

uBid preps European launch

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uBid, the US-based online marketplace for discounted products, is preparing to enter the UK in the coming months following a reorganisation of its business.

The company joins rival Overstock in targeting Europe for the first time this year as US merchants look to get their hands on more foreign currency. It will also provide more competition for the likes of eBay and Amazon in the battle to attract buyers of cheap goods.

uBid CEO Jeffrey D. Hoffman told E-consultancy: "We are looking to acquire both buyers and sellers in European markets and are setting up an office in Europe. It will likely be in the UK."

uBid's move – scheduled for the autumn - will provide another alternative outlet for manufacturers and retailers that are looking to offload their excess inventory without creating channel conflict.

It will also offer a new platform for some third party merchants this side of the Atlantic. According to Hoffman, uBid rejects 75% of sellers that apply to join its site as they fail to be certified as "trusted and financially verified".

However, James Scott, managing director of ChannelAdvisor UK, which provides software to merchants that use marketplaces like uBid and eBay, said the move would "undoubtedly be watched very closely" by UK sellers:

"We've noticed that uBid and Overstock, unlike eBay, have historically attracted B2B sellers that are deep in inventory and are looking to sell higher volumes of distressed or end-of-line products to other retailers."

For uBid, the move follows a recent restructuring (PDF) of its business that Hoffman said has allowed it to better focus on profitability. He said, for example, that it has set up a 'Risk, Reporting and Analysis Center' that aims to improve performance management throughout its business.

With some refreshing honesty, he said:

"Laying it on the line here, what this company needed to improve on was its financial measurement tools. This business is all about pricing – we have to buy goods cheap enough and sell them at a decent price to make business sense.

"We did not have the ability to watch margins and pricing go up and down and to look at supply and demand. We now have dashboards that can monitor those things on a day-to-day basis."

Part of that effort has seen uBid adopting international accounting systems – something that Hoffman said has opened up the possibility of overseas expansion for the first time:

"Microsoft is in the process of installing its new ERP system for us and that system is what will enable us to start selling in Europe. We couldn't do that before because we didn't have the necessary accounting and tracking in our back office.

"The new system will be up and running in the summer/early fall and once it is, we will be able to start doing business in the UK and other geographies."

Another aspect of uBid's reorganisation, announced last month, has seen the company expanding its "solution set for the multi-billion dollar problem of excess inventory".

It previously only sold products via auctions but has added a site for people that prefer to buy in fixed price mode, as well as an ASP solution for retailers and manufacturers that would like to conduct their own private sales.

Hoffman said the company had also developed the ability to sell products offline - either for sales at the premises of retailers that have gone bust or for products that are difficult to ship, such as white goods.

But he said auctions were not on the way out:

"We're not moving away from the auction model; we are just adding additional channels. We believe in our auction model and will continue to strengthen and grow it. But we have realised that you can't just offer auctions in a market like ours."

Both uBid and Overstock's moves into Europe are unlikely to go unnoticed down at eBay HQ. We've heard rumours that eBay is planning a big voucher campaign later this year to attract shoppers, and it will be interesting to see if its new rivals can dent its huge lead on this side of the Atlantic.

Scott added:

"The announcement that QXL, the original European online auction venue, is to pull out of the UK market demonstrates that this will not be an easy nut to crack. Sellers will only list their products if there is an active community of buyers.

"Both uBid and Overstock's maturity in the US market will help in this respect but we expect the fight for market share in terms of acquiring both buyers and sellers will be an interesting one."