



Shop And Sell With Just A Click

Whether you are targeting international markets, attempting to build an online presence, looking for a supplier, or just searching for a good deal on a product, e-marketplaces are worth checking out.

E-marketplaces are an integral part of the Internet today. Not only are they at the forefront of e-commerce, they are also revolutionising the way small and medium enterprises are conducting

their businesses. They offer an unbiased online trading platform for Indian businesses to showcase their products and services, as also to make purchases at the best rates. Small wonder then that they are attracting so much

attention these days.

What's the e-marketplace? E-marketplaces are online trading portals. They serve as a meeting ground for people on different levels of the

supply chain—a place on the Internet where they can register, login, communicate and conduct business. Suppliers can sell raw materials and components and manufacturers can buy these. Retailers can sell their wares, and end-users can buy them. An e-marketplace, thus, creates a uniform trading environment by bridging the gaps created by dissimilar business systems and trading practices of organisations, which may be on different levels of the supply chain and in different global locations.

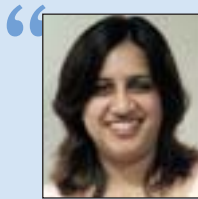
E-marketplaces are not necessarily business-to-business. Even individuals wanting to buy or sell any products, new or used, can do so here. Basically, if you have something to buy or sell, you can make use of an e-marketplace.

The Indian business attraction

E-Marketplaces have proved to be very beneficial for small and medium businesses. According to an AC Neilson study commissioned by eBay in July 2005, “By enabling entrepreneurs to start a business online and immediately reach a market of 157.3 million registered users worldwide, eBay has become the best place to start, grow and operate a small business.” That statement neatly sums up the benefits of e-marketplaces.

E-marketplaces also enable members to forge new trading partnerships. Online, searchable directories enable buyers to spot sellers and vice versa. Buyers and sellers also benefit from increased efficiency and speed due to online trading and payment. Such an automation of standard procedures results in lower transaction costs and saves time too.

E-marketplaces empower small and medium enterprises by placing them on the global map. Indian businesses may not have the manpower, time and money to invest in building a complex Web portal for themselves, complete with mechanisms to buy and sell online. They might not even be in a position to extensively market and promote their products online. This is where e-



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“Indians are becoming more and more comfortable with e-commerce as can be seen by the IOA Power Shopper report, which puts the e-commerce market at Rs 430 crore in 2004-05. This is estimated to increase to Rs 2300 crore by 2006-07. We are very bullish on e-commerce taking off in India and believe the industry is poised to take off very soon. The consumers’ attitudes towards the Internet and online shopping have become increasingly positive over the years. As more and more Indians get comfortable with e-commerce, there is increased awareness and trust in shopping online. Many Indians opt for cash on delivery (COD) as a payment option, thus paying for items only when they are delivered to their doorsteps. COD does away with some of the touch-and-feel concerns that prevent people from window shopping.

With each passing day, there is an increase in people’s trust and confidence in trading online. The biggest driver, of course, is the range and availability of thousands of products at great prices. With the youth spending increasing amounts of time online and having a high disposable, online shopping is gaining popularity.”

marketplaces come into the picture. The cost of maintenance of the portal and extensive marketing is distributed among its numerous members, enabling them to benefit from the technology, without having to make any major investment.

That’s not the only benefit. E-marketplaces attract a lot of visitors, thereby providing visibility to the organisation, enabling it to reach wider audiences, thereby creating vast, new business opportunities.

Buyers can compare prices and discounts and choose the best deal. Some e-marketplaces also combine orders and enable buyers to benefit from bulk-buyer rates. For example, you may be buying only ten desks and chairs, but the e-marketplace may combine your order with that of several other buyers, passing on the bulk-purchase benefits and discounts to you.

The open trading environment instils a sense of transparency in the system. Auctions, reverse auctions, feedback and rating facilities help ensure fair trading practices, while access to an e-marketplace’s directory and catalogues helps not just in market research but also allows one to analyse

current buying trends, prevalent prices, and so on.

Types of e-marketplaces

Just as your locality contains all kinds of shops—time-tested and weather-beaten *kirana* shops, convenience stores, jazzy supermarkets, huge superstores, discount stores, etc—the Internet contains a variety of e-marketplaces. These can be broadly classified as:

- Public e-marketplaces—anybody can register, login and trade in these
- Private e-marketplaces—these work on a membership basis
- Consortiums—these are e-marketplaces set up by large buyers in a particular industry, who get together and set up a portal, so that they can buy effectively and efficiently from their suppliers, ensuring fair pricing and negotiation
- Horizontal e-marketplaces—these cater to the buying and selling needs of various industries
- Vertical e-marketplaces—their scope is limited to the trading needs of a particular industry, like telecommunications or aerospace or electronics

E-marketplaces generate revenues by different means. These include:

- Charging membership fees
- Levying charges on transactions
- Revenues from advertising
- Sponsorship by large companies or by industry consortiums

Bringing buyers and sellers together

E-marketplaces offer several services to their members. Typically, you can expect an e-marketplace to offer any or all of the following services:

- Directory listings or categorised, searchable databases listing details of buyers and sellers
- Catalogue of products and services offered by sellers
- Bulletin boards and discussion forums where members can discuss various trading issues
- Facility to place classified advertisements, similar to those in newspapers

- Request for quotes, proposals and bids through which one can request traders to buy or sell, or request information. These are usually forwarded to the concerned parties by email
- Ability to place orders and make payments online
- Tendering services, where one can find and announce calls for tenders
- Auctions, where a seller can auction a product, receive bids and sell to the highest bidder. The mechanism is quite similar to that followed by the neighbourhood second-hand auctioneer, with the difference being that orders are placed online through bidding forms and emails
- Reverse auctions or buyers' auctions, where buyers can advertise their needs and buy from the seller who offers the lowest price and best quality
- System integration or some basic facility to enable a low-cost

- connection to a member firm's financial accounting and inventory systems, if desired by the member
 - Security and privacy provisions and systems for authorisation and identification of trading partners, such as electronic signatures
 - Rating and feedback mechanisms to help decide the authenticity and reputation of a trader
 - Multiple language support for global operations
 - Escrow services, where the e-marketplace may act as a trusted third party to collect orders and payments
 - Arrangement with some logistics supplier, courier or shipping agent, for the members to reliably deliver their orders
- And it all works very simply too. Just register with an e-marketplace which serves your needs and follow the online instructions. Sellers can create listings of their products and services on offer,

eBay India – Revolutionising The Way Indians Trade



Did you know that on a normal day on eBay India

- A piece of jewellery is sold every 5 minutes
- A mobile handset is sold every 8 minutes
- A watch is sold every 15 minutes
- An air ticket is sold every 25 minutes
- An MP3 player is sold every 31 minutes
- A coin or note is sold every 36 minutes
- A piece of women's apparel is sold every 43 minutes
- A stamp is traded every 47 minutes
- A digital camera is traded every 50 minutes
- A book is sold every 52 minutes
- A laptop is sold every 70 minutes
- A car part or accessory is sold every 71 minutes
- A VCD is sold every 106 minutes
- A PDA is sold every 114 minutes
- A motorcycle is traded every eight hours
- A car is sold every nine hours

Now, that inspires confidence, doesn't it? If you are still uncertain, then consider the fact that the most expensive item sold on eBay was a private business jet—for US \$4.9 million!

eBay India (formerly bazee.com) is a 100 per cent subsidiary of the 10-year old global trading platform eBay (NASDAQ: EBAY), The World's Online Marketplace. eBay is known worldwide as a reliable person-to-person online trading platform where anybody can buy and/or sell anything. Well, almost. It offers an excellent consumer experience through a competitive environment powered by constant innovation and entrepreneurial opportunity.

eBay India is our country's largest online trading community. Around 1.7 million registered users spread across 240 towns and cities trade in around 2500 categories of products, ranging from apparel, arts, antiques, books, cars, computers and electronics, to health and beauty products! On any day there are at least 100,000 live listings, with close to 3000 new ones added every day.

eBay India keeps working to enhance consumer satisfaction and to reduce trading risks, through various services like eBay Academy (which aims to educate users about the online trading mechanism), Paisa Pay (to make online payments) and Community Watch (the community's moral watchdog, which tries to identify and remove any malpractices, illegal listings, banned keywords etc, ensuring online safety). Other services include Seller Verification, Rating and Feedback System, Buyer Protection Programme, etc.

Quite amazingly, this portal enables individuals and organisations, especially small and medium enterprises, to take their business online, at zero upfront investment!

Sounds hard to believe? Check out www.ebay.in

auction them, answer buyers' queries, complete orders, receive payments, etc. Buyers can browse directories, find required items and sellers, bid, buy and pay online. Buyers and sellers can provide feedback, in order to help improve services and also to help others rate the trading members and make decisions.

e-marketplaces: the risk factor

There are certain risks in dealing in an online environment, but these can be mitigated with careful planning.

All the risks that are inherent in any online trading, such as security and privacy concerns in payment and other transactions, exist in the e-marketplaces as well. Hacking is a major threat. For example, somebody could find your password, log into your account and order goods to be delivered to their address. The bill, of course, would come to you. Don't think this can't happen—it actually has! Therefore it makes sense to find out if your e-marketplace's framework of processes and policies ensures privacy and security in all transactions, including systems for credit card, address and digital signature verification.

There is also an element of risk involved in trading with unknown people. Often you and your trading partners may go online by registering in an e-marketplace, simply in order to take advantage of the automation of procedures. But such a venture also opens up newer avenues for sales and purchases, and you may find yourself also dealing with unknown people. In these circumstances, it is essential to be careful and study ratings and feedback about other trading partners before entering into any transaction.

Find out if the e-marketplace will provide you with complete contact details in order to allay the risk of anonymity. Also, explore and be aware of any steps taken by the e-marketplace to reduce trading risks. Several e-marketplaces provide rating and feedback systems, buyer protection

programmes, security and verification mechanisms, etc.

Deepa M. Thomas of eBay India explains, "Some of the most common misconceptions about online shopping are fear of misuse of credit cards and non-delivery of items purchased. One of the key ways buyers can get around this is to opt for cash on delivery as a payment method, wherein you pay for the item only when it is delivered to your home or office. That said, most online transactions on a reputed and secure site are as safe and secure as offline transactions."

A time to decide

Before registering with any e-marketplace, first analyse your business strategy and model and see if an online presence can be handled, and whether you can cope with the additional business that it is likely to bring in. That done, undertake an in-depth study on e-marketplaces and consider the advantages, disadvantages and risks involved in trading with people whom you may not see. Prepare a list of e-marketplaces in your industry or area of interest and compare their services in terms of factors like:

- Ownership, financial and organisational structure of the e-marketplace
- Services offered
- Reliability, privacy and security issues
- Contractual agreements
- Visibility of the e-marketplace
- Business and revenue potential
- Membership costs and transaction fees
- Integration costs
- Mitigation of trading risks, etc

Check out various e-marketplaces like www.ebay.com, www.covisint.com, www.exostar.com and resources like www.emarketservices.com to get an idea of how the concept works. While you are at it, make it a point to check out www.farmline.com. A successful e-marketplace linking the farming community, it shows how far e-marketplaces have come. They are no



longer confined to fields like telecommunications, electronics or consumer goods.

The URL <http://www.emarketservices.com/upload/reports/significantmarkets.pdf> provides a significant, though not exhaustive, listing of e-marketplaces which you can look up. To ensure that you have considered all important factors, you can use the checklist at http://www.emarketservices.com/upload/Basics/Checklist_Selecting.pdf.

You can start off by buying indirect goods, which are not imperative to the business, like stationery or furniture, at e-marketplaces and, once comfortable with the technology, you can expand and start trading seriously.

Worth a try!

The queue is dead. People buy movie tickets online. Homemakers buy all their groceries online. Teenagers sell their old cameras and buy new ones online. Techies bid and buy their laptops and palmtops online. T-shirt manufacturers in Tiruppur buy embroidered labels and sell their T-shirts to worldwide retailers and consumers online.

In short, markets are going online. Why would you want to be left out? Try it and experience the benefits firsthand! ■

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