1. You begin (as either a buyer or a seller) by registering with eBay.
2. The seller creates a listing for a particular item and launches the auction on the eBay site. (eBay charges up to $2.00 to list an item.) In the item listing, the seller specifies the length of the auction (1, 3, 5, 7, or 10 days) and the minimum bid he or she will accept for that item.
3. A potential buyer searching for a particular type of item (or just browsing through all the merchandise listed in a specific category) reads the item listing and decides to make a bid. The bidder specifies the maximum amount he or she is willing to pay; this amount has to be equal to or more than the seller's minimum bid, or more than any other existing bids from previous bidders.
4. eBay's built-in bidding software automatically places a bid for the bidder that bests the current bid by a specified amount. That is, the software bids only the minimum amount necessary to create a high bid, up to but never going over the maximum amount specified by the bidder. (In fact, the bidder's maximum bid is never revealed.)

For example, let's say that the current bid on an item is $25. A bidder is willing to pay up to $40 for the item, and enters a maximum bid of $40. eBay's bidding software places a bid for the new bidder in the amount of $26—higher than the current $25 bid, but less than the specified maximum bid of $40. If there are no other bids, this bidder will win the auction with a $26 bid. Other potential buyers, however, can place additional bids; unless their maximum bids are more than the current bidder's $40 maximum, they are informed (by email) that they have been outbid—and the first bidder's current bid is automatically raised to match the new bids (up to the specified maximum bid price).

1. At the conclusion of an auction, eBay informs the high bidder of his or her winning bid and requests payment.
2. The winning bidder pays for the item he or she just won, typically by credit card via PayPal.
3. When the seller receives the buyer's payment, he then ships the merchandise directly to the buyer.
4. Concurrent with the close of the auction, eBay bills the seller for 9% of the final selling price (maximum $50). This selling fee is directly billed to the seller's account.