

There is a website, that was founded in 1999 by two young people. What they did was absolutely new on Polish market. Today, the staff of that service is more than 300 people, and this service has more than 5 million registered users. The brand they created is now a symbol in Polish internet, like Onet or Gadu-Gadu. What we are talking about, is Allegro.pl – an example of successful internet auction website.

This is quite new activity on the internet – Allegro was established in 1999, and well known eBay in 1995, so as you can see this market is rather new.



## The idea

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The key to success of internet auctions is easy access and easy rules of trading. In traditional auction you know for example from movies, there is a host with his hammer, and group of people which are bidding their prices – then it goes well known “one, two, three, sold”. This is rather inconvenient for people, so internet auctions change this process to very simple idea:

- There is no host. All the actions are controlled and ended by computer
- Almost everything can be sold on internet auctions, including very cheap things
- There is usually no eye-contact between seller and buyer – they communicate and finalize transactions through e-mails or phone calls
- there are thousands of auctions at the same time

## How it works?

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I’m sure most of you have ever bought something on Allegro or eBay, for those who haven’t we will say something about how auctions are done:

Let’s say we are the buyer. The first step is to register and reply for a specific mail send through traditional post for security reasons. Through a specific internet website we add what we want to sell to auctions database, including title, description, images, some additional data like type of auction, minimal price, limitations etc.

Then we set the time, when auction is about to be finished. The system usually calculates provision of auction service according to price of what we are selling, extra features we choose (like display on home page, more images, selection etc.). The amount of provision will be saved on account of seller. That’s generally end of first step.

The auction is started. From this moment other users, which are also registered can bid their price for specific product as long, as auction is valid and up-to-time. When the time ends, the user who bided the highest price is the winner. The system sends messages to buyer and seller – they receive information about address of partner, telephone number, bank account and some other things. Then, they finalize the transaction with each other.



After the transaction is finalized successfully, which means that buyer received the product and seller received money for this, they should write a positive comment. This is a security issue, we will discuss it in a moment. This is basically the end of auction process.

## **Other issues**

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Very important thing is security. There are many unfair users and thieves on auctions, as they seem to be anonymous. But the true is different, and there are some ways of preventing.

First, we have mentioned the system of comments. Usually, there is one positive comment for each auction. The people that have some thousand positive comments are rather unlikely to cheat, and people with many negatives may be suspicious.

Next issue is sending mails. To be a fully operational user, we should be validated through e-mail. Auction provider sends traditional mail to us, which contains the data necessary to fulfill registration – it makes sure our mail is valid.

There are also sophisticated options of payment, like ESCROW or others, which ensure the buyer will receive what he ordered, and seller receive the money (however, this is another cost as well).

## **Pros and cons**

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Well there are many pros and cons for internet auctions. The advantage would be the ability to buy rare and cheap things without leaving home. This is opportunity to sell what we don't need anymore finally. The problems however are, that we are not able to preview the product before buying (photos may not be representative), plus the partial anonymity encourages unfair people to cheat.

## **Summarise**

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But, to summarize this short overview, we can say that internet auctions are very interesting source of things, we would have never bought in any other way of trading. Each moment there are many, many thousands of auctions of different things – from cars and houses through clothes to collections of stamps. Auctions are gradually become cheaper and more secure, but we shall always be sensible so as to avoid disappointment.

## **Sources**

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- [http://allegro.pl/country\\_pages/1/0/marketing/about.php](http://allegro.pl/country_pages/1/0/marketing/about.php)
- <http://www.ebay.com>