

# CHAPTER 1

## Background

eBay Inc. Is an American Internet company that creates and manages eBay.com as an online store site that enables people to buy and sell their products, goods and services in worldwide. It is founded on September 3, 1995 and the HQ (Headquarter) located in San Jose, United States of America. eBay Inc. Has 3 key people that primarily run this company, they are: Pierre Omidyar, John Donahoe and Lorrie Norrington. Pierre Omidyar is the Founder and also worked as a chairman in the company while John Donahoe is the CEO and the last one is Larry Norrington that worked as the president of eBay marketplaces. eBay Inc also owns “PayPal” as the way of purchasing the items through available credit cards, “Skype” is the software that enables people to communicate via online for free and can make a phone call freely as long the users are using the same product, “StubHub”, “Kijiji”, “Gumtree” and other well known businesses [1].

eBay.com is actually an online store and shopping website that can make or deal many transactions via online which could help people in terms of distance, convenient ways, various and unique items, bargaining, quick process purchasing, saving time, easy procedure and so on. The industry is categorized as an auction and the product is based on an online auction hosting, Electronics commerce, Shopping mall and Merchandizing [1].

The majority of the sales take place through a set-time auction format and “Buy-It-Now” method included in case if the item has not been sold when the due date already is up. The original U.S website, eBay has established localized websites and branches all over 30 countries in the world. The revenue of eBay was rising up to over \$8.541 billion with outstanding net income that reached \$1.779 billion in the year of 2008 and it will be increasing more in this current year and might be increasing more in the upcoming year in the future. [1]

eBay.com has been expanding the branches in big countries that spread over 5 continents in the world. The available branches that already exist are [1]:

America Continent: U.S, Canada, Israel & Mexico

Africa Continent: South Africa

Asia Continent: China, Japan, Hong Kong, India, Indonesia, Malaysia,  
Philippines, Singapore, South Korea, Taiwan, Thailand,  
Turkey & Vietnam

Australia Continent: Australia & New Zealand

European Continent: Austria, Belgium, France, Germany, Ireland, Italy,  
Netherlands, Poland, Spain, Sweden, Switzerland &  
Great Britain

eBay has one long slogan which is [1]:

*“Whatever it is, you can get it on eBay & Shop victoriously! &  
from collectibles to cars, buy and sell all kinds of items on eBay & Buy it, sell it, love it*

From that point, it is true that eBay probably is the number one source for online shopping stores that offers product availability, good services, and practical ways of purchasing and also quick processing. The business concept of eBay is actually a facility that centered in one area where the users including buyer, seller and other 3rd parties can do any transactions efficiently, but the main idea of having this business actually referring in terms of “saving time” instead of going to long distance which can interfere private time or working hours. While on eBay, the users are able to buy or sell the products wherever they are as long as they have laptop or computer and good internet connection to access on eBay. Although people are in the middle of business hour, they will be able to make transactions in practical ways.

In general idea, eBay gains a profit from the people who try to sell their products. In this case the user applies and becomes the seller through eBay facility. They sell the products through eBay services and make contacts with buyer through that service. Each year eBay will get profit from them for giving them policy to sell on behalf of eBay’s name, from that strategy eBay got a lot of profits from them and certainly ton of sellers are using eBay as one of the facility to make some money [19].

## Scope

This thesis will cover the analysis of how to prevent negative impacts of eBay's Payment Systems. Generally speaking, there are several negative impacts on eBay's e-commerce system that may lead to massive loss, customer distrust and decreasing credibility. Nowadays, more and more eBay's customer have actually tried the idea to avoid those particular problems, however, the idea has never been implemented well or officially published as legal theory in the public [20]. There are many issues that spread out over all the Medias like internet, news, or magazines that talking about eBay whether discussing about fraud or their popularity, but none of the issue has ever been discussing about the proper way to overcome that matter until now [20].

Research conducted by many scientists has shown that eBay's online payment system has indicated several weaknesses to its customers [20]. This is a very crucial part for everybody, when we talk about the payment systems, people generally will be more cautious. Having said that, the payment systems problems could be varied from fraud, human errors, transaction errors, sabotage, data stolen, and so forth. There was even a case when a central bank never gets the payment confirmation where the user has paid for the bought item. Furthermore, there have been few cases about the payment problems when customers doing online transaction [20]. Hence, to avoid the commotion that might occur, generally the buyer will explain first in detail about the problem to the seller, if the seller can solve it, at that moment the problem is resolved, but unfortunately it is likely that most of the issues covered are not well-handled and ignored by the sellers. On the other hand, there is also a possibility that the problem occurred can be solved through eBay itself acting as a mediator where it means that both seller and buyer need to explain the circumstances to the administrator and will be checked to the central bank that hold every transaction occurred on eBay. The way to make a contact to the administrator is available in the help menu or contact menu. In addition to this, the next step user needs to do is to write down what the problems are and the administrator will try to help you out and solve the problem, but there is no guarantee they will 100% clear the problem. The administrator may help the user, however, no guarantee of succeeding of this problem. Therefore, even though eBay is such a good place for trading items, but on the other hand it can also expose threats that may harm its customer's confidentiality and privacy.

## Aims and Benefits

This thesis will have several aims and benefits that may lead to the point where people can find a better and safe place to do a transaction. If all the crimes can be anticipated, the benefits might be:

- Trustworthy = high credibility and maintaining the safety of goodwill.
- More Organized = easy progress, quick, good control.
- No More Hesitation = trustful resources does not make people think twice.
- Secure = no crimes involved, makes people feel protected and secured.
- Effective and Efficiency = the business progress works smoothly and no obstacle
- Cooperative = the bond between user, among users and staffs are solid.
- Good Feedback = the user has a good and solid relationship with eBay.
- Reliable = suitable, strong assistance, responsible, capability of being relied on.
- Privacy = user can manage to keep their own profile safe and confidential.
- Dependable = eBay becomes one of the loyal and trustful source among users.

The whole main idea is actually to let people know about the real benefits about the concept of online shopping. There are a lot of factors that according to people's point of view about online shopping store, especially about eBay which is a company that based on new innovative concept that is somehow still immature and inconsistent. It is one among several big reasons that people do not really put their faith a lot in this business. The system probably is not really implemented well in the business concept and process.

There are also other possibilities that people are still considering their old fashioned way better than current ways to conduct the business. In the end, the reality will show that people will never be developed in the future. The negative outcomes make people shut themselves from any kind of virtual online shopping. It is not enough just telling them briefly, it would be much better if they want to seek and try it by themselves about how much benefit of online shopping they could get [21].

# Hypothesis

In this section, we will discuss about why doing online transaction on eBay is sometimes insecure and risky. This thesis will state all the main reasons and the side effects of how eBay's reputation has been decreasing recently.

Firstly, we will concern on the weaknesses of eBay's e-commerce system as a whole that have caused lots of people to feel insecure to undertake online transactions on eBay. Having said that, eBay has earned massive profits from its online auction [21]. However, once a customer has experienced unpleasant issues during the transaction, people will not believe such thing anymore in the next future. Therefore, it is very important to know what the weaknesses of the e-commerce systems are and knowing how to prevent those problems to ensure that the customers can do online trading as comfortable as possible.

Secondly, we are going to explore the online payment systems problem which is not too effective and secure for customers when doing online trading. Doing online transaction on eBay is quite risky and may cause issues to the customers. One of the major issues would be likely due to eBay's weak and vulnerable payment systems. The issues may come from hacking, phishing, abusing personal information, duplicating important data and so on. All of the threats which have been mentioned earlier are happened because the systems are not implemented well and the security of the system is not well-secured thus it can not protect the user privacy and confidentiality [21].

Lastly, we will discuss about the shipping method. When it comes to shipping, eBay should improve the method of shipping by allowing items been bought to be distributed to as many country as possible with affordable price and when item is damaged, eBay should give a compensation fee to replace the damage made during the shipping. Nevertheless, side effects that have occurred from the issues mentioned above may vary from losing loyal customer, capital, distrust, undeveloped technology, cyber crimes, inappropriate business ethics, low concept and fraud. Thus, this thesis is created to help those people who are willing and believe that eBay's payment systems can be developed and improved into a better one in the future.

# Structure

## CHAPTER 1 – INTRODUCTION

In this chapter will be discussing the overview of the thesis, like background, origins and history of eBay Inc. And the whole running process of the system itself how it works and the way to make a transaction, the scope and benefits will also be covered in this chapter. This chapter includes background, scope, aims and benefits, hypothesis and structure.

### **Background:**

It explains about the history and background of eBay. Inc that works in online shopping store which enables people to buy and selling their products, providing goods and services widely abroad in the worldwide.

### **Scope:**

This part talks about the analysis of preventing negative impacts and how to deal the problems especially about the transaction and online shopping store payment from eBay Inc. -> eBay.com. The solution and the way to prevent and avoiding the problems might be included.

### **Aims and Benefits:**

To reduce crimes that affected the business process, losing trustworthy, bad image, unsafe conditions and disadvantages many customers. The benefit may gain more trust also getting advantages more by overcoming that particular problems. If the problems can be solved, more beneficial might be obtained especially trustworthy.

### **Hypothesis:**

Personal opinion that refers to eBay whether it is secure or not when a customer wants to do a transaction. There are several reasons why business on eBay is unsafe and risky. A lot of side effect will be discussing when people have a disadvantage business on eBay.

### **Structure:**

A review about every chapter of the thesis contents along with sub-part chapter that going to be discussed briefly and concise.

## **CHAPTER 2 – THEORITICAL FOUNDATION**

It discusses about ideas and how to find another way to solve the payment transaction problem until the shipping service order and what kind of research method that used to overcome the problems. It also mentions about the way to overcome the other problems excluding the payment transaction such as like phishing and hacking. This chapter will also explain all the theories which are going to be discussed that relevant in this thesis. The idea is to support and to help solving the problem. The relevant theory will be summarized and presented according to the particular problem.

## **CHAPTER 3 – PROBLEM ANALYSIS**

This part will mention all the problems that always occur in the company. The analysis of the problem will be discussed in more detail in this part of thesis progress. The analysis mostly tells about how the problems being identified caused and effect. This part also required deeper understand the problem with sampling method and data analysis that will help the analysis in order to solve the particular problem.

## **CHAPTER 4 – THE SOLUTION**

This chapter discusses about how to deal the problem, what kind of security that need to be used. How to prevent and avoid if that is happened. This part will answer all the problems that could happen and seek the real solution.

## **CHAPTER 5 – DISCUSSION AND IMPLEMENTATION STRATEGY**

This chapter will cover about the evaluation and clarification for the important result of the solution. It is briefly concise and will explain such as like relationship of the result, observation, the pattern result and prediction, agreement or disagreement based on business ethical issues, interpreting the result, hypothesis of the problem.

Generally this part consists of question of that related to the real problems and answer for the solutions. This section will be full of references needed to interpret the result.

## **CHAPTER 6 – CONCLUSION AND RECOMMENDATION**

### **Conclusion:**

Containing about the general conclusion of overall topics and results from the solutions. It explains about the important things in finding the good result. The evaluation will be clearly described here in brief and concise.

### **Recommendation:**

Containing the suggestion, recommendation, idea and advices in which need to be discussed, it needs more explanations to understand and solve the problem. In this section, the recommendations need to be assessed from the result of implementation.