

FUTURESHOP

How the New Auction Culture Will Revolutionize the Way We Buy, Sell, and Get the Things We REALLY Want

DANIEL NISSANOFF

DANIEL NISSANOFF is an entrepreneur who specializes in secondary markets. He founded and developed PartMiner, a central online business-to-business exchange for the electronic components industry in 1994. While there, Mr. Nissanoff developed and patented the first business shopping robot and several other marketplace technologies. PartMiner is now valued at more than \$500 million and for the past few years, Mr. Nissanoff has been helping to build Portero, a specialty online facilitator focused on the secondary market for luxury consumer products. Mr. Nissanoff is a graduate of New York University and California State University, Northridge.

The Web site for this book is at www.auctionculture.com.

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MAIN IDEA

The availability of transparent and widely available online trading markets for used consumer goods (like eBay) is generating a paradigm shift in consumer behavior along these lines:



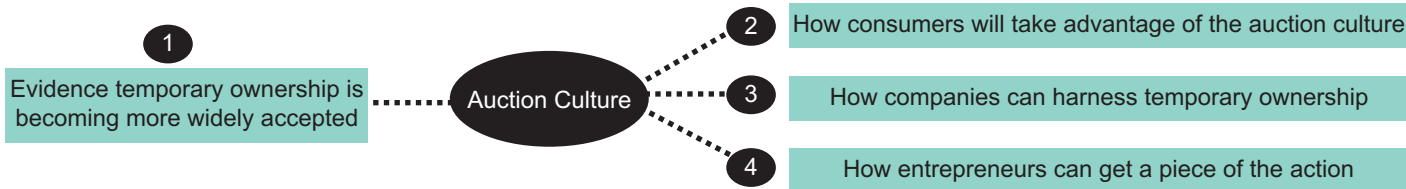
An increasing number of customers are now willing to buy goods, use them for a period and then sell them again so they can buy the next generation of the same product. Society is moving from an “accumulation” mind-set to more of an “auction culture” way of thinking based on the premise of temporary ownership with the continuous replacement of personal possessions. This transition will have a far-reaching impact on the business world as well as society’s prevailing culture and values.

“In the end, anyone who understands how to maximize the value-to-utility life cycle of their possessions will be rewarded with a more prosperous but less costly lifestyle. Plainly, we’ll live better, cheaper – the incidental but significant benefit of a more efficient world. A critical inflection point is upon us. Despite attracting more than 150 million users and processing more than \$80 million in daily transactions, eBay’s marketplace is still only inches deep. As eBay approaches new levels of depth and breadth, it is beginning to create a new ecosystem – along with its subsidiaries, competitors, and off-line complements – that will rapidly accelerate the liquidity of the consumer-to-consumer marketplace and make it easier for mainstream society to access it. The multitude of valuable services created by freshly minted start-ups feeding on this ecosystem will fuel a new level of buying and selling activity at a higher rate than we’ve seen before. It will ripple throughout the global economy.”

– Daniel Nissanoff

“We often think that we’ve already been through one social revolution – the digital revolution – and that we’ve probably experienced enough sweeping change for our lifetimes. The Internet has, of course, had a meaningful impact on our lives, in the way we gather and process information, in the way we communicate with each other, but it’s not yet had a significant impact on our ethos as consumers. Sure we can buy things online and we might save a little bit of time and money, but has that convenience really affected our society and culture? The next generation of digital marketplaces, led by eBay, is about to change that.”

– Daniel Nissanoff



1. Evidence temporary ownership is becoming more widely accepted Pages 2 - 3

Hints are starting to come from the marketplace people are better understanding the true costs of acting like packrats all the time. More and more customers are starting to look at their possessions more realistically, and how to unlock the value in what would otherwise be stored for emotional reasons alone. Active and vibrant secondary markets are forming in almost every product category.

2. How consumers will take advantage of the auction culture Pages 3 - 4

The buying and selling habits of consumers are rapidly changing and evolving thanks to the availability of a viable online marketplace for secondhand goods. Instead of buying things to keep permanently, consumers will sell their goods after using them for a period and buy something new. Consumers will become accustomed to using only the newest, most high-tech goods. In short, the auction culture has the potential to change the entire structure of the American and ultimately the global economy.

3. How companies can harness temporary ownership Pages 5 - 6

There are a number of business strategies companies can use to embrace and benefit from the arrival of the auction culture. The sooner companies decide to set a course which works in alignment with the emergence of secondary markets, the better. Simply avoiding the auction culture and hoping it won’t take off won’t be an option. This is the time to be proactive in preparing to harness this commercial opportunity.

4. How entrepreneurs can get a piece of the action Pages 7 - 8

The transition from an acquisition culture to an auction culture will create a host of new commercial opportunities as the new ecosystem takes root. A new economic juggernaut is in the formative stages and there will be plenty of different players who grow and prosper as the auction culture moves into mainstream thinking for consumers.

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