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EBay struggles as Skype continues to grow

Auction business facing tough times

by Stuart Miles published on 22 April 2009

eBay has confirmed what many analysts were thinking, that its core business of auction listings isn't doing as well as it should be.

Blaming "the impact of the strengthening dollar and the decline of the core business in difficult macroeconomic conditions", eBay's latest quarterly figures show a drop of 18% year-over-year decline from its auction site, price comparison service Shopping.com, StubHub, Kijiji and other ecommerce sites.

Keeping the company afloat it seems, the company says that its PayPal, Classifieds and Skype arms performed well, delivering year-over-year revenue growth.

Attempting to put a brave face on the announcement eBay president and CEO John Donahoe said: "We delivered solid results in the first quarter and moved aggressively to strengthen our portfolio for longer-term growth".

"With a macroeconomic environment that remains challenging, we are focused on operating discipline and strong execution of our three-year growth priorities in our core ecommerce and online payments businesses".

Skype seems to be clearly bucking the trend adding 37.9 million new users in the 90 day period with 21% year-over-year growth.

Earlier in the month eBay announced plans to separate Skype into an independent company, commencing with an initial public offering during the first half of 2010.

However some commentators believe eBay, who seem to have lost track of its core values, should be doing better in "these challenging times" as



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people move to sell off products to pay bills.