



Stanford eCorner

eBay and PayPal: Going Global

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eBay is in 28 countries and the company is looking into cost effective ways to enter new markets, says Reedy. PayPal will attack Europe next year. Typically, eBay, being global, can enter new countries easily; in the case of PayPal it will take more effort. When making an acquisition eBay lets the business strategy define the process or platform. Over time they look for ways to move the country onto the platform as long as it does not put the country or the business model at risk.



Transcript

I'll answer it from the eBay side. Obviously, in eBay we're in, like you said, the 18 countries that are in the eBay platform. Or 28 if you count the companies that we're partnered with. So we're continuing to look for ways to continue to cost effectively, on the eBay side, go into more and more and more countries. And actually, we are doing some things with our platform to make it very easy and cost effective to go into countries with very small markets. So we're already there. We're going to be launching later for this quarter in Hong Kong and Singapore. And we're starting to do that more. I would say so for that. In the case of PayPal, they have a lot of plans to really attack Europe next year.

We just launched the UK site in the Queen's English. And they have plans to continue through Europe. But as you say, there's a lot of work when it comes to payment processing because there's a lot of different rules and regulations. And even different products that work in different countries. Germany is very high in EFT and things like that. Whereas, other ones like UK are much more credit card processing like the US. So I think the point is that, typically, just where eBay is in its life? It's in a lot more global. And it will be easy to go into many more countries very cost effectively. Whereas for PayPal, they're further behind. They need to catch up in the larger markets first.

And then I think, they'll probably look for opportunities where it makes sense. But it will be a lot more effort for them to go into some of the different countries. I would just add one point to that which is to answer your question when it comes to an acquisition. Does process or strategy lead? And I would say that, typically, if you look in China and Korea and some of the acquisitions we made. We let the business strategy define the platform and process. And then, over time we look for ways that we can move the country to the eBay platform because we end up saving a ton of money on the operating side by doing that. But if it, at all, puts the country and the business model in the country at risk, we do not do that.