

eBay and "Sniping"



by Cecil Munsey
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On eBay, the thrill of the hunt is fading for buyers. (And auctioneers aren't happy with the higher fees either.) Collectors, instead of focusing on bidding for one-of-a-kind items, seem to be finding new or re-discovering other sources for collectibles.

eBay shoppers no longer favor scouting out antiques and/or collectibles and following an eBay auction, especially if they end up losing out on something they want and can't prevent it. Instead, many are going back to antiques shows, antiques shops, Goodwill stores, and even back to digging for relics, in the case of those who collect bottles from primary sources.

Auctions were once a mainstay of Internet commerce in one-of-kind collectors' items. People didn't simply shop on e-Bay, they hunted, fought, sweated, and triumphed. But as the business of buying and selling online has matured, the thrill of the chase has faded for some collectors.

As consumers' interest in Internet auctions has cooled, eBay, the largest online auction house has paid the price. Revenue and profit growth have slowed. Its stock has tumbled from a peak in 2007 of \$40 a share to \$29 – I sold my shares near the peak and don't regret doing it.

New eBay CEO, John Donahoe, seems to be pushing the business more toward the convenience of buying and selling more non-collectible stuff online quickly at a set price – maybe like a department store.

The shift means profound changes for eBay. If the current growth trends continue, the business could make more money from fixed-price sales than from auctions. That would make eBay less of a shopping site for antiques and/or collectibles and more of a direct competitor to Amazon.com.

Why are collectors cooling to online auctions? There are a few reasons, but one is the development that has made auctions annoying, frustrating or worrisome (vexing) is the practice of "sniping." What?

That's when someone darts into an auction just before it closes and tops the highest bid. With no chance to counter-bid, less experienced bidders lose out to snipers, often after days of following an auction. The practice has grown more common lately because of "bidding-bots," – automated software programs with names like "bidnapper.com," "powersnipe.com," and "esnipe.com," that let a bidder place bids seconds before the auction ends.

At first an eBay buyer might think that sniping is a bad thing. But it was designed to avoid "bidding wars" that only raise the price of the item being offered. Online auctions usually do not end for days. One person places his maximum bid. Later another person comes along and bids until he is the highest bidder. During the course of the auction this process often repeats itself many times until the auction ends and the highest bid gets the item. (That's the way auctions are supposed to work.)

Sniping was developed, in part, to avoid the problem of a person with "deep pockets" bullying his way into ownership without giving all participants a chance to make the final and highest bid – it's man against computer.

The bidding-bots are designed so that a bidder's offer is kept a secret until the last seconds of an auction thus enhancing chances the sniper will get an auction item at the lowest price. That may not sound fair. And sometimes it comes down to who has the fastest Internet connection. To some that doesn't sound fair either. Those issues, however, are probably better left for a debate team.

According to eBay, auctions will always have a place on their website site for antiques and/or collectibles. Auctions are fun and still the best way to get the right value on many unique items. The company is expected to make some site revisions to placate the auctioneers who object to increased prices to sell their items. It's likely that eBay will redesign certain web pages to give more prominence to auctions, particularly in categories with unique merchandise such as collectible stamps, coins, and bottles.

eBay cannot legally restrict sniping so it appears to be here to stay. "If you can't beat 'em, join 'em!" Maybe register with a sniper website and put a bidding-bot on your side?

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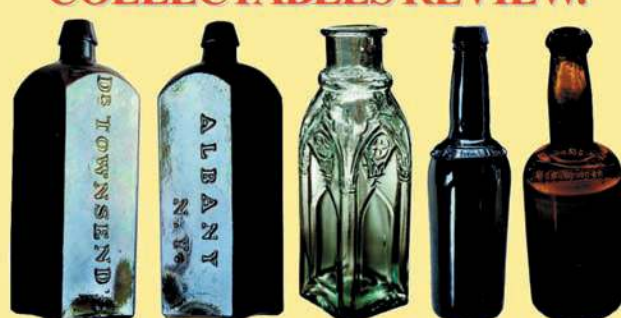
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