EBay tests same-day delivery with big retailers

Alistair Barr, Reuters

(Reuters) - EBay Inc is testing a same-day delivery service with big retailers including Target Corp, Best Buy Co and Toys "R" Us Inc, as the world's largest online marketplace steps up competition with rival Amazon.com Inc.

EBay introduced eBay Now, a mobile application, to some eBay members in recent days. The app is being tested in San Francisco and offers delivery in as little as an hour, eBay spokeswoman Lina Shustarovich said on Monday.

The move is the latest sign of eBay working closely with traditional retailers to help them tackle the threat of Amazon.com, the world's largest online retailer, which has been winning business from physical stores at a rapid clip.

The eBay Now test comes as Amazon builds more warehouses to deliver goods quicker and more cheaply to online shoppers.

Amazon is building some of its newest warehouses closer to major metropolitan centers such as New York, Los Angeles and San Francisco's Bay Area. That has sparked speculation the company is planning a big expansion of same-day delivery -- although Chief Financial Officer Tom Szkutak said recently a broad roll-out would not be economical.

While Amazon is using its own warehouses to speed deliveries, eBay is partnering with brick and mortar retailers for its eBay Now test.

Several retailers have uploaded their stores' inventory onto eBay's online marketplace through Milo, a local shopping start-up that eBay acquired in late 2010. These retailers are all part of the eBay Now same-day delivery test, through their San Francisco-based stores.

In addition to Target, Best Buy and Toys "R" Us, other retailers including Macy's Inc, Nordstrom Inc, Walgreen Co, Crate & Barrel and Fry's Electronics are taking part in the eBay Now test.

Shoppers involved in the test can download the app onto mobile devices such as Apple's iPhone and iPad [1], then search for products to buy from local stores in San Francisco.

When they find a product, users press a "Bring It" button and the order is sent to couriers. The courier closest to the product accepts the order, drives to the store to pick up the product and then delivers it to the shopper's home.

Customers pay when the product arrives. They can pay using PayPal Here, a new service developed by eBay's PayPal unit that accepts credit and debit card

payments through a small swipe device attached to iPhones. Shoppers can also pay by logging into their PayPal accounts through an iPhone. EBay Now couriers have iPhones to accept payments.

EBay is offering $15 off the first order through eBay Now. Delivery is free the first three times. After that, delivery is $5 for the test period, and the minimum order is $25, Shustarovich said.

(Reporting By Alistair Barr)

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