

# Research on Enterprise Development Issues and Future Response Strategies of Cross border E-commerce Platforms Based on SWOT Analysis Method: Taking eBay as an Example

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**Abstract.** With the rapid development of Internet technology, e-commerce platforms have been widely used worldwide. As a world-famous online auction and shopping platform, eBay once occupied a very high market share as the originator of e-commerce and is one of the largest consumer Internet and online service companies in the world by market value. Now facing an increasingly complex and changing market environment, eBay's competitiveness and market share have been continuously declining in recent years, and measures are urgently needed to adjust the current situation. This article adopts the SWOT analysis method to deeply analyze the current situation of the eBay platform, aiming to identify its existing problems and propose corresponding response strategies. The research results indicate that eBay faces problems of slow user growth and churn, mainly reflected in poor user experience and relatively high user attractiveness from competitors; There are also issues with frequent fraud and false disputes, as well as security and regulatory risks. Faced with these issues, eBay needs to optimize search classification and product descriptions, reduce platform costs, strengthen platform management and supervision, and provide high-quality customer service. This study is of great significance for enhancing the competitiveness of eBay platform and promoting the sustainable development of cross-border e-commerce, with the aim of providing reference for eBay and similar e-commerce platforms to cope with the increasingly fierce market competition.

**Keywords:** Cross border e-commerce; eBay; SWOT; Marketing strategy; competition among enterprises.

## 1. Introduction

Nowadays, e-commerce has become one of the important engines of global economic growth, changing traditional business models and providing consumers with a more convenient and efficient shopping experience. In this context, e-commerce platforms are emerging like mushrooms after rain, and market competition is becoming increasingly fierce. As one of the leading enterprises in the field of e-commerce, eBay has a certain degree of representativeness in its development history, business model, and other aspects. However, with the continuous changes in the market and the increasing diversification of consumer demand, the eBay platform also faces many challenges, such as the rise of competitors and changes in consumer behavior. By studying the eBay platform, it is helpful to gain a deeper understanding of the current development status and trends of e-commerce platforms. It can provide useful reference and inspiration for other e-commerce platforms and provide scientific basis and decision-making reference for the government and enterprises to formulate relevant policies. This study is based on standardized research and adopts case analysis and SWOT analysis. SWOT analysis is a commonly used strategic analysis tool that comprehensively analyzes the strengths and weaknesses within a company, as well as opportunities and threats in the external environment, to help the company formulate corresponding development strategies. This study first uses the SWOT analysis method to conduct an in-depth analysis of the internal and external environment of the eBay platform, identifying its strengths and weaknesses, as well as the opportunities and threats it faces. Then, combined with the successful case of domestic e-commerce platform Taobao, explore the inspiration for eBay. Based on the results of SWOT analysis and the above insights, corresponding response strategies and suggestions are proposed, and these strategies are elaborated and explained

in detail. Finally, the main conclusions of this study are summarized and summarized, and the shortcomings and future research directions of this study are pointed out.

Cross border e-commerce, also known as cross-border e-commerce, refers to an international business activity in which transaction entities from different countries and regions reach transactions through e-commerce platforms and deliver goods through cross-border logistics to complete transactions. There are many business models for cross-border e-commerce, including B2B, B2C, C2C, etc. EBay, founded by C2C, has gradually become a globally renowned e-commerce platform. Since its establishment in 1995, it has been leading the development of e-commerce with its unique online auction and shopping model. EBay was originally an online auction website, allowing users to buy and sell. With the popularity of the Internet and the rise of e-commerce, eBay has gradually developed into one of the world's largest cross-border e-commerce platforms. But with the changing global economic situation and the addition of other competitors, eBay is facing more and more challenges, and the platform's own problems are becoming increasingly prominent. eBay urgently needs to solve or alleviate these difficulties. This study is based on this background and uses scientific analysis methods to propose its problems and corresponding solutions for eBay, aiming to provide suggestions for eBay's future strategic decision-making and plan a better development prospect.

## 2. EBay's SWOT Analysis

By analyzing the internal strengths, internal weaknesses, external opportunities, and external threats of the eBay platform, Table 1 is obtained. Below, a detailed explanation will be provided based on Table 1.

**Table 1.** SWOT analysis results

<b>S</b> Global influence Rich variety of products Flexible trading mode	<b>O</b> Globalization trend Popularization of e-commerce Technological innovation
<b>W</b> High platform fees Lack of personalization Slowing user growth and churn	<b>T</b> Competitors Fraud and false disputes Security and regulatory risks

### 2.1. Internal Strengths

#### 2.1.1. Global influence

EBay is one of the world's largest online markets, with hundreds of millions of users and a vast user base since its establishment in 1995, providing eBay with unlimited trading opportunities. EBay covers over 100 countries and regions, with numerous sites worldwide, including the Americas, Europe, Asia, and other regions. Among them, the US site is the most mature and traffic generating site on eBay, in addition to the UK, Germany, Australia, and others. The large number of users and wide coverage have created a huge global online retail market for eBay, with a platform of 174 million active buyer customer groups in 2020. Originally the first supra-regional, electronic flea market, eBay has evolved into one of the world's largest retailing platforms [1]. As of the third quarter of 2022, eBay has 135 million users worldwide.

#### 2.1.2. Rich variety of products

EBay covers various product categories and provides users with a rich selection. There are a total of 1.7 billion listings on eBay in 2022, which is more than 12 times the number of eBay buyers. Users can find a variety of products on eBay, whether they are looking for the latest smartphones, laptops, or want to purchase unique handicrafts or antique collections. From second-hand products to brand new products, eBay can meet different needs of users. In addition, eBay also offers products

from different countries and regions, giving consumers more choices and allowing sellers to sell their products around the world.

### **2.1.3. Flexible trading mode**

eBay's pricing methods are also diverse, including bidding without a fixed price, bidding with a fixed price, price based sales, and fixed price transactions [2]. This flexible trading model has attracted more users to enter the platform for trading, allowing users to choose the most suitable trading method according to their own needs and preferences. Whether you want to sell products quickly or wait for the best price, eBay can meet the needs of different users. eBay's diversified trading methods not only provide buyers and sellers with rich choices, but also increase the fun and interactivity of shopping through different pricing strategies and purchasing mechanisms, thereby promoting market competition and improving sales efficiency.

## **2.2. Internal Weaknesses**

### **2.2.1. High platform fees**

Merchants using the eBay platform need to pay a certain platform fee. The fees on the eBay platform consist of several components: product registration fees, online store opening fees, payment transaction fees, etc [3]. These fees may increase the seller's costs. The eBay platform not only requires rent to open an account and establish a store, but also charges seller sales commissions. Sales commission refers to the percentage of the final selling price of a product or service, and the commission fee varies depending on the type of product. Generally, eBay's commission rate is around 10% [4]. Here are basic fees, feature fees, promotional product fees, value-added service fees, including shipping fees, etc. The addition of various fees has led to excessively high fees on the eBay platform.

### **2.2.2. Lack of personalization**

eBay has shortcomings in big data capabilities and AI algorithms, and there are significant differences in personalized recommendations and customization compared to e-commerce platforms such as Taobao, which brings inconvenience to buyers. Consumers have reported that eBay cannot accurately locate consumers and push products that consumers are not interested in, making it difficult for users to receive recommendations highly related to their interests or shopping history when browsing products. This lack of precision in recommendations not only makes it difficult for buyers to find products that truly meet their needs, but also wastes their time searching and filtering on the platform, thereby affecting the user experience and loyalty.

### **2.2.3. Slowing user growth and churn**

As of the third quarter of 2022, there were 135 million eBay users worldwide, a decrease of 2.2% from the previous quarter and 11.2% from the same period last year. User churn has become a major obstacle to eBay's development. At the same time, the user appeal of competitors is gradually increasing. From September 2022 to November 2023, Temu's global download volume exceeded 300 million times. Since May 2014, SHEIN has accumulated 830 million downloads, with Latin America and Europe contributing 31% and 25% of the total downloads, respectively. These competitors have certain advantages in user experience, product richness, price, and other aspects, thus attracting a large number of users.

## **2.3. External Opportunities**

### **2.3.1. Globalization trend**

Since the beginning of the 21st century, cross-border e-commerce has begun to develop and rise gradually. In the 2010s, with the rise of mobile Internet, it entered a new stage of development. At the same time, in the wave of globalization, economic ties between countries are becoming increasingly close, and trade exchanges are increasing. Under the dual influence of both, eBay can

not only continue to deepen its existing market, but also actively expand into new international markets to further expand its global market share. At the same time, consumers around the world are increasingly in need of multiculturalism, and eBay's globalization strategy precisely meets this demand, attracting international users from all over the world.

### **2.3.2. Popularization of e-commerce**

With the popularization of the Internet and the progress of science and technology, e-commerce has become an indispensable part of people's daily life. The global reach of digital payment platforms and the e-commerce industry has significant implications for the world economy. They have created a more interconnected global market, breaking traditional geographical and logistical barriers [5]. More and more consumers are changing their traditional shopping habits and choosing online shopping. This trend provides huge development space for e-commerce platforms such as eBay.

### **2.3.3. Technological innovation**

In today's rapidly changing technology, technological innovation has become the key to the sustainable development of enterprises. With the rapid development of technology, especially the continuous maturity and application of technologies such as artificial intelligence, big data, and cloud computing, the e-commerce field is ushering in a new wave of technological innovation. This provides huge market growth space for eBay. Through technological innovation, eBay can further optimize its trading platform functions and services, enhance user experience, improve transaction efficiency, and meet the increasingly diverse needs of consumers. Meanwhile, technological innovation can also help eBay better adapt to market changes, expand international markets, and achieve sustained and stable development.

## **2.4. External Threats**

### **2.4.1. Competitors**

In the field of e-commerce, eBay faces fierce competition from giants such as Amazon and Alibaba, as well as new platforms such as TEMU and SHEIN, which may affect its market share and profitability. The rise of competitors poses a certain threat to eBay. These competitors have stronger funds and resources, can provide more and more favorable products and services, and attract more consumers and users. For example, Amazon, as one of the world's largest e-commerce platforms, provides a rich variety of products and fast logistics delivery services; Emerging e-commerce platforms such as TEMU have attracted a large number of young consumers with innovative marketing strategies and unique product positioning. These competitors may attract users who originally belonged to eBay and cause loss.

### **2.4.2. Fraud and false disputes**

In 2008, eBay removed 2.1 million counterfeit products from its website and suspended 30000 seller accounts. There is a risk of counterfeit and fraudulent products on the eBay platform, which stems from some unscrupulous merchants or individuals who deceive consumers and seek unfair benefits by imitating well-known brand products, publishing false information, or deliberately concealing product defects. Fraudulent behavior not only damages the interests of consumers, but also undermines the fairness and trust of the eBay platform, causing a serious impact on its reputation. When buyers deceive goods or funds through false disputes and other means, sellers often find it difficult to protect their rights. This unfair trading environment will weaken sellers' confidence in the eBay platform, reduce their participation and loyalty.

### **2.4.3. Security and regulatory risks**

Online transactions involve the personal information and financial security of users, as well as the continuous improvement of regulatory requirements, which brings operational pressure to eBay. With the continuous increase in trading volume, these aspects are also facing increasing challenges. In the process of cross-border e-commerce transactions, both buyers and sellers may encounter payment

risks, such as fraud, credit card theft, etc. These risks may lead to financial losses for sellers and affect business stability. As an online trading hub, the eBay platform cannot ignore these risks. Hacker attacks, data breaches, payment security, and other issues can all cause serious losses to users and platforms. eBay reported its gigantic information break in 2014 which contained delicate information. 145 million clients were having information misfortune right now [6]. E-service quality is dependent on e-security and e-trust, without which satisfaction will be void [7]. This incident serves as a warning that eBay needs to pay more attention to safety issues in its subsequent construction.

### **3. The Enlightenment of Taobao's Successful Experience on eBay**

In the global e-commerce competition, eBay, as an internationally renowned cross-border e-commerce platform, faces many challenges. In response to these problems, eBay can learn from the successful cases of domestic e-commerce giants - Taobao.

#### **3.1. Personalized services**

Taobao provides users with a highly personalized shopping experience through big data technology and intelligent algorithms. By analyzing customer needs through purchase and browsing records, users can gain insights into their shopping preferences and needs. Then, based on these personalized data, Taobao will accurately push products that users may be interested in on their homepage, whether it is new product launches, popular promotions, or unique products that meet users' personal preferences, all of which can be displayed to users in the first time.

#### **3.2. Free Policy and Low Cost Strategy**

In its early stages, Taobao adopted a completely free strategy, which did not require sellers to pay any fees for listing products, transaction payments, or customer service. This greatly attracted a large number of sellers and buyers, forming a massive e-commerce ecosystem. In the Chinese market, the power of free is enormous. With this strategy, Taobao quickly caught up and surpassed eBay. In just two years, Taobao's market share reached 67.3% [8]. With the continuous development of the platform, Taobao has provided them with more value-added services through diversified profit models, such as advertising promotion and financial services. This user centered business philosophy has enabled Taobao to maintain a leading position in the fierce market competition, attracting a large number of merchants to settle in. In 2011, Alibaba launched a data analysis tool called Business Counselor, which allows merchants to diagnose and optimize their store operations, as well as understand the latest market characteristics and trends, estimated market size of products, etc., reducing the threshold for opening a store. The standard version features of "Business Advisor" store analysis, "Traffic Crossflow", and "Category Compass" will gradually shift from paid to free by the end of May 2021[9]. In the next stage, Alibaba will also offer cost reductions for more versions of the "Business Advisor" feature. In 2021, the usage rate among merchants with monthly sales exceeding 10000 yuan exceeded 95%.

#### **3.3. High Quality Customer Service System**

Taobao has a professional customer service team that provides 24-hour online customer service to users, promptly resolving their issues and disputes. At the same time, Taobao continues to optimize customer service processes and technical means, improve customer service efficiency and service quality, so that every user can enjoy a homeless shopping experience. In contrast, eBay has limited communication channels and hopes that consumers can solve problems by asking questions via email or joining online discussion groups. However, Chinese consumers tend to prefer traditional and direct communication methods such as phone calls. However, eBay's telephone customer service only has English customer service, not Chinese customer service, which reduces the efficiency and satisfaction of customer service. Not only that, Taobao also realizes that with the advancement of technology and changes in user needs, simple online customer service can no longer meet the needs of all users.

Therefore, Taobao has begun to introduce more advanced artificial intelligence (AI) technology to further improve customer service efficiency and user experience.

#### **4. Analysis of eBay's Response Strategies**

##### **4.1. Optimize Search Classification and Product Description**

eBay should adopt a differentiation strategy and refocus on its core business - second-hand product sales. According to data, from 2023 to 2031, the global second-hand commodity market is expected to continue to grow in size, reaching \$1.3 trillion. eBay should optimize its search classification function, utilize technological innovation to improve search algorithms, and enable users to quickly and accurately find the second-hand goods they need. Secondly, refine product classification and add unique attribute labels for second-hand products, such as old and new degree, source, etc., to improve search accuracy. eBay should require sellers to provide detailed product descriptions, including the degree of freshness, usage traces, and condition of accessories, to ensure the authenticity and quality of second-hand products. Simultaneously set minimum requirements for image quality, quantity, and angle to ensure that buyers can clearly understand the actual situation of the product. eBay should seek differentiated development, differentiate itself from other e-commerce platforms, and form its own unique competitive advantage.

##### **4.2. Reduce Platform Costs**

eBay can consider adjusting the platform's fee structure, reducing or optimizing some fees to alleviate the burden on sellers. Specifically, eBay can provide different levels of store subscription and listing fees for sellers of different sizes and needs, allowing sellers to choose based on their own business situation. For novice sellers, they can enjoy certain discounts to attract them to engage in long-term transactions and development on eBay. At the same time, eBay can provide more value-added services, such as supply chain financing, credit loans, etc., to help sellers solve their financial problems, help sellers better operate their stores on the platform, and gain profits. Through these measures and leveraging its global influence for promotion, eBay can attract more products to be listed and more merchants to settle in.

##### **4.3. Strengthen Platform Management and Supervision**

eBay should establish a sound product review mechanism, introduce third-party appraisal agencies, conduct professional appraisal on luxury goods or high-value products that are prone to counterfeiting, and provide appraisal reports to ensure the quality, authenticity, and legality of the products, and avoid the occurrence of counterfeit and inferior products. At the same time, eBay should strictly manage and supervise sellers. For violations, corresponding penalties and measures should be imposed. eBay can set store deposit, and if it is found that the store has engaged in selling counterfeit goods, the deposit can be recovered. For counterfeit and inferior products that have already been discovered, use technological means to hide them and not appear on consumers' browsing lists. eBay should strengthen its platform's security measures to ensure the security of consumer accounts and transactions. In terms of information security, eBay can strengthen password protection and set transaction restrictions. Adopting information security control methods like information assurance, threat modelling, network security zoning and following information security policies[10]. Alternatively, establish a dedicated anti fraud team to promptly handle and investigate suspicious transactions.

##### **4.4. Provide High-Quality Customer Service**

eBay should establish a comprehensive customer service system and provide comprehensive and personalized services based on consumer needs and preferences. To provide a personalized shopping experience it is important to incorporate information from the users' previous actions in the search ranking model[11]. Classify customers based on the products and basic information they have

browsed or purchased, such as gender, age, occupation, consumption level, etc., and provide customized shopping suggestions and recommended related products for consumers. EBay can utilize big data and AI technology to further enhance the accuracy of personalized recommendation systems; We can also provide personalized after-sales services to consumers according to their needs, such as returns, exchanges, repairs, etc., thereby increasing the stickiness between users and the platform.

## 5. Conclusion

In summary, eBay's SWOT analysis explores the current challenges and potential opportunities it faces. Research has found that eBay faces significant pressure in user growth and retention, mainly due to inadequate user experience and competitive advantages in user attraction. In addition, the platform also faces severe problems such as frequent fraud and false disputes, intensified security and regulatory risks. In response to these issues, eBay should strive to optimize its search classification and product description system to improve the efficiency of users searching and browsing products, thereby enhancing the user experience. Secondly, reducing platform costs and reducing the burden on sellers can help attract more sellers to join, enrich product categories, and enhance the attractiveness of the platform. Furthermore, strengthen platform management and supervision, reduce the occurrence of fraud and false disputes through technological means, and ensure the fairness and security of transactions. Finally, providing high-quality customer service, timely responding to user needs and feedback, and enhancing user loyalty. Although this study provides an in-depth analysis of the issues with the eBay platform and proposes corresponding strategies, there are still some limitations: this study mainly analyzes based on existing literature and public data and fails to fully reflect the actual situation of the internal operation of the eBay platform. Future research can further delve into eBay's backend data to obtain more detailed and comprehensive information. Secondly, due to the constantly changing market environment and competitive situation, response strategies need to be adjusted and optimized according to the actual situation. With the continuous development of the e-commerce industry, the eBay platform will face more opportunities and challenges. On the one hand, with the continuous progress of technologies such as artificial intelligence and big data, eBay can use these technologies to optimize platform operations, improve user experience and transaction efficiency. On the other hand, as the global market continues to open up and competition intensifies, eBay needs to closely monitor market dynamics and competitor trends, adjust its strategy and business model in a timely manner, in order to maintain its competitive advantage and usher in better development.

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