

Google vs eBay, or Google vs YahooBay?

The media is full of stories and analysis on Google's announcement of GoogleBase, a user-database, that predict that Google is taking sure steps towards eBay's turf.

eBay is slowly and surely falling prey to its supremely powerful, but easy to copy and rather narrow core business model of facilitating B:C and C:C e-commerce. Needless to say, Google's entry into their turf will be a big blow. Google will, no doubt, hit eBay where there is a low-hanging fruit waiting to be picked: eBay's sordid user interface. In the 10 years of its existence, eBay has not bothered to address this glaring weakness. Google does clean User Experiences very well, and my bet would be that they will cream eBay on this topic. Also interesting is their introduction of a user-generated database, which will enable applications such as Yahoo! Stores easily, too. Potent combination.

I said once before, that Yahoo should acquire eBay. eBay's market cap is \$52 Billion, whereas Yahoo's is \$50 Billion. It would roughly be a merger of equals, but I believe Yahoo's future is far more promising than eBay's. Hence, judging by futures, Yahoo ought to acquire eBay.

Product Search and Search Engine Marketing are key areas that, as industries, need to reside together. Amazon realized it, and launched A9, their very own search engine. However, Search is a competitive business, and an overnight search giant will not be created at this stage of the game. I don't recommend, therefore, that eBay also follows suit.

However, at least 5 different properties that Yahoo has could tremendously leverage eBay: Small Business, Stores, Search, Shopping, and Overture. Finally, as Yahoo unfolds its content and personalization strategies, there will be a tremendous further opportunity to build value on top of their existing framework.

Not the least, but last, Meg Whitman has indicated that she wants out. Terry Semel, however, is dedicated and focused.

Then?

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About the Author

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