Online Auctions

An online auction is an auction which is held over the internet. Online auctions come in many different formats, but most popularly they are ascending English auctions, descending Dutch auctions, first-price sealed-bid, Vickrey auctions, or sometimes even a combination of multiple auctions, taking elements of one and forging them with another. The scope and reach of these auctions have been propelled by the Internet to a level beyond what the initial traders had anticipated. This is mainly because online auctions break down and remove the physical limitations of traditional auctions such as geography, presence, time, space, and a small target audience. This flood in reach ability has also made it easier to commit unlawful actions within an auction. In 2002, online auctions were projected to account for 30% of all online e-commerce due to the rapid expansion of the popularity of the form of electronic commerce. Online auctions includes: business to business (B2B), business to consumer (B2C), and consumer to consumer (C2C) auctions.

Online auctions have effectively created a giant virtual marketplace where people can gather to buy, sell, trade and check out the goods of the day. They're enormously popular, high-traffic venues where you can begin selling product almost immediately, with...

- No overhead or upfront costs

- No sales staff or distributors

- No website of your own

- No initial investment

In this massive marketplace, the auction site that rules the game is eBay. According to the Neilson Ratings, eBay is among the top ten most-trafficked sites on the Internet. eBay leads the online auction industry with a more than 60 percent share of the market, while its closest competitor, Yahoo! Auctions, is only half its size. Amazon.com Auctions follows at a distant third.

Basic requirements for developing online auction system

- An intuitive graphical user interface to make the navigation across the items and page easy.
- System should be able to provide real-time information and also make relevant bidding information such as current status of the item kept for auction, highest bid amount so far, time remaining to make the bid, etc.
- Options to allow multiple participation among auctioneer, bidders and guests.
- Log in method.

- Security measures like client authentication and authorization, bid validation and bid data encryption should be considered. By offering High security standards data disclosure and manipulation could be prevented.
- Privacy feature should safeguard the privacy of participants. Server should not disclose any relevant information to the participant.
- Healthy Server to avoid frequent failures

The functional and technical requirements for creating an online auction system differ with each project. A perfectly designed and developed online system can alone deliver the needs of the client and prevent unwanted security issues.

Steps to be followed to do an online auction

Select the site
- First of all, you have to think about which online auction site you want to use. Different auction sites tend to cater to different markets.
- To determine which site is best for your product, check out the top three or four in your field.

Choose your products
- Are you going to sell unique, one-of-a-kind products item by item?
- Do you have a product you can sell in quantity?
- Is there a demand for your product?
- What kind of profit margin do you expect to be making?

Look at listing options
- The next thing you need to think about is how you'll sell your product. Auction sites typically offer a varierty of listings options for you to choose from, including regular listings, reserve price auctions, dutch auctions (english auctions), featured items, etc.

Choose your category
- Explore the product categories on the various auction sites to broaden your perspective of what goes where. While you're doing this, check out the competition in different categories and have a look at how much bidding is going on.

Create your ad
- Once you've decided how and where to list your product, you need to turn your attention toward selling it and excellent advertising. So think about your target market that is who's going to buy your product and, why. You need to grab their attention and motivate them to buy from you.