

Insights into Online Auction Market Structure of eBay in 2006-2007: A Historical Perspective

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ABSTRACT: *The online auction market has experienced rapid growth in the last decade and has been playing an important role in our economy. Given the size and nature of auction markets, it is important for potential entrepreneurs and market traders to understand these markets. However, the market structure of online auctions has not been adequately examined in the literature. This study extends existing research by using eBay's auction data for the Xbox game console to understand the evolution and characteristics of eBay users, and to investigate the nature of competition in this market in 2006-2007. Among others, we find that the Xbox game console market could be best categorized as a mix market with a dominant Consumer to Consumer (C2C) segment because it had many individual sellers. We also discuss the theoretical contributions and managerial implications of our findings regarding three dimensions of online auction market structure, and identify future research directions.*

KEYWORDS: *eBay, Online Auction, Entrepreneurship, Market Structure, HHI (Herfindal-Hirschman Index) Index, Gibrat's Law.*