵

Moreover, eBay offers two **labels** to peer providers:

- **The eBay Top-rated Seller label** recognises eBay's best-rated peer providers. To qualify for the badge, peer providers must have completed more than 100 transactions without problems and be rated 5 stars by peer consumers.

⁶¹ Information available at: <http://sellercentre.ebay.co.uk/how-feedback-works#profile>, accessed on 09/02/2017.

⁶² Information available at: <http://pages.ebay.com/services/forum/sellerprotection.html>, accessed on 09/02/2017.

⁶³ Information available at: <http://sellercentre.ebay.co.uk/request-ebay-feedback-removal>, accessed on 09/02/2017.

⁶⁴ Idem.

⁶⁵ Information available at: <http://pages.ebay.co.uk/help/policies/feedback-ov.html>, accessed on 09/02/2017.

- **The eBay Premium Service label** if they offer free delivery, express delivery, a same day or 1-day dispatch time and a minimum 14-day return period.

Peer providers can lose the label if they do not provide the same level of service over time, but information about how eBay monitors this is not provided. Both private and commercial peers are eligible to receive labels, but the conditions favour peers with a significant activity on the platform – i.e. most likely to be businesses.

2.5.2 Verification of peer information by platform

The User Agreement states that "eBay cannot confirm, and is not responsible for ensuring the accuracy or truthfulness of users' identities or the validity of the information which they provide or post on the website."⁶⁶

Despite this declaration, **eBay implements mechanisms to check peer users' information.** When opening an account, the platform confirms the email address through a confirmation email. Also, when trying to connect from devices that are not regularly used to access an account, the platform asks additional security questions to prevent unauthorized access.⁶⁷

eBay pays particular attention to **reporting fraud, especially counterfeit merchandise and user identity.**⁶⁸ Peers can report suspicious buying and selling practices, and issues regarding contact information and identity. eBay underlines that all complaints must be evidence-based, and that the platform is free to decide to open an investigation or not. To respect privacy or peer users, the peer user reporting the suspicious behaviour of another user is not informed in detail about the results of the investigation. Possible actions include removing listings, sending a warning notice, limiting buying and selling privileges and account suspension.⁶⁹

The platform provides peer users with **practical tips on how to avoid scams** on its safety centre (see section 2.4.1).⁷⁰ eBay collaborates with local, national and international law enforcement services to investigate and prosecute criminals.⁷¹ A special unit of eBay's Customer Service is in charge of handling issues related to counterfeit items⁷², and a special email address is available for questions regarding law enforcement.⁷³

Despite the platform's mechanisms to prevent fraud, especially on counterfeit items, according to Task 2 survey, 28.5% of peer consumers have encountered issues regarding poor quality of products sold on eBay at least once over the past year, and 26% because the product was not as described (see Figure 12: in section 2.3.3). However, it should be noted that these figures are similar to the average of all P2P platforms surveyed for this study.

To sum up, eBay uses a range of mechanisms to enhance trust between peers and the reliability and reputation of peer providers. The rating and feedback process is detailed and composed of several layers, and there is the possibility to reply to feedback. However, there is no verification of the identity of users by the platform other than email confirmation and the use of additional security questions to prevent unauthorized access.

⁶⁶ Information available at: <http://pages.ebay.co.uk/help/policies/user-agreement.html#scope>, accessed on 09/02/2017.

⁶⁷ Information available at: <http://pages.ebay.com/help/account/protecting-account.html>, accessed on 09/02/2017.

⁶⁸ Information available at: <http://pages.ebay.co.uk/safetycentre/index.html>, accessed on 09/02/2017.

⁶⁹ Information available at: <http://sellercentre.ebay.co.uk/reporting-members-who-are-breaking-rules>, accessed on 09/02/2017.

⁷⁰ Information available at: <http://pages.ebay.co.uk/safetycentre/help.html>, accessed on 09/02/2017.

⁷¹ Information available at: <http://pages.ebay.co.uk/safetycentre/lawEnforcement.html>, accessed on 09/02/2017.

⁷² Information available at: <http://pages.ebay.co.uk/safetycentre/counterfeits.html>, accessed on 09/02/2017.

⁷³ Information available at: <http://pages.ebay.co.uk/safetycentre/lawEnforcement.html>, accessed on 09/02/2017.

Also, eBay relies on its buyers and sellers to report fraud and counterfeit items, without any platform-driven monitoring.

2.6 Complaints, redress and insurance

It should be noted that **the following section does not apply to classified ad listings** (available in the UK only) as, in this case, eBay only intermediates the matching of peer providers with peer consumers. Customer support services are only available for auctions and fixed price items.

2.6.1 Complaints handling mechanisms

To find an answer to a problem, peers can click on **Help & Contact** to be directed to a Self-service tool or Popular questions, or they can search for a problem by keyword or topic. Under the **Contact eBay** tab, there are “quick ways you might be able to resolve the issue yourself” by topic.

In case something goes wrong, eBay encourages peers to try to resolve disputes between them instead of contacting the Customer service.

In the **“Resolution Centre”**⁷⁴ peers can open “cases” or complaints when they face one of the three types of issues listed below:

- The peer consumer has not received an item or the item does not match the description;
- The peer provider has not received payment yet; or
- Both peers agree to cancel a transaction.

In such cases, eBay acts as an intermediary between peers to help them find a solution. If problems cannot be solved between the peers, eBay **monitors the dispute** by reviewing communication between the peers and any information provided by the users (e.g. photos of the item).

The **Customer service** can only be contacted:⁷⁵

- If the problem does not relate to the categories listed above;
- If the dispute could not be solved by the Resolution Centre.

The Customer service is available via three channels: email, phone call, or chat. It is reachable 7 days/week from 8am to 10pm, and from 8 to 6pm on Sundays. The chat is available from 6am to 12am.

As mentioned in section 2.4.1, the Customer service contains different sections with lists of different problems. Not all the contact options are available depending on the issues. For instance, all three channels are available for the issue “Post the item”, but only emails and phone calls for the issue “Defects”. According to eBay, this system is designed to find the right agent to answer the request.

While this formal process for making a complaint shows commitment to service quality, the framing of complaints in a limited number of categories and the variety of different channels available for different types of complaints requires a lengthy and sustained effort from the peers.

⁷⁴ See: <http://resolutioncentre.ebay.co.uk/>, accessed on 09/02/2017.

⁷⁵ Information available at: <http://ocsnext.ebay.com/ocs/home?>, accessed on 09/02/2017.

2.6.2 Access to redress

Peer providers are encouraged to offer a "returns policy" to reassure buyers. In the Help section page dedicated to returns, peer providers can read the following: "*While your first impulse may be to not accept returns, we find that listings with a clear returns policy tend to sell better than those without one. Buyers feel more comfortable knowing that they can return an item if they need to - even though most buyers never actually return anything.*"⁷⁶

Peer consumers are protected by **eBay Money Back Guarantee**.⁷⁷ It covers all items bought and sold on eBay, except: vehicles, real estate, website and business for sale, classified ads, intangible goods, and some business equipment categories. This policy applies in the following cases:

- The item is not received or is not as described in the listing;
- The purchase has been made with PayPal..

Peer consumers are eligible to claim under this policy once the item's latest estimated delivery date has passed and until 30 days after that date.

When the provider is a business, rights of withdrawal and reimbursement apply to peer consumers. This information is not specified in the terms and conditions, but in the safety centre (under *what if you change your mind?*).⁷⁸

- Peer consumers have a minimum of 14 days from the day after the item is received to ask providers to return the item for a refund, unless providers have set a longer timeframe. Peer consumers have an additional 14 days to return the item, or provide proof of the return. Providers have to refund the item and the delivery charges to the value of the cheapest postage option. They must inform their customers of their right to withdraw from the contract within the 14-day cooling-off period; if they do not, peer consumers have up to 12 months to return an item for a refund.

When the provider is a private individual, the Help section sets rules for cancellation, return, refund, replacement and exchange⁷⁹:

- If the peer provider cancels the transaction, the cancellation policy obliges them to reimburse the peer consumer. In case the peer consumer has paid with PayPal, the peer provider's account is debited (the refund is listed as a fee in their invoice) and the peer consumer's account is automatically credited. If the peer consumer has paid with another method than PayPal, peer providers have 10 days to refund peer consumers.
- Peer consumers who want to cancel a transaction and return a product to a private provider must first open a case through the Resolution centre and try to resolve the problem directly with the seller. If the problem cannot be solved, and if the item is not received or is not as described in the listing and the purchase has been made with PayPal, the Money Back Guarantee policy applies.

The process of returning an item on E-Bay is as follows:

⁷⁶ Information available at: <http://sellercentre.ebay.co.uk/private/returns>

⁷⁷ Information available at: <https://pages.ebay.co.uk/help/policies/money-back-guarantee.html>

⁷⁸ Information available at: <http://pages.ebay.co.uk/safetycentre/rights.html> accessed on 09/02/2017.

⁷⁹ Information available at: <http://pages.ebay.co.uk/help/sell/cancel-transaction-process.html?rmvSB=true>, accessed on 09/02/2017.

Box 2: Process of returning item on eBay

1. When the peer consumer starts a return process, the peer provider receives an e-mail with the return request.
2. The peer provider has 8 days to review the return request. Several options are available at this stage:
 - Accept the return: provide the peer consumer with an eBay generated return postage label or upload their own return postage label to send the item back to them;
 - Refund the peer consumer: issue a refund and allow the buyer to keep the item;
 - Offer a partial refund and the buyer keeps the item;
 - Send a message to peer consumers to say they do not agree to the return request.
3. eBay requires the peer consumer to return the item within 14 working days from when they first opened it.
4. The peer provider receives and inspects the item to be sure it meets the conditions for return. Then the peer provider issues the refund, replacement or exchange, according to what is set in its return policy.

Source: Using eBay returns, available at: <http://pages.ebay.co.uk/help/sell/return-process.html>

Peer consumers can be refunded the full cost of the item. eBay issues the refund via PayPal; and deducts the amount from the peer provider's PayPal account, or charges the peer provider's reimbursement payment method.

The refund needs to be issued by peer providers within 6 working days of receiving the returned item, if not, the money is taken from their PayPal account. In case of replacements (same item) or exchanges (different item), the peer provider ships the new item within 5 days of receiving the original item back.

In countries where the eBay Money Back Guarantee does not apply, (Poland, Netherlands) peer consumers can only return an item and be reimbursed (or ask for replacement or exchange) if peer providers have specified that they accept returns.⁸⁰ When the peer provider does not accept the return, and if there is an issue, the Resolution Centre helps to find a compromise by acting as an intermediary between the peers but the peer provider is not obliged to refund the peer consumer.

Finally, eBay has an **unpaid item policy**. Peer consumers have the right not to pay for an item that they have purchased if the seller has changed the item's description after its purchase, if a clear typographical error is made, or if the seller cannot be contacted. Peer providers have the right not to deliver an item if the buyer does not comply with the terms posted in the listing, or if the buyer cannot be contacted.⁸¹

⁸⁰ Information available at: <http://pages.ebay.com/help/sell/return-process.html#refunds>, accessed on 09/02/2017.

⁸¹ Information available at: <http://pages.ebay.co.uk/help/policies/user-agreement.html#scope>, accessed on 09/02/2017.

2.6.3 Access to Insurance

When **peer providers** use eBay international shipping programme (available in the UK only)⁸² a free insurance protects them against loss or damage that occurs after the item reaches the eBay UK Shipping Centre. In addition, use of this programme protects against :

- ratings below five stars for postage and packaging charges and dispatch time, and
- neutral and negative feedbacks associated with the item if any problem occurs in between postage and delivery (see section 2.5.1).

2.7 Cross-border dimension

eBay facilitates cross-border transactions by making listings available across its national websites and by facilitating access to its websites internationally. Peer providers choose if they want to allow peer consumers from other countries to buy their item – if they agree to ship their item abroad – when they create the listing. According to the platform, 26% of listings on ebay.com are available to international buyers.

The Resolution Centre handles potential cross-border issues which can include:

- **Different redress policies and insurance options.** In case an item is sold internationally, the listing appears on another website and is therefore subject to another country redress and insurance options (eBay Money Back Guarantee and international shipping programme are only available in few countries).⁸³
- **Different applicable taxes.** Commercial peer providers pay VAT based on the rate of their country of establishment. Additional taxes such as import taxes may apply for international purchase.⁸⁴
- **Different languages.** The eBay website is translated into 19 languages.⁸⁵ There is no functionality allowing to translate a conversation between peers who do not speak the same language.

It is worth noting that the fragmentation of eBay policies and services depending on country and peer users may lead to misunderstanding of applicable rules.

⁸² Peer providers can post an item to a local shipping centre indicated by eBay; and then eBay takes care of customs and tracking, and the item is delivered to the peer consumer abroad. Information available at: <http://sellercentre.ebay.co.uk/business/global-shipping-programme>, accessed on 09/02/2017.

⁸³ Information available at: <http://sellercentre.ebay.co.uk/international-buyer-and-seller-protection-programmes>, accessed on 09/02/2017.

⁸⁴ Information available at: <http://pages.ebay.fr/help/account/vat-ov.html>, accessed on 09/02/2017.

⁸⁵ Mystery shopping 19/08/2016.

3 Conclusions

3.1 Main findings

3.1.1 Contribution to the business model typology

The particularity of eBay's business model is its evolution from P2P auctions and sales to mostly B2C retail sales, which by 2016 represent 80% of transactions. Indeed, some authors consider this shift from P2P to B2C as foreshadowing the evolution of any successful sharing platform over time.⁸⁶

Today, eBay shares characteristics with **“active management”** and **“platform governed transactions”** business models identified in the Final Report.

The platform actively manages the matching of supply and demand and fosters trust between users with several tools:

- Search functions/filters and instant messaging system
- Guidance for posting listings
- User information checks (through email or social media)
- Confirmation of user information through email and additional questions to prevent unauthorized access
- Monitoring of user activity and control over access to platform and listings
- Non-binding pricing guidance
- Guidance for P2P interactions
- Management of peer review and reputation systems (ratings and badge)
- Monitoring peer reviews with the right to delete them
- Add-on services such as automatic bidding for peer consumers; international shipping programme, increased visibility and selling assistance for peer providers

At the same time, the platform explicitly sets contractual terms for the P2P transaction and may be seen to accept partial responsibility for the performance of transactions by:

- Setting standardised T&Cs that define interaction between peers
- Imposing rules for cancellation, if the provider is a private individual
- Managing payments of high-value items and monitors success of transaction before releasing payment to peer provider
- Managing complaints and returns, refunds, replacements and exchanges if the provider is a private individual
- Indicating the potential liability for P2P transactions in T&Cs.

The extent to which the platform is involved in the peers' transaction depends on the listing format, the country and the nature of the item (high-value items). In particular:

- Classified ad listings do not allow feedback, and are not entitled to eBay services involving the Customer centre (complaints, redress and insurance policies);
- For auctions and “Buy It Now” listings, eBay offers services to reassure peer consumers about the performance of the transaction – access to complaints, redress, but not in all countries – which brings the platform closer to the third type of business model (platform governed transactions).

⁸⁶ European Parliament, January 2016, “The Cost of Non-Europe in the Sharing Economy. Economic, Social and Legal Challenges and Opportunities”, retrieved [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/558777/EPRS_STU\(2016\)558777_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/558777/EPRS_STU(2016)558777_EN.pdf)

3.1.2 Consumer experiences

User satisfaction with eBay is high, and generally slightly higher compared to (Re)Sale Goods platforms and all P2P platforms covered in the survey.

- 87.9% of peer consumers and 79.6% of peer providers are satisfied or very satisfied with their overall experience.
- 92.1% of peer consumers and 83.3% of peer providers indicated that they are likely or very likely to use eBay again in the future.

The most common problems peer consumers encountered concern products of poor quality (28.5% at least once or more) or the product not being as described (26% at least once or more), or product non-delivered (17.7%). This corresponds to the experiences of peer consumers on other Re(Sale) Goods platforms, but there are fewer problems related to price (7.5%) and safety (6%) on eBay.

Peers on eBay are the more aware of their rights and obligations, or the platform's responsibilities in case something goes wrong than the average of resale of goods platforms. But still almost half of peer consumers and more than half of peer providers do not know or are not sure what their rights on the platform are.

3.1.3 Transparency of the platform, including information provided to peers

eBay gives clear information to peers regarding:

- Aspects of the transactions, such as:
 - The status of providers (i.e. private or commercial), which is clearly shown in the listing page, based on self-reporting by the peer provider;
 - Applicable VAT for peer providers;
 - Platform fees;
 - Availability of redress options through the platform
 - How to avoid safety problems.
- Privacy of user information, including the use of data by third parties.

Whereas eBay's privacy policy provides clear and complete information on which information is collected and how it is used, eBay's terms and conditions lack clarity. In particular, provisions on eBay's liability could be made more understandable and the vocabulary used should be less technical and more accessible to non-specialists.

Furthermore, the spread of information across several places (online Customer service, Help section, seller and safety centres), and the sheer amount and level of detail may be confusing for peer consumers. This is particularly the case for peer consumers, in view of the fact that peer providers are more aware of their rights than peer consumers.

3.1.4 Trust building and verification of information

Trust within the platform is managed by:

- **The feedback and rating system**, which consists of feedback score, and detailed seller rating.
 - Ratings are anonymous, from 1 to 5 stars;
 - Feedback is not mandatory; peer providers can reply to peer consumers' feedback, but cannot leave negative feedback to peer consumers;
 - eBay can remove feedback and ratings if they are reported by peer users;

- Top Rated Seller and a Premium Service labels identify trustworthy peer providers, but this is mostly relevant to commercial providers;
- **The checking of user information**, which consists of the provision of a name and valid email address, but no official identity document by peers.
- **Investigation** in case of suspected fraud or other abuse reported by a peer. eBay can exclude peers from the platform if they do not comply with the User agreement.

3.1.5 Access to complaints, redress and insurance

eBay handles complaints via its Customer Service which is reachable by: email, phone and online chat.

eBay's "Resolution Centre" allows peers to open a complaint in when they have not received an item or the item does not match the description; they have not received payment yet; or both peers agree to cancel a transaction.

When the peer provider is a business, rights of withdrawal and reimbursement apply. When the peer provider is a private individual, the eBay Money Back Guarantee ensures cancellation, returns, replacements and exchanges. In the countries where the eBay Money Back Guarantee is not available (the Netherlands and Poland), and in cases where the eBay Money Back Guarantee does not apply, the seller sets his/her own terms and conditions for cancellation, returns, refunds, replacements and exchanges.

The protection offered for transactions between private peers shows the platform's commitment to ensuring the reliability of these transactions. This type of involvement is characteristic of large platforms, as trust is more difficult to maintain when platforms scale-up, and because they have the human and financial resources to implement these mechanisms.

3.1.6 Cross-border issues

eBay is present in 11 EU countries and more worldwide, and transactions can be handled cross-border. Some issues can result from: the diversity of redress offered to providers and consumers; the different applicable taxes; the different currencies. Information and help regarding cross-border aspects is provided by the Resolution Centre and the Help section. Cross-border money transfers can be done via PayPal.

3.2 Good practices

At the platform level, the following good practices can be highlighted:

- Regarding **availability of information**, eBay has targeted help sections that give very detailed information to peers.
- Regarding **transparency**, peer consumers can see if the provider is a business on the listing page.
- Peers are made aware that their data are not disclosed to third parties for marketing and advertising without their consent.
- The platform's **trust-fostering tools**: two badges that acknowledge well-performing peer providers.
- Regarding **complaints handling**, the Resolution Centre is a way to resolve peer issues with active involvement of the platform.
- The terms and conditions include provisions in case the platform is "*found to be liable*", which means that eBay acknowledges the possibility that it may bear some responsibility for the performance of the P2P transaction. However, this

needs to be made clearer by indicating the circumstances under which the platform may be liable.

The Task 2 survey showed that on eBay slightly fewer problems were reported than on other resale platforms. Also, satisfaction with eBay is slightly higher than the average for all P2P platforms. This may be a result of the extensive involvement of the platform in guiding, managing and governing the transactions between peer providers and peer consumers.

3.3 Elements of concern

eBay does not verify the identity of its peer consumers or peer providers – it only requires them to confirm their email address but it does not ask for official identity document.

While the platform distinguishes between commercial and private sellers, this is based on self-reporting by the peer provider and it is not clear if it is monitored by the platform.

eBay Money Back Guarantee varies between countries and it requires the use of PayPal. Refunds are at the peer provider's discretion in other countries.

Given its cross-border activity, the fragmentation of eBay policies and services depending on the country may lead to a misunderstanding of applicable rules.

3.4 Future developments

According to a Fortune article on eBay's future strategy,⁸⁷ the platform is currently emphasising the shift towards retail and moving away from the initial P2P marketplace. The goal is to make the platform more "structured" and to prioritise the quality of results over quantity and variety. Peer providers will be required to enhance listing contents with more images and information. There is also a project to guide peer providers on "pricing strategies" based on customer demand and competitive conditions, calculated based on user data. This indicates that eBay may increase its involvement in peer transactions and confirms it is increasingly shifting to a "governed transactions" type of platform, with an ever-greater focus on B2C transactions.

⁸⁷ Information available at: <http://fortune.com/2016/02/10/ebay-amazon/>, accessed on 09/02/2017.