

The almighty customer

In the virtual retail world, unscrupulous buyers can hold sellers hostage to negative feedback, says Syl Tang

Only use a credit card on the internet," advises Ebay buyer "just254" who is not, in fact, trying to help innocent buyers protect themselves against fraudulent sellers as you might assume. Rather, posting to Ebay's community forums, he is advising shoppers on how to cheat the sellers. Once buyers have received the items they purchased, they should "file fraud complaints, file the PayPal reversal - first, file the credit card chargeback - if necessary, get [your] money and then leave negative feedback".

Much ado has been made about whether it's safe to shop online but while in the bricks-and-mortar world a shoplifter doing what "just254" advises you to do would be arrested and possibly prosecuted, in the online world it turns out it is the shops themselves who bear all the risk.

Lee Adler, the owner of Ebay shop Lee's Couture Closet, who regularly stocks Chanel and Moschino, says there is no protection for shops that are not vigilant. "I had one guy buy a \$24,000 watch with a bank draft," says Adler. "I gave it to my bank and it took a long time to process, during which time the guy is e-mailing me asking where the item is and threatening to report me to Ebay for not sending it to him. Two weeks later I find out it was a forged cheque. Thank heavens I hadn't sent the watch."

Trading on Ebay works like this: sellers, such as Michael Koppert in Union, Michigan who has sold upwards of 300,000 items in just four years, or Matt Jordan, who stocks his Made

Moda with inventory from his shoe shop in Nebraska, open a virtual shop. Potential buyers view the items and with a few clicks make purchases. With the exception of a few limitations (sellers can refuse to sell to buyers who have defaulted on commitments twice in a 30-day period), shops cannot pre-screen potential buyers. When a buyer wins an auction, a legally binding contract obliges the shop to complete the sale if the buyer pays.

But what happens if a shopper receives the goods, then decides to ask his or her credit card company to reverse the charge - a transaction that Paypal, an Ebay company, calls a chargeback? Though there is advice on how to fight a chargeback, it turns out the risk belongs entirely to the shop.

For sellers such as Ricky Serbin in San Francisco this risk is high. His stock includes expensive items such as vintage Louis Vuitton luggage (selling for \$6,200). "You're out there without a net," says Serbin. "Sellers are unprotected from unscrupulous buyers. They will try to shake you down. Just this week someone bought a dress for \$100 and it was new, with tags, and she said unless you give me \$75 for alterations, I will leave you bad feedback."

Bad feedback is in effect reputation blackmail, a potent bargaining chip in a world where, any time during a sale, sellers are rated by buyers through a posting process viewable to potential shoppers.

In the Ebay community, a seller can move goods almost entirely on his or her feedback score. And in contrast to a department store such as Harvey Nichols



Ebay: 'sellers are out there without a net'

Jim Winslet

or Nordstrom, which has access to advertising and lawyers to fight libel, a seller's reputation can be sullied by anyone. Though shops can also post feedback for buyers, a poor rating is a very effective deterrent to an infrequent buyer. Shoppers can also create and change "identities" by making up a new on-screen nickname with a new credit card, an option that doesn't work for shops.

However, Serbin says: "I'm not a seller who's held hostage by feedback. A lot of people will do anything to appease buyers but I'm not one of them."

The allure of Ebay for sellers is relative anonymity. Museums can add to their couture collections discreetly and sellers can earn a living without time-consuming Smalltalk. But the illusion of keeping cus-

tomers at an arm's length is exactly that: an illusion.

Jordan says: "Some people want to do the online thing because it's out of sight, out of mind, but there is really a lot of human interaction on Ebay. Then they think this person doesn't just want to sell me shoes but is interested in how I live. However, you do have people who never see us, so they just say sorry and walk away and at least 3 per cent never pay."

In theory, Ebay has a customer service team to respond to such problems. By submitting a complaint via an online form, sellers or buyers can ask for assistance.

However, despite Ebay's Live Help option, with the exception of cursing or other vulgar language, Ebay will not intervene to remove erroneous or slanderous

feedback. In fact, Ebay has a vested interest in not assisting sellers in fixing feedback. The company has a partnership with Square Trade, a mediation service, which charges a minimum fee of \$30 a mediation when things go wrong.

All this could be changing the way we think of shopping today. Since Ebay facilitates millions of sales any given day, this means a whole area of consumer purchasing exists outside the consumer rights laws. In the UK if a buyer purchases from a disreputable shop, the customer could contact Consumer Direct of the Office of Fair Trading. Similarly, in the US distraught customers can write or call their State's Consumer Affairs office or the Better Business Bureau. Too many complaints and a state's attorney might launch an investigation. But for the Ebay world, where shops operate without any impartial governing body to help them and credit card companies are staunchly on the side of buyers, shops could find themselves out of thousands of dollars or pounds with nowhere to turn.

"I had a buyer who made every excuse about not paying," says Serbin. "She had to go to her daughter's ballet class, all kinds of things, but finally she paid. Then one day, I open my door and she's standing there. She was scary and huge - and demanding I hand her cash back because it turns out she was a size 14 and she bought a size 4. I got a post office box that very day."

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