

Retailing

Now on EBay: Russian Micro-Multinationals

► The online marketplace makes cross-border sales easier

► “Emerging markets are an important growth opportunity”

When Dmitrii Dvornikov first started selling jewelry and table clocks made from semiprecious Russian stones such as burgundy-colored eudialyte or lilaceous charoit, he had a hard time expanding beyond local industrial fairs and exhibitions. Then in 2013 **Shungite.Club**, his St. Petersburg-based company, began listing its wares on EBay, and the online marketplace soon turned the tiny outfit into a multinational of sorts. “In the second half of last year, EBay let us automatically show our goods in French, Italian, Spanish, German, and other languages, without separately registering in those countries,” says Dvornikov. The result: a sales boost of as much as 30 percent. “This became a sustainable business with stable revenue.”

The big cross-border gains logged by sellers such as Dvornikov highlight the success of a strategy put in place by Ilya Kretov, who oversees **EBay Inc.**’s Russian operations. After Kretov last year introduced software aimed at making it easier to sell abroad, the company says exports of everything from hand-painted scarves to fishing lures and collectible \$30 tin soldiers listed by Russians on EBay rose 50 percent. That jump caught ►

◀ the eye of top managers back in California, who recently gave Kretov responsibility for about 120 countries across Africa, the Middle East, and less-developed parts of Europe, with orders to boost cross-border sales in those markets, too. “We are basically the only marketplace that enables merchants from emerging markets to sell globally,” Kretov says.

In recent years, EBay has expanded more slowly than industry leaders **Amazon.com Inc.** and **Alibaba Group Holding Ltd.** The company says cross-border e-commerce can

take off in developing nations just as it has in China, where shoppers lead the world in ordering goods directly from merchants abroad. Chinese consumers are projected to spend \$158 billion online on imported goods in 2020, up 84 percent from 2016, according to researcher EMarketer Inc. Cross-border sellers could help EBay turn in better revenue growth than the sub-5 percent it delivered last year—one-sixth of Amazon’s 27 percent increase. “Emerging markets are an important growth opportunity for EBay,” says Colin Sebastian, an analyst at Robert W. Baird & Co. “If they can build and leverage a buyer base in these countries, then I would expect there will also be a ready market of sellers.”

Unlike Amazon, which gets most of its sales in North America, EBay relies on international markets for about 57 percent of its revenue. As of mid-2016, 38 percent of EBay’s 1,000 most-active sellers were cross-border traders, according to researcher Web Retailer. In many places, though, EBay means domestic listings: Americans mostly sell to Americans, Britons mostly to U.K. customers, etc.

Last year, Kretov rolled out software dubbed EBayMag that lets sellers offer their goods in as many as nine countries and automatically translates listings into local languages—free for a trial period, though the company eventually plans to charge extra. Previously merchants could readily sell only on their local site or the global EBay.com site. Kretov says it’s easier for the company to expand into untapped

markets because its business model connects small merchants to buyers, and it doesn’t need to build warehouses or shipping centers.

Fedor Virin, an analyst at researcher Data Insight, says EBay’s push to help Russians export came after it failed to

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become a popular domestic marketplace there. EBay has only about 3 million monthly users out of the 80 million people online in Russia, according to researcher Mediascope. By contrast, Alibaba’s AliExpress has more than 11 million monthly active users in Russia. And in many other global markets

Kretov is targeting, EBay barely has a footprint, Virin says. “By focusing on cross-border sales,” he says, “EBay can squeeze growth from markets like Russia.” —*Ilya Khrennikov and Spencer Soper*

The bottom line Exports by Russians using EBay grew 50 percent in 2016, thanks to software that makes it easier to sell to foreign buyers.