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COMMENTARY
 By Amey Stone

eBay: Who Needs It?

Some may enjoy the thrill of the hunt in an online auction, but I'll take a good deal at a fixed price. So I'm sticking to tag sales

O.K., here's one of my secrets: I've never participated in an online auction. I say this with some sheepishness, given that I've written numerous articles for BusinessWeek Online over the last six years about growth in the online-auction business and closely followed the stocks of leading companies such as eBay ([EBAY](#)) and Priceline ([PCLN](#)). I've witnessed the growth of the online-auction phenomenon, but I've never actually bought anything myself.

A cyber-luddite? Not me. I frequently buy books and CDs online from eBay affiliate Half.com. Nor am I averse to purchasing used items sight unseen -- a frequent barrier to entry cited by auction avoiders. In fact, I recently bought an entire bedroom set on localized classified listings site Craigslist.com (really!). From time to time, I've even indulged in trolling for deals on eBay. But I've never actually bid on anything.

The problem, in a word, is time. When I'm not at my desk trying to get my job done as efficiently as possible, I'm at home trying to keep my 14-month-old from falling on her face (again), while closely monitoring my 4-year-old's fascination with what happens to toilet paper



[Amey Stone](#) is a senior writer at BusinessWeek Online

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when you hold globs of it under the running tap. Even if I get five minutes to jump online and find a deal after the kids are asleep, that precious time competes with about 1,000 other projects and pastimes I'd like to pursue.

ALL-DAY JOB. So for me, the first obstacle to an online auction is the set-up. You have to take a few minutes to register. It also seems the easiest way to pay for the stuff is to create a PayPal account -- another set-up time expense.

Then, from what I've observed, most bidders spend the rest of the day monitoring the auction - - checking the ongoing bidding, getting e-mail alerts from the auction site, deciding whether to up their bid, and daydreaming about having the coveted item in their possession. I use the Web all day for work, but toying with dynamic pricing models is a distraction from my job as a financial writer. To get my work done and get out the office door, I need to minimize such distractions.

Finally, the biggest hurdle is knowing that even if I were to invest time and emotional energy in bidding for an item, I still might not get it. To me, that sounds like the ultimate waste of time.

Oh, I suppose I should try an online auction someday. But as a veteran bargain shopper, I don't believe I'm missing out. For sellers, the beauty of an online auction is that it aggregates buyers, creating such a robust market for specialized items that they can often obtain a better price than they could in a local shop.

HARD BARGAINS. And as a reporter, here's what I found out: Academic research shows minimal pricing differences between an online auction and buying through dealers. "Given the basic laws of economics, there shouldn't be too much of a free lunch out there," says Patrick Bajari, an economist at Duke University who studied the rare-coin market, online and off.

Academic research also documents that it takes skill and knowhow to win at the auction game. The burgeoning field of economics known as "auction theory" examines such problems such as "the winners curse" (where naive bidders tend to overpay) and "sniping," where experienced bidders come in only at the last moments of an auction to whisk the item away.

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I'm sure I could figure out how not to get snookered, but that means an even bigger investment of time. For now, I think I stand a better chance of snapping up a steal of a deal at a neighborhood tag sale.

LOW PRIORITY. Yes, there are people who love to bid on eBay (See BW Online, 8/27/04, "[eBay: In Praise of the Perfect Market](#)"). My reluctance to venture into the online-auction world is hardly unique, however. eBay knows well that auctions aren't for everyone. In fact, about one-quarter of the dollar volume on its site comes from fixed price "Buy It Now" sales. "We know that much of our community, at least some of the time, likes to be able to pay a known price," says eBay spokesman Hani Durzy. For eBay's 114 million users, "different strokes for different folks," is the theme, he says.

Durzy explained to me how eBay's fixed-price feature works. Before the bidding starts, sellers can choose to list a price for which they would be willing to sell the item right away. That allows the most eager buyers to skip the auction altogether.

Now that's a model I might try -- some day. I'll add it to my "to do" list -- right after item 97 (sort through the take-out menus cluttering my kitchen drawer) and 98 (glue back together the ceramic pin my daughter made me last Mother's Day). At this rate, it may take a few years.

[Stone](#) is a senior writer at BusinessWeek Online and covers the markets as a [Street Wise](#) columnist

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