



## **eBay Australia & New Zealand: How eBay sparked Australia's first cyber Christmas**

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The Communications Council

Bronze, Australian Effie Awards, 2011



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**Agency:** Leo Burnett Pty Lt

**Advertiser:** eBay Australia & New Zealand

**Author:** Luke Atkinson

**Total Campaign Expenditure:** \$500,000-\$1 million

### **STRATEGIC COMMUNICATIONS CHALLENGE**

#### *Christmas Cheer for Bricks and Mortar Retailers*

Christmas is undoubtedly the most important and most competitive time of year for retailers. Desperate to shower our friends and loved ones with gifts (while quietly hoping we're going to get whatever our heart so desires), we spend an astounding \$28.2 Billion (Oct - Dec 2009<sup>1</sup>) over the Christmas period.

#### *Problem One: At Christmas we Habitually Shop at the Mall*

Contrary to what you might think about our changing shopping habits, in 2009 only 3% of money spent shopping was online<sup>2</sup>. We are of course, creatures of habit, especially at Christmas time. When hitting the shops, browsing the shelves for ideas of what to buy an uncle we haven't seen since last Christmas, and filling our baskets, hitting the shops is just what we do.

This habitual purchasing behaviour was the first major problem that eBay was faced with in the summer of 2010. eBay might be big online, but the online marketplace is still relatively small when compared to the shopping behemoths that dominate our credit card bills. The traditional retailers, in the run up to Christmas 2010 weren't even concerned with online buying (most of the big retailers, including Myers and Harvery Norman had *no* ecommerce presence) - they were concerned with their bricks and mortar competitors, and making sure that it was them and not the guy, quite literally next door, that would profit from our habitual shopping trips to the mall.

#### *Problem Two: A Minuscule Media Spend*

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This can be seen in the highly competitive advertising market over the Christmas period; retailers spent BIG on advertising, at approximately \$281 million in media (Nov and Dec, 2009<sup>3</sup>), trying to outshout each other and grab Australia's attention. Over a quarter-a-billion dollars. Most other, non-retailer advertisers stay away all-together for fear of getting lost in this deafening shouting match.

eBay, by comparison, was barely a voice, let alone a shout. In 2009, the media budget for Q4 was only a 0.0034% share of voice (i.e. for every \$1000 spent by the retail category, eBay spent \$3.40). In 2010 it would be less. This was eBay's second big problem; it was smaller than small-time.

*Problem Three: You Buy Secondhand Items on eBay, NOT Brand New Gifts*

The third big problem eBay faced was that even if you had a predilection to buying online, the site was unlikely to be your first, or even second choice at Christmas. eBay is known for, and indeed synonymous with, secondhand items bought via auction. Most people don't visit secondhand bazaars and give secondhand gifts at Christmas, even to those most distant and boring uncles.

*Problem Four: Buyers of new items on eBay have low emotional attachment to eBay.* Everyone, and anyone who has ever bought used goods on eBay quickly becomes addicted to the *winning* feeling when you (win the auction) and buy used good on eBay. For buyers of new items, this emotional motivation and attachment did not exist. Or did it (in some other emotive way)?

eBay needed to change the perception of its business among consumers of being a secondhand auction site, and take on the traditional, bricks and mortar big boys of the Christmas period.

To do this, eBay was going to need to find a way to get consumers to break with their traditional, shopping mall Christmas shopping behaviour and see eBay as a viable 'brand new' alternative. With \$950K, up against a category typically spending \$281M.

Playing by the traditional rules of the traditional retail players was not going to cut it.

## OBJECTIVES

1. Increase in volume of items bought on [eBay.com.au](http://eBay.com.au) by 10% (versus Year Ago)
2. Increase in revenue generated by sales on [eBay.com.au](http://eBay.com.au) by 9% (versus Year Ago)

Year on year objectives were considered to be the most important over the Christmas period, given the spike in consumer spending versus quarters prior.

Being an online business, site metrics with their measurability and immediate responsiveness to activity are considered be critical. Other measures of success (such as marketing metrics) are examined in the results to demonstrate effectiveness, but were not included as key campaign objectives.

## STRATEGY AND IMPLEMENTATION

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### *Differentiation Was the Key Start Point*

To stand any kind of chance in the frenetic, big spending, big player Christmas retail market, eBay was going to have to challenge the category and do things differently.

The biggest driver, and convention, of the retail category in Australia, is value, and often quite a crude form of value; cheap price. Witness a typical ad break in a prime time December TV show, and you'll likely be bombarded with some fairly direct, price driven messaging from some of Australia's biggest advertisers.

A low price is also one of the major drivers of buying online. When you shop online, you've come to expect a better price. eBay, as one of the larger online retailer players, lives by this same rule.

It was immediately clear that while a price driven value message was going to be important for eBay, alone this was unlikely to be enough. There was no differentiation there, both versus the traditional and other online retailers. eBay had to put a new spin on value to find the different, challenger position it required.

### *From Insight to a New Take on Price Driven Value*

Retail, as a category often seeks to build a sense of emotional value into the items being bought, the environment in which they are bought in, or the service provided. However, rarely does it try to build a sense of emotion into the price driven it is offering. It appeared there was an opportunity for differentiation in this territory.

Qualitative research<sup>4</sup> with existing eBay buyers of new items was undertaken to understand what they thought and more importantly, how they felt about the value they found on eBay. A key insight was uncovered; more than any other retail option, when people sought out and found great value on eBay they *felt clever*.

If the feeling of *winning* is liked when you buy used items on eBay, we'd found the unique and motivating feeling with buying new on eBay - eBay shoppers feel clever when they buy new with eBay

They felt clever because they felt like better shoppers of new items with eBay. They felt clever because eBay wasn't a traditional, habitual place to buy; they'd looked elsewhere and found better value. They felt clever because you have thousands of retailers competing for your money. They felt clever because you get better deals across the world's biggest, most varied range. They felt clever because eBay is a unique shopping experience for new, where you felt savvy when you found better value.

*"Even buying a boring computer cord on eBay, I feel good because I get better at shopping, and got a better deal."*

Respondent, qualitative research

This insight clearly offered eBay an opportunity to carve itself out a new role beyond secondhand goods sold via auction, while remaining clearly differentiated from the traditional players and their value offering. Now it needed was a go-to-market strategy that would challenge and provoke enough to create behavioural change needed to get people to break with their habitual Christmas shopping behaviours.

So why not go after those conventions and those behaviours directly?

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## *Playing on the Discontent of Consumers, Not Retailers*

The traditional, big retail players had clearly made the decision that online shopping was not a significant strategic threat; they'd all routinely avoided doing anything significant in this new channel. An understandable decision given that they all controlled a nicely profitable category, that their expertise laid in bricks and mortar and you'd be crazy to do anything to accelerate any moves to a less profitable business model. Right?

Perhaps, but of course this category approach was not consumer centric, it was bottom-line centric and as such provided eBay with an opportunity to exploit, gain traction beyond the limited media spend and bring to life the insight.

eBay decided it would go after the retailers directly, using eBay's *Clever You* positioning to highlight the better value that could be found if you altered your shopping habits and visited eBay; the strategy was to be bold and seek a response both from the category and the consumer.

It resulted in Australia's first cyber-Christmas.

## **THE BIG IDEA**

### **You feel clever buying new on eBay**

A new brand positioning was created to bring this big idea to life: *eBay. Clever You*

A simple phrase that when placed on a swing tag as a branding device, directly communicated that not only would you find new on eBay, but that you'd get value you'd feel smart about finding, and that eBay was the brand to recognize and respect your shopping nous. It's like saying 'good on ya'

This phrase and device was used on all communications, on and off site. The communications strategy was really about eBay acting like a retailer!

The majority of the media dollars were spent competing head on with retailers, using offline (outdoor and secondly radio) as the dominant way to shift perception and drive behaviour. Because eBay is so omnipresent in online it is easily ignored. Offline is a more tangible and a more disruptive way to signal 'new'.

We used strong visual language that signaled *new* and *trusted* retailers. The swingtag, and the language deliberately referred to sellers as *retailers* which served to reinforce sellers (and products) are of quality and integrity.

The execution was purposely simplistic and direct, just like the user experience of buying new with eBay.

The communication recognised people's existing habits, and overcame barriers to change by blurring the lines between off and online shopping behaviours:

*Browse it at Westfield, buy it brand new on eBay. Clever You.*

This lead message was supported with the proof that shoppers would need - items at great prices, showing a discount relative to the typical bricks and mortar price.

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The messaging was repeated in banner advertising, and on the eBay home page, across the site and through internal email marketing channels ensuring that eBay's existing traffic was reminded about Christmas shopping on the site.

The campaign was supported with an extensive search marketing program, targeting key words around new, popular new brands, new products and retailers. We adjusted eBay from a 'marketplace for used and new' to 'retail destination for new and used', ensuring that predispositions to visit eBay were converted into behaviours

## RESULTS

With the Q4 eBay Christmas *Clever You* campaign as the catalyst, 2010 was Australia's first cyber Christmas.

The campaign took on cultural relevance, both sparking and becoming the poster-child for a shift in Christmas shopping behaviours towards online, and in particular, eBay.

Year on year traffic to eBay grew. The quarterly rate of growth doubled.

eBay sold more items than the year before, smashing objectives.

Revenues surpassed objectives<sup>7</sup>.

Australian's didn't just start to think about doing their Christmas shopping online, they visited eBay and they bought. They did browse it at Westfield and they did buy it new on eBay. And they no doubt felt clever for it.

The ripples of the campaign are still being felt, with Australia's leading retailers finally entering the online retailing environment.

*Objective 1: Increase in volume of items bought on [eBay.com.au](http://eBay.com.au) by 10% (versus Year Ago).*

**Result: volumes surpassed objective<sup>7</sup>**

People bought items on eBay over the Christmas period in unprecedented volumes. It was eBay's highest volume quarter in Australia.

Chart 1: eBay 2010 Q4 Volume Growth Objectives and Actual, %<sup>7</sup>

*Objective 2: Increase in revenue generated by sales on [eBay.com.au](http://eBay.com.au) by 9% (versus Year Ago).*

**Result: Revenue increased by beating objectives by**

2010 saw eBay achieve huge growth versus a year ago, also demonstrating that the volume growth wasn't just people buying small ticket items as a 'test run' with eBay.

Chart 2: eBay Q4 2010 Revenue Increase Objective and Actual, %<sup>7</sup>

*Achieved by Getting More People Buying More NEW Items on eBay*

In Q4 2010, 11 of sales on eBay were new items. eBay had shaken off its heritage of being a site to buy second hand items to

become a genuine new retail player.

When looked at together, these results demonstrate the impact of the campaign. People broke with their traditional browsing habits and visited eBay. As a result, they bought more items on eBay for Christmas than ever before. And the majority of this growth was driven by the purchasing of new items.

### *Achieved Through A Campaign that Took on a Life-of-its Own*

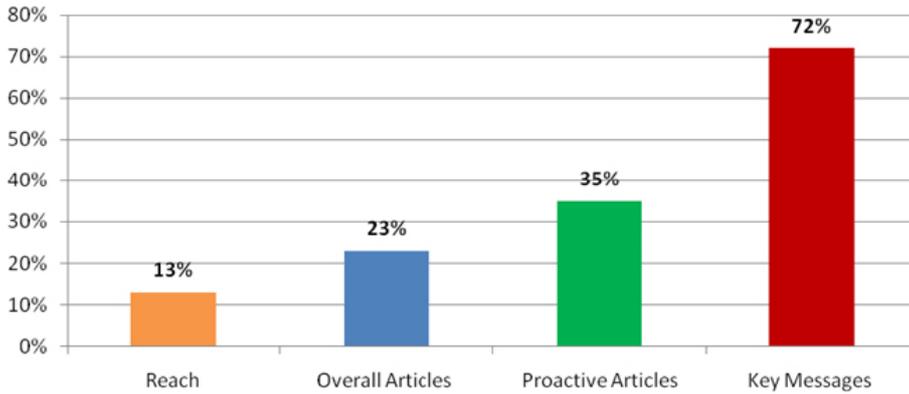
The power of the Q4eBay Christmas Clever You campaign was less about cut-through of the media within the cluttered Christmas environment, but more about how it caught the eye of influential individuals, and critically, journalists. Indeed, the message of 'Browse it at Westfield, buy it brand new on eBay' became the masthead of an ongoing media perpetuated story about the cost of traditional shopping and online alternatives (such as eBay).

Image 1: PR Clipping of the Q4 eBay Christmas Clever You campaign



PR tracking metrics reflect the huge media impact of the campaign. Not only was the total reach of eBay up 13% year on year, but a third of this coverage was generated by journalists, and 3 in 4 articles covered the story about the cost of bricks and mortar shopping and online alternatives<sup>8</sup>.

Chart 2: Year on Year Increases in Key PR Metrics<sup>8</sup>

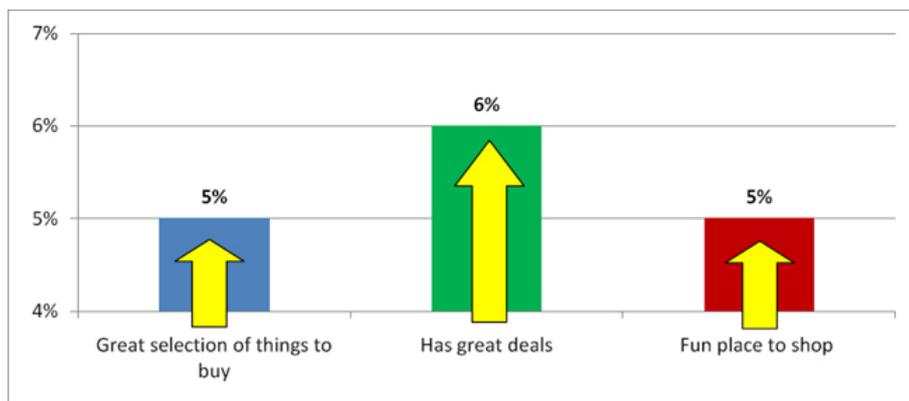


This interest amongst journalists was unprecedented, growing at 246% from the quarter previously.

*Achieved Through a More Favourable View of eBay*

eBay, a mature brand in online terms, and one of the biggest brands online, had fairly static brand imagery for a few years. Post the campaign, key brand metrics relating to eBay being a great place to shop grew sharply<sup>9</sup>.

Chart 3: Year on Year Increases in Key Brand Perception Metrics<sup>9</sup>



*Achieved While Having 0.0036% Share of Voice<sup>3, 10</sup>*

eBay achieved this while reducing year on year media spend by 4%, a wholly uncompetitive \$3.60 spent for every \$1000 spent by the category<sup>3, 10</sup>. Without doubt, eBay effectively took on the traditional big boys of retail with little and made a big impact.

*The Ripples of Australia's First Cyber Christmas Still Causing Waves*

You would have had to have had your head stuck in the sand to not have seen, and even had an opinion on the fight the traditional retailers put up trying to limit the expansion of online retailing. In the first quarter of 2011, the debate raged, drawing much attention from the press, the public and even the prime minister<sup>11</sup>.

The conclusion of these post Christmas ripples is yet to be seen, but the most vocal opponents of online in Myers and Harvey Norman are now also setting up camp in the virtual arena, which should in the end prove to be a deserved victory for the

Australian consumer and their changed shopping behaviours. Clever them.

Image 2: Headline Clippings from Sydney Morning Herald, Jan to April 2011<sup>11</sup>



## ANY OTHER FACTORS

### *The Results of Christmas 2010 are Compared with Christmas 2009*

Christmas for all retailers, whether on or offline, is the busiest time of year, eBay included. As such, while some quarter to quarter results have been included to demonstrate the accelerated growth eBay enjoyed, the critical results highlighted in this case are year-on-year, in effect measuring the Christmas of 2010 with the Christmas of 2009.

### *The Importance of the Combination of Key Measures Used*

Critical to demonstrating the effect of the campaign is looking at the measures together: more people visited eBay, but critically, this growth was double from the quarter prior. eBay spiked at Christmas, well beyond existing traffic growth, and well beyond years prior.

This spike was from people interested in, and indeed buying new items - the items focused on in advertising, not what eBay is known for.

### *Ranging of New Items*

The amount of new items ranged and sold by retailers on eBay has undoubtedly grown, and would have thus facilitated the buying of new (and therefore is impossible to remove from the effectiveness equation). However, this increase in ranging also reflected in increasing consumer traffic and demand for new on eBay -traffic and demand created and driven by the advertising.

### *Wo Other Advertising or 'New Products and Services' Were in Market*

Over Q4 2010, eBay did not invest in any other marketing activity, or launch any other new products and services that could account for the growth in traffic, sales and purchasing of new items

### *Category Trends*

Overall, December 2010 wasn't a bad one for retailers, with sales volumes growing at 0.2% year on year.

However, 0.2% growth cannot account for the expansion enjoyed by eBay<sup>1</sup>.

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While online retailing was also growing, rates of consumer adoption are still not in exponential growth; according the Forrester Research, “The proportion of Australian internet users who shop online is growing by 1%”<sup>5</sup>. This growth would have accounted for some of eBay's expansion, but certainly cannot account for the huge numbers achieved. Furthermore, eBay, as Australia's leading online marketplace, is in effect a driver of this growth as category leader.

## Appendix

1. ABS Seasonally Adjusted Retail Turnover, Household goods retailing, Clothing, footwear and personal accessory retailing, Department stores, Other retailing
2. IbisWorld, Australian Online Spending Report, 2009
3. Nielsen AdEx, The Mash Report 2010, Retail: Household Furnishings & Homewares, Retail: Department Stores/Shopping Centres, Retail: Clothing & Accessories Retail, Retail: Entertainment & Leisure, Retail: House/Hardware/Garden
4. In-House Agency qualitative research, 2010
5. Forrester Research, Online Retailing Aust 2010: Marketing, Merchandising, Customer Service, July 2010
7. Internal eBay Site Metrics, 2009 & 2010
8. eBay PR Metrics - As monitored by Media Monitors & analyzed by Cubit Media Research
9. eBay Brand Tracking - External Qualitative Brand Tracker Research completed by Millward Brown
10. PHD Media Spending Figures
11. Sydney Morning Herald, [smh.com.au](http://smh.com.au) media clippings, Jan to April 2011

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