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Seek and ye shall find

By Patti Waldmeir

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I hate to shop but I love to eBay - and the bargains are the least of it. Trading on eBay is like living in a medieval village in cyberspace: a place where the cash is cold but the hearts are warm, where every transaction has its story. For eBay, arguably the world's most successful dotcom, is so much more than a global auction site. It is a place where 114 million people go to buy things - but also where they go to chat and bicker and gossip and gripe, and generally enjoy the camaraderie of the marketplace. Most of all, like the internet itself, eBay is a paradox: a world where anonymity fosters

fellowship and machines make us all human again. eBay gives us back our past. It helps us recover an older, more personal relationship with commerce.

Meg Whitman, eBay's folksy chief executive, says the success of her auction site proves that people are "basically good". It may be too soon to declare the triumph of human virtue, but when millions of strangers agree to trade with millions of other strangers across the globe, every single day, it must prove something about the human condition.

For the past four years, I have journeyed often to the land of eBay, where individuals sell to individuals on a scale never before imagined. Millions of items that might never have been sold at all are traded there every day. My addiction to this peculiarly 21st-century form of commerce began when I was preparing to adopt a baby girl from China. In my quest to build a nursery, I stumbled on a society in the making. I was there when eBay was still young. And I have lived there ever since. Whenever I need to buy something, I look first to eBay: if you cannot eat it, plant it, or inject it, I figure it will be quicker, easier and probably cheaper to buy it on eBay. Anything that I cannot buy there, I clearly do not need. In the past few weeks alone, I have bought the following items: 20 tubes of glitter glue; a vintage Le Creuset skillet; 12 princess light-up crowns; a Harry Potter wall clock; a replacement part for my food processor; a bunny-shaped cake pan; six bottles of anti-bacterial hand soap and a litter bag for the car. And that is not the full list.

In the past, I have bought two cars on eBay, two digital cameras, a camcorder, two television sets, eight car seats and a rice cooker. I hardly own a major appliance that was not purchased on eBay. Not all were bargains: the cars (a used Nissan sedan for \$2,500 and a Dodge minivan with 78,000 miles, for \$4,500) were certainly a deal; but the anti-bacterial hand soap was cheaper at the mall, and bunny-shaped cake pans are probably dear at any price. Thrift is only part of the equation.

For me, the main attraction is that I can shop on eBay without taking the children. I have two toddlers, and it is so much easier to eBay. Not to mention more fun. Every auction combines the intoxication of gambling with the thrill of thrifting. What could be better than gambling for hand soap? And every day the postman comes is like Christmas. eBay has even helped me reconnect with my mailman: parcels are too big to fit in the mailbox, so he delivers them to my door.

But I might have met him anyway. Many of my other eBay friendships would have been impossible without the marketplace - across normally insuperable barriers of class and

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culture, I have met people on eBay whom I would never otherwise have encountered. And, perhaps because of the anonymity and distance, those relationships have been marked by a level of charity and kindness that is rare in the physical world. The conventional wisdom is that buying online is a sad, soulless activity, most often conducted in nightgown and carpet slippers at 3am. But the reality is so much less pitiful. Consider the following story: if it does not make you cry, you are probably better off at Wal-Mart. When I was preparing to adopt my second daughter from China, I knew I would need a "gotcha dress": a dress to send to the orphanage so that I could pick her out from the other babies when I went to collect her on her "gotcha day". I wanted her to wear the same dress as her older sister on that special day: a long-discontinued design by babyGap, with a kitsch American flag and patriotic overtones.

Predictably, eBay sellers were offering it in several different sizes, so I bought them all. Then I sat back to await the news of my new daughter - and the weight, height and chest circumference that would tell me which size to send to the orphanage. But when the joyous news came, little Fu Xinke was much bigger than I could have imagined: she weighed 23 pounds, and the biggest dress I had could only accommodate a 20-pounder. Of course I turned to eBay: there was one dress listed in the right size, but the auction still had days left to run. Xinke's dress needed to be posted immediately. Barefoot in my nightdress at 2am, I emailed the seller, explaining my unlikely plight, and pleading with her to cancel the auction. She did so immediately, and sent me the dress the next day for free, by FedEx. All she asked was that I should send her a picture of Xinke in her dress. Somehow, I do not think Wal-Mart could have risen to such an occasion.

Now little Lucy Xinke Waldmeir lives in America, along with her sister Grace ShuMin. But eBay is still indispensable: when it comes time to celebrate Chinese New Year, I turn to eBay for the red envelopes and "lucky money" to place beneath my childrens' pillows. A seller in Hong Kong is happy to oblige, and happy, too, to send along his mother's recipe for the special new year's cake, Nian Gao. He asks for an e-mail picture of my girls celebrating the Year of the Monkey - and offers to show them the sights of Hong Kong. Soon eBay will help Xinke make an even more intimate connection with her heritage: in October it will host a charity auction to benefit the US non-profit charity that funds the nannies at her orphanage. We will donate items to sell, and the proceeds will go to the orphanage - just another of those cold, impersonal transactions that have given cyberspace such a bad name.

eBay was never meant to be just another cyber-shopping site: its philosophy has always been to combine community and commerce - or in the words of eBay co-founder Jeff Skoll, "heart and wallet". The eBay creation myth is that it was designed by Pierre Omidyar, an American of French-Iranian descent, over a Labour Day weekend in 1995, to help his fiancée trade her collection of Pez sweets dispensers. The truth is much more interesting: yes, Pez was part of it; but Omidyar's goal was grander. In his fascinating history of eBay, *The Perfect Store*, Adam Cohen explains it thus: "At a time when the internet was endlessly compared to the Wild West, Omidyar wanted his corner of cyberspace to be a place where people made real connections with each other, and where a social contract prevailed. He wanted it to operate according to the moral values he subscribed to in his own life: that people are basically good, and given the chance to do right, they generally will."

"If you come from a democratic, libertarian point of view," Omidyar told Cohen, "having a corporation just cram more and more products down your throat doesn't seem like a lot of fun." Omidyar wanted to empower the little guy by connecting the many to the many. This, says Cohen, is the paradox at the heart of eBay: idealism made it profitable. Omidyar's pony-tailed, anti-corporatist philosophy has created one of the world's fastest growing and most successful multinationals. eBay's recent profit figures bear this out: second-quarter net revenues up 52 per cent from the year before, to \$773m; revenues from transactions outside the US up 76 per cent to \$274m. eBay handles more daily trading volume than the Nasdaq.

But for those of us who live there, none of that matters. The really relevant numbers are for users: the number of registered users is up 51 per cent since last year (the US is still biggest, followed by Germany, the UK, South Korea and Canada); and 430,000 people make all or most of their living there, and they are just as likely to be from Birkenhead or Bombay as from Boise. Some 46 per cent of transaction revenues now

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come from outside the US. "eBay is a way of life for an ever-growing number of people," says Whitman. "I marvel every day about how eBay is connecting people across the globe."

Most of the time, of course, these "connections" are only virtual. But once a year, the virtual becomes tangible, momentarily, at the eBay Live! reunion (excuse the punctuation: in eBay-speak, exclamation marks are like verbs - you cannot construct a sentence without them). This year's exclamatory gathering was held in New Orleans at the end of June, and 10,000 members of the cult showed up. The result was a cross between the ancient Athenian Assembly and a gathering of the Worshipful Order of Mercers, circa 1400: there was lots of trade talk, but also a lively democratic debate about the future of the mercantile republic.

Netizens of eBay grilled senior management about the minutiae of seller's fees and other forms of eBay taxation; in between, they attended sessions on "How to Raise Kids while Making a Fortune on eBay", "How to deal with Difficult People" and "Reaching your Full Potential". One of the sessions was even about how to regain your sanity by trading on eBay, and it was led by the legendary Dean of eBay Education, Jim Griffith, who told the story of how eBay saved his life.

"In 1996 things were a little bit tenuous for me," the jolly bearded man in the eBay baseball cap told the faithful. And then he discovered eBay. After starting out buying obscure computer parts, he soon created one of the infant site's most famous personalities: Uncle Griff, "a 50-something cross-dressing dairy farmer who lives with his mother - even though she's been dead for 30 years". Though a self-confessed emotional cripple in offline life, Uncle Griff was witty, sane and wildly popular online. He moderated spats on the internecine chat boards, welcomed new neighbours to the community and generally lived the Omidyar ideal: he made eBay a place where good people wanted to gather. And in the process he was saved: after a clinical depression, attempted suicide and a hospitalisation in the mid-1990s, Uncle Griff came home to eBay. "If you want to know how well eBay works," he says, "in 1999 I stopped taking Prozac. You are now my medicine."

Of course, any drug that is stronger than Prozac can cause its own problems, and eBay Live! was full of people who readily admitted an addiction to online trading. In one crowded session, "The Balancing Act", well over half those in the room raised their hands when asked if their obsession was interfering with their relationships or their lives. "I get up in the morning and I go to the computer before I go to the bathroom," said one anguished participant. "The next thing I know, it's two in the afternoon and I still haven't gone to the bathroom!" Shopaholism is, of course, nothing cyber-new. There is an innate human drive to acquire that sometimes gets out of hand. But even in America, most shops are not open 24 hours a day. eBay is always there, ever welcoming - and no one can smell it on your breath.

But the intensity that eBay inspires cannot derive simply from acquisitiveness - something more elemental must be involved. Skoll has an intriguing theory to explain eBay's success. Writing in Forbes magazine in 1999, he laid out a vision of eBay as an antidote to the post-industrial malaise: "Beyond fulfilling a financial function," he wrote, "trade also satisfies another human need - social contact. In the course of a transaction, a buyer and seller may find common interests, exchange gossip and even develop a relationship."

The advent of mass production wrecked all that. From that point on, individuals could no longer trade easily with individuals: small buyers and sellers could not meet at Wal-Mart - their only option was a flea market, jumble sale, or charity shop in the bad part of town. Under those circumstances, many goods did not find a buyer and many buyers could not find what they wanted. eBay made it possible to get them together again, almost costlessly. But it did more than that. It combined the best of both worlds, according to Skoll: the service, customisation (and gossip) of the medieval marketplace, with mass market pricing. "Far from presenting the cold, impervious face of the unfeeling machine, the computer allows us to recapture that which has been lost - namely, the personal touch. To be known. To be part of something meaningful," he wrote.

This is where Ann Wood comes into it: she is just so much more personable than Wal-Mart. Wood is a just-turned-40 blonde from Texas who used to be a lawyer. Now she is an eBay "power seller" (the exclusive club for the site's most active and reputable merchants). She spends four to five hours a day selling women's designer items under the eBay ID "willow-wear", and earns enough to allow her to stay at home with her three small children. "The beauty of eBay is that you do it for 10 minutes and then turn to something else," Wood says in her throaty Southern accent, aglow with passion for her new profession. "It's the most ADD [Attention Deficit Disorder] kind of lifestyle - perfect for the starting-and-stopping life of a mother of young children."

Like so many other sellers, Wood has used eBay to turn what was a hobby into a job. She has always loved Lilly Pulitzer dresses and Kate Spade handbags: now that passion fuels her business. Hungrily eyeing her white straw Kate Spade bag with bamboo handle and green leather trim, I ask for details of her business model: where does she get brand new designer items at discount prices? I should have known better: even on eBay, intimacy goes only so far - and it stops well short of revealing one's suppliers. "I'm very good at finding discounted merchandise," she says, fingering the white embroidered trim on her retro Lilly Pulitzer shift. Then, as if on cue, Wood says what Pierre Omidyar long ago hoped she would say: "It's not just the stuff that's on eBay, it's the people." Cool, professional Wood is just as gaga as the rest of us: "I've connected with people who share my interests and it really has opened up my world and enriched it. That's the beauty of the eBay community."

Increasingly, that community is global: eBay now has branded sites in 19 countries, and it recently bought the biggest online auction sites in India and China. And everywhere that eBay trades, there is the local equivalent of Wood: individuals who have built a small business - or in some cases a very large business - in this most futuristic of marketplaces. Kirstie and Andrew Dudley of Birkenhead (eBay IDs: "postalsupplies" and "packingsupplies") are the perfect example of this new type of mom-and-pop multinational: they started out selling tape from their modest home in the north of England, and now they have a turnover of more than \$1m and warehouses in three countries. "I lost my bedroom and the kids lost their playroom to the business, and then it took over the whole house," says Kirstie, who home-schools her six children and says they learned to count "by counting Jiffy bags". And true to the eBay ideal, no shipment goes out without a hand-drawn thank you note from one of the Dudley kids; on eBay, even selling tape is a people business.

So much for the warm and fuzzy side of eBay: but that is surely not enough to explain \$8bn in cold cash changing hands in the latest quarter alone. For that, you need not just fellow-feeling, but rock-solid trust. And that, in the end, is the true genius of eBay: not just that it resurrects the market stalls of the middle ages, but that it rebuilds a pre-industrial system of trust. Everybody in the ancient souk knew who was a crook and who was honest: eBay has done its best to build that same certainty into the cyber-souk. The secret is the eBay system of "feedback": after each transaction, buyers and sellers get to rate each other - positive, negative or neutral. In that way, every eBay member builds a reputation. Beside every member's auction ID is their feedback score: mine is 786, and it is 100 per cent positive. A reputation like that is invaluable. Some day I may put it on my resume.

Feedback explains the fundamental mystery of eBay: why strangers buy from strangers. eBay buyers must pay for goods before receiving or inspecting them - without feedback, it is hard to believe they would be so foolish. In some ways, feedback is just a very old solution to a timeless problem, writes Chrysanthos Dellarocas, an academic who has studied the fascinating phenomenon of trust among strangers online. It guarantees "good conduct in communities of self-interested individuals who have short-term incentives to cheat one another". But the eBay system is fundamentally different from the reputation systems evolved over thousands of years to guarantee trust in the marketplace. Paul Resnick, professor at the University of Michigan School of Information, says that offline, we buy goods because we can see them, and squeeze them, and learn about the seller from our neighbours - or because we have dealt with that seller in the past, or he knows our brother-in-law. Online, we cannot buy by these rules. There is much less information about merchants - eBay sellers do not even use their real names, but trade by auction identity. But what information there is, says Resnick, is distributed more efficiently. As power seller Wood points out: "When you walk into a store, you don't have comments from the last 600

buyers to go by!" On eBay, everyone will know if you cheat your customer.

Of course, the system is not perfect: as Resnick notes, negative feedback is extremely rare - far rarer than the likely percentage of bad transactions. He thinks this is just one of the peculiar norms of a society where everyone is expected to be kind: "If it appears that everyone, or near everyone, on eBay is behaving this way, then it is natural that we should as well." Courtesy is just a cultural thing.

Certainly, that is true for me: I am inclined to be generous to sellers. But the truth is more complicated: I almost never post negative feedback, even when the seller deserves it, because I am terrified that he or she will retaliate and spoil my perfect feedback rating. When the system fails utterly - as it did for my friend Julia recently - eBay has a backup plan. Julia had bought some fab little Pom D'Api boots for her two-year-old from a seller in the UK, but they never arrived. Since it was only her third transaction on eBay - and since I had sent her there - she turned to me to recriminate. Together we got most of her money back from PayPal, eBay's electronic payments system, which has a "buyer protection plan" for such circumstances (PayPal refunds up to \$500 for items that never arrive or are grossly misrepresented).

In the old days, when eBay was young, and feedback was all that governed it, this would not have been so easy: but with success has come responsibility. eBay spent \$11m in the year to June 2004 fighting to keep fakes and crooks off its site, and it is experimenting with more ways to authenticate goods and sellers. Though it says only .01 per cent of auctions result in a confirmed case of fraud, that figure certainly understates the true problem - both because many buyers never bother to report fraud, and many others are happily defrauded every day by buying fakes cheaply on eBay. (Tiffany, for example, is currently suing eBay, claiming that nearly all the Tiffany items on the site are phony.)

"The romantic ideal was that feedback would work all by itself," says Peter Swire, an expert on internet law at Ohio State University. "But as the business model grew up, it had to have the kind of legal protections that exist in the physical world." But there is only so much eBay can do: it cannot examine all goods itself; there will always be fakes and crooks on eBay. The only long-term solution is for buyers to check feedback when bidding, claim from PayPal if they are defrauded - and remember that, after all, the risk is in the price. If you have to have cold certainty, go to Wal-Mart. So all people are not good all the time. But will the fraud problem stop eBay in its tracks? Not likely, says Jonathan Zittrain of Harvard's Berkman Centre for Internet Society. "eBay is a juggernaut."

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