

Strategy Management

LCM B7003



UNIVERSITY OF WALES
Trinity Saint David
LONDON



Student Number: 2009797

Student Name: David Pérez Moreno

Lecture Name: Gladius Kulothungan

Word Count: **4.646**

Date Submission: 14/05/2021

CONTENTS

1. Introduction	1
2. Overiview	1
3. External Analysis – PESTLE	2
3.1 Political	
3.2 Economic	
3.3 Social	
3.4 Technology	
3.5 Envirnoment	
3.6 Legal	
4. Competitive Analysis PORTER’S FORCES	5
5. Interanl Envirnomennt – SWOT Analysis	6
3.1 Oportunities	
3.2 Threat	
6. Strategy	8
7. Conclusion	10
7. Bibliografy And References	11

Introduction

The case study that I have chosen is a task where after a deep analysis of the external and internal environment of eBay I will get the strategic management system that the company has into his organization to achieve his future goals, at the external analysis I will treat all the single factor at the PESTLE analysis to determine how them can take effect over the company and how the company should adapt them to survive against the global environment as the company as an international firm.

After this external perspective of the company, I will expose an internal description of the status of the company by a SWOT analysis where will help me to get the strengths, weakness, opportunities, and threats that the company has, in other words, what positive and negative thing the company needs to consider to achieve and make reality his future objectives.

Once I have to define how is the company and how the external factors are influenced over the company is time to describe the strategy system that eBay is using to keep growing and establish itself over the general Market and then to conclude the report I will get a recommendation in form of conclusion as to how the company can improve and make strongest against his competitors.

Overreview

eBay Inc was incorporated or create in 1998 as a commerce company to operate at the Marketplace and Classified platforms, the main activities display by the company is connected buyers and sellers around the world to make possible all the go through from the time that both sides agreed with a price for the product in concrete until the moment that the good is delivered to the final buyer, the platforms are accessible as online experience from the mobile devices and applications Interface.

The first big step that the company has to take on forward was in 2009 when eBay started a partnership with General Motors enabling hundreds of GM dealers in California to help the customers to negotiate purchase GM cars and trucks through the eBay online marketplace, nearly all of the California 250s took part of the program where the customer could purchase their vehicles through the eBay website, this project did not go well as by the end of the second quarter

of that year the profit fell 29 percent making the company turnaround this strategy and orientate his business plan to other direction which is the actual mission of the company is focus his effort over the e-Commerce to bring the company to the leader e-commerce franchise by investing in the market place segment and continuing to build an adjacent business marketplace.

EXTERNAL ANALYSIS – PESTLE

Over the Pestle[PESTLE] I will describe the company which I choosen from the cases study which are been propused by the teacher, as I menttioned at the intrioduction Ebay is my choosen case study, as It is a Internation company oerating over world I will have to treat the main country where the company is doing her activities and analysis the different factor around the company that wil make influence on the executives to make a decison at the strategic management or in other words how they will react to them to make posible the next steps that the compnay is planning to achieve.

POLITICAL

First I will go through the political analysis by getting a general view of it., the political factor is playing an important role that can impact the company in different ways, especially over the profitability as eBay is operating over a dozen of countries and expose itself to variables types of political systems and the political environment behind the ones there are the risk which the company has to avoid and keep growing to a successful area, the main area where eBay is displaying his activities are the retails which is a zone where I will explain slow and then go to the market where the company as I said is playing in many different counties with differents laws what will have to front different adversity that I will describe now; At the political factors there many controversies that the firms have to resolve recently and It has a huge impact on strategy management at this point there are two main events that I will describe in details, in this sense in 2015 eBay was caught into a political controversy as the was accused of collaboration with a 100 of overseas retails to defraud a taxman of millions of pounds, especially non-EU sellers on eBay and were not paying VAT tax in Uk causing millions of loss annually.

Another fact from where eBay was part of is that from 2015 they have announced that the firms and a few more brands will stop using the conference flag that has created a polemical discussed as eBay and the other firms considered that the flag in question was offending a part of their customer who is sensitive with that situation in correlation with the first controversy and put it on the relation with the market since UK decided to leave the EU it has affected the value of the currency (sterling pounds) which has depreciation on its value and then making affecting the online shopping there more UK could lose the opportunity to free trade area in European Union and There is a fear for eBay to lose both areas of supply It means the European and the British one but this situation has not happened yet.

ECONOMIC

The next factor to consider is the economic one which is probably the more relevant thing that will affect directly and indirectly the brand as the profit is the main element that every single company wants to achieve and to eBay is an international company is playing a role over many different currencies around the world. One of the facts that are taking effect or discomfort at eBay is the exchange rate between USD and the other currency as it is reported by the annual profit reports, following this line that is another element is the inflation rate which is making full implication over the Global market that eBay's performance like for example happened in 2014 when Mercado Libre who is owning 18% eBay reported rapid growth in local currency-terms did no benefit to eBay as the majority of this was gone due to the runaway of the inflation rate.

SOCIAL

The social environment is a factor that will get an indirect effect on the company as it is a reference to the customer sector as there are the more sensitive to any new social's event that could develop a change to the society like for example the time when the women start to participate at the workplace or any new trend that is starting to be popular like the Pokemon cards which are back to business and revalue their initial price to an exponential growth then depends how powerful is this event will make a different impact at the strategy of the company by putting more focus into that fact instead of keeping doing the same activity.

TECHNOLOGY

Regarding the technology is a relevant factor that makes a great or negative influence on your customers and also in comparison with your opponent at the market, for example, if eBay attractively displays the product to the customer will give eBay a competitive advantage against their competitors but from the time that you put any products online is followed by a security risk that all the proprietary of the information has to take on on living by however the responsibility for the company is to avoid in all the ways that any breach could disturb any information and that is why the management team of eBay has a huge database to manage all the information that the customer put in all the platforms that the company use to operate.

ENVIRNOMENT

Over this factor is including all the material and good that the company is using during the whole process since they pack, shipping or make the distribution of their products, It means as much care the company is taking care of the environment by using degradable and recycle well over his activity will improve his external perspective against the competitors.

LEGAL

As the company is operating over the world it means eBay has to considerate the legislation of all the countries to make sure the company will no break any framework that will direct or indirect affect its activities like for example few basics laws that make a safe way to the company which is, for example, the Anti- Trust law in specialty retail overall at all countries, the same thing happen with the discrimination law, copyright, data protection or Consumer protection and e-commerce.

Competitive Analysis – Porter's Analysis

At the five forces or Porter[PORTER'S FORCE] will analysis the main factor that will define how competitive is the environment around you and then find your strategy that will give to the company the highest profitability as the name of this Analysis is called by five forces that could change the orientation of your strategies; First **The potential Entry of new competitors**, at the online business where eBay is operating the main barrier to get into the online marketplace are the laws from the different countries where is no allow the sell of a particular goods but in the hand in this sector is so relevant the safety and recognition or popularization at the market which is difficult to do it but in this sense from the beginning eBay had difficult to entry but the company was playing with advantages as it had a good recognition out of the market that helped to make his entry at the online business, the second force of porter analysis is the **rivalry among the competing firms**, over this factor there are including the biggest competitors of the brand who are fighting against eBay for a piece of the industry but eBay is stopping their intentions to grow up at the online business market by providing the best services at the low cost from where the company keep attraction of new customer to defend his position at the industry however the worst opponent at the market place is the the drop off of the industry that can be the end of it, the third factor on the Porter Analysis is **the bargaining power of the supplier**, at this point every single user of Internet services might be a Player against eBay, for player at the online business market is referring to the customer in other words to the buyers and seller who will have a bigger impact depend how expensive is the deal that they are having as bigger is the deal more influence will have over the company but for this company the majority of the purchase and sells are no below to a huge amount of money that is why the influence of this factor is low, the fourth factor of Porter's forces is the **Bargain Power of the customers** Over this point is describe how the customer can influence at the strategy of any company as general view I can say that everyone has access to buy at eBay as there is no specific customer who will online allow to make their purchase at the platform that is why everyone could believe that the value of the customer for eBay is minimum but on the reality the company did gave a lot importance to customer as eBay is listening the opinion and feedback that the customer gives to the firm regarding their experience at the market, finally there is **the potential development of substitute products** at this factor there are including all the ways or ways that the customers have to buy the same product out of eBay platform like for example place the

item in a regular auction house, where the seller does not have enough projection to make the customer aware of the goods which are for sale, following this line and with eBay there no realistic option for the seller to get a successful price for the goods as the Internet Market has especially opened up the market for special items like first edition books or traditional lunchboxes with superheroes on them, in other words, the seller will get a better deal to any items on the Internet than any other place as on Internet the product will be more visual than the actual physical auction.

INTERNAL ENVIRONMENT – SWOT ANALYSIS

Once I have displayed a general view of the element around to the company that forms part of the environment, let's now bring a close perspective that how eBay is responding to any Internal Factor that makes the company adapt to it, this closest view is bringing me to the IFE which means an internal strategic management audit where I will formulate and evaluate the strengths and weakness areas of the business and also provides a basis identify of the relationship between all those areas.; the internal factor of the strategic management is included by the strengths and the weakness that are the aspects where the companies can put their effort and other areas where the companies should work harder to improve as will be the zone where the competitor will use to make them strong at the market, following the definition that I have exposed previously let know to take per separated both forces to an individual examination; First, **the strengths** as part of the **SWOT analysis [SWOT ANALYSIS]** is telling to eBay which internal strategy should take or should use to keep growing over his new market which is the Ecommerce, in this contents eBay has four main areas where are considerate his more powerful arms that are a strong brand, cost-effectiveness based on an economic scale, region-specific of operations and high effectiveness of service.

As I mentioned eBay is a strong brand on the world market thanks to his population or easy recognise from the customers make to the company a easier way to entrant to E-commerce and fight against his competitive which are already on that market, following the next strengths eBay has a cost-effectiveness system in close collaboration of an economic of scale which give to it a huge fulfillment support to be one of the biggest players offering online market place, classifieds and tickets exchange over the world but also this strengths will help the firm to enhances eBays

operating management which shapes operations of StubHub and other collaboration, furthermore the next strengths the region-specific operations what means that the company has associated to each country one specific responsibility at the eBay's structure and finally the last strengths is the high effectiveness service which is defining how good eBay is at the moment doing in comparison with the competitors what is giving a greatness online service.

After this description of what the company is doing well let describe which things the firm can improve and the holes that are creating to the competitor what is called **weakness**; at this point in the SWOT analysis eBay has three points to improve as there are the limited emphasis on innovation or in other words the less preoccupation or non-priority that the firm has in this aspects that make the company more limitable against his opponents at the new market which is the E-Commerce, the second weakness that the firms have the limited flexibility to the market variations It means that the rough Internal structure of eBay make itself disadvantages against the market as the company will no be able to add it to the new systems that are getting on a place and then the last weakness is the imitable business model that makes easier to the new entrants make their way and put the company in difficulties that must change them if the firms want to keep growing.

OPPORTUNITIES

To continuing the Swot Analysis and getting an external perspective I will analysis which factor or elements is proposing to Ebay as a chance to keep growing forward over the e-Commerce market this factor are formally called Opportunities that for Ebay are four; In the first place I will get the expansion to a new markets, As example the currentky market place, classified, and ticket exchange revenues are mainly produces overseas which is localated at the United ststes where eBay is having a great challenge to approach it and make it part of his business area, follwing this chance is appering the second opportunity for ebay that is the improvement in innovation rate what means that the company should do investment by the capitalizing on rising onlne technological trends that will increase the company's base of customers and merchants, the third chance or oportunitie that the company has to improve the customer service quality that will make a better impresion to the outside of the company by the improve the satisfaction and expectation of the customers, the final oportunities is the diversifation where eBay should put more effort as there are many new

revenues streams aside from the online auction where the company will be satisfied with better profitability and competitiveness.

THREATS

Over this factor there are including all the things that may make the company change his strategy in other words Ebays should protect itself from them and avoid them as they will affect his profitability and survival in the online trading industry, regarding this definition there three factors that are making major impact over the firms; Strong competition as we are living in a very competitive society this is translated to the business world where eBay need to adapt his steps and strategy against Amazon who is the main rival at the e-Commerce market to keep surviving and progressing at the market, closes to this threats is appearing the possibility from others companies to copy or imitation of your business model or also avoid the new firms that are treating to entry at this industry, finally there are disruption which is bases at the news technology where the company need to keep improvements his performance to address external factor against them and make his position on the market strongest against the competition.

STRATEGY

From the external analysis which is a drawing the macroeconomic that cover eBay where I analysis a several external factors like Political, Legal, Economic , Social , Technology and Environment has give a clue how is the atmosphere around the company and then I described how they affect them to the internal strategy of the company for the future steps where the company as eBay is using a dual system of strategy[System Of Strategies] where the company is mixing in one hand the generic strategy for competitive advantages focuses on the economies of scale for profitability in online business which will help the company to keep growing in a global view and in the other hand the company is having the intensive growth strategies which determine the growth on the operations area These strategies are corresponding with the objectives of the company and the possibly the fights against their principal competitors furthermore this dual systems of strategic is setting up the most basics factor or principal in managerial decision for the firm which is increase the performance in online trading platform business.

Before I will go through the actual strategy that eBay is doing I will do an overview that how the company was acting on the past years to get to the nowadays steps that the company is taking place on the E-commerce; following the timeline that the case study is marking since 2011 the company started his way to E-commerce by acquiring GSI which was a provider of E-commerce services retail, by the time that eBay acquired GSI this firm was operating in three business first the Global E Service which enabled the companies to operate and the multi channel retail offering into the E-commerce, secondly the Global Marketing Services which helped the customers to utilize the digital marketing channels and then the Customer engagement which consisted in two consumer-facing e-commerce businesses; the principles attractive that make eBay buy GSI was the belief this acquisition will help the company to achieve three relevant things that will be based on the future strategy and there are that the combination of those two companies will make eBay reach into the large brand at the retail sector, secondly will make strongest the strength of both companies and finally will make possible unmatched commerce services stack on retail by the combination or merge of both companies.

After this quick review that had to help me to know from where the company is coming I will describe both types of strategy that eBay is using to bring the dual system that I mentioned early; Starting with the **generic strategy** which is being defined by the cost of the leadership that in other words, the company develops and maintains competitive advantages based on cost minimization that in the actual case of eBay is involving the technology that the firm is using to fix the variable cost in multinational e-commerce operations where the customer and seller are drawn to the online retail and auction-trading platform based on attractive pricing strategies which are the element of eBay marketing mix 4Ps, also the company with the generic strategy entails management practices, intensive the growth strategies and related strategies with the objective to minimize the costs. In light to show up the best perspective of the generic strategy now, I will get practical examples that the firm is using to clarify how the generic strategy is working, in this sense eBay as suitable strategy is cutting down the technologies with the permanent objective to reduce the costs even the new technologies is a competitive advantage, also another generic strategy is to get more population to some users who are trading through the company marketplace with the final target to find the costs and in consequence increase the business potential to raise profit margins or offer competitive prices to the customers and sellers at the online retail platform.

Following now with the strategies I will examine the intensive strategies that will help the company to grow in any type of market and there classified into four types, in other words, I will divide all the activities that the company is developed by its activities; firstly I will get the **market penetration** over this, the company maintains business growth by increasing the number of customers who purchase items on the online market-place, as a result, the firm will make improve his strength and in consequence, adding more value to the SWOT analysis, the second kind of this strategy is the **market development**, this will help the company to grow at the eCommerce by establishing new operating in the new market like for example eBay created a new website narrowly to compensate the new online retail or auction operations then the company has the product Development which is the third type of intensive strategy which will help the company to keep growing at the international area by introducing new elements at the market others like new products to the customers and sellers who are target users of the platform and finally there is the **Diversification** which is the last intensive strategy that eBay is putting on place, over this strategy the company develop between 2012 and 2015 when the company proceed to acquire small companies that operated in other industries which satisfied the eBay's cost leadership generic competitive strategy and make his direct effect to e-Commerce market by the new business entry.

After this deep description of the strategies that eBay is using now, I will get them in controversy against the target or objective that the company is trying to achieve over this chapter I will try to test and see how the strategy is fixing over the objective to make it possible a successful results.

Conclusion And Recommendation

eBay is a company that provides wide product selections and superior services, which eventually enable the company to not only fulfill its missions but also distinguish itself from its competitors. Although the competitive rivalry within the industry is high, innovation and stable strategic partnership and suppliers grow both eBay's customer base its online marketplace effectiveness and reliability. Additionally, stable suppliers and reliable services can alleviate the problem of the overly high bargaining power of customers. Also, mitigation strategies can enhance the attraction of eBay's, following this the company overcomes the opportunities and threats. Since the day that the company decides to go to international market eBay's have to head

different methods and strategies to overcome all the risk and barriers that the industry was putting at its way and then the firm reached access to new tools, new customers and also allow the company to diversify its assets and getting the possibility of being successful in one country and then get negative results in other places. In the supplier area, eBay is developing a confident strategy to get more closes to the seller and then improve their relationship between the company and the customer from where the company will create a fidelity relationship which will make smaller the threats and be stronger at the marketplace.

To end up this report, I will get recommendations to the company in order of the external and internal status that the SWOT, FIVE PORTER FORCES, and PESTLE analysis is showing of eBay, to respond to the weak areas where the company has more possibility to keep growing at the market place, following this line the strategic management team of the company should adapt its strategies to reinforce its strengths to approach the firm his goals; that is why I will give three advice to improve his performance for that the company should increase its rate of innovations to address rapid change in technologies, and to address the threat of imitation, secondly by the increasing its degree of decentralization to improve flexibility to e-commerce market differences and finally the eBay will have to expand operations internationally, building on the economic scale.

Bibliography and Referencees

- **Grant, R (2010) *Contemporary Strategy Analysis: concepts, techniques, applications*, 7th edition, Blackwell**
- **Hill, C.W., Jones, G.R. and Schilling, M.A., 2014. *Strategic management: theory: an integrated approach*. Cengage Learning.**
- **Ho, J.K.K., 2014. *Formulation of a Systemic PEST Analysis for Strategic Analysis*. *European academic research*, 2(5), pp.6478-492. – (PESTLE ANALYSIS)**
- **Johnson, G., Whittington R., Scholes K., Angwin, D. &Regner, P. (2014) *Fundamentals of Strategy*, 3rd edition Prentice Hall.**

- Gong, W., Stump, R.L. and Maddox, L.M., 2013. *Factors influencing consumers' online shopping in China. Journal of Asia Business Studies*, 7(3), pp.214-230. Lasserre, P., 2012. *Global strategic management*. Palgrave Macmillan.
- Mitchell, Christopher. *"EBay Inc. Five Forces Analysis (Porter's Model) & Recommendations."* Panmore Institute, 1 Dec. 2017 – (PORTER'S FORCES)
- Leigh, D., & Pershing, A. J. (2006). SWOT analysis. *The Handbook of Human Performance Technology*, 1089-1108. – (SWOT Analysis)
- eBay Inc.'s Steve Yankovich Discusses Innovation Strategies.
- Glazer, R. (1999). *Competitive Advantage Through Information-Intensive Strategies. Handbook of Services Marketing and Management*, 409.
- Ouma, G., & Oloko, M. (2015). *The relationship between Porter's generic strategies and competitive advantage*. *International Journal of Economics, Commerce and Management*, III, 6, 1058-1092. --(System of Strategies)