EXPLORING SELLERS' EXPERIENCES

IN THE C2C ONLINE AUCTION ENVIRONMENT

BY

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ABSTRACT

Online auction websites are becoming increasingly important as an intermediary for both sellers and buyers. They offer consumers an alternative source of goods to those sold at retail stores and other second-hand traditional consumer-to-consumer (C2C) channels, such as garage sales or flea markets. They also represent a new market model which incorporates a new distribution channel and a new means of establishing prices. Some researchers predict that retailers are now facing a new competition and the potential for declining sales as a result of the cannibalisation effect of the C2C online auction market. Noticeably, although much research has been carried out in an attempt to understand online auctions in relation to buying behaviour, little effort has been made to investigate the dynamic nature of individual sellers, in particular C2C sellers, in the online auction environment. Therefore, this study is aimed at filling in the gaps by exploring the sellers' behaviour and experiences in the C2C online auction environment. Its objectives are: (1) to explore the learning process that individual sellers go through in the C2C online auction environment; and (2) to find out what skills and techniques are commonly used by sellers and how these skills have been applied when marketing their products in the online auction environment.

This study used a qualitative method, and a market-oriented ethnography was adopted. Data was collected through semi-structured in-depth interviews with sellers on TradeMe and from a wide range of archival documents. Nineteen sellers were recruited to participate into this study. Consequently, a learning model has been built, based on the consumer socialisation model, to explain the learning process of sellers as they become experienced in the C2C online auction environment. The findings from this study highlighted that sellers went through a learning process to become more experienced in online auctions. Moreover, different learning methods occurred at different stages of the learning process, including social interaction, observing and imitating, rewards and punishments, and other sources of information. This study also demonstrated the fact that sellers both implicitly and explicitly perceived the importance of marketing strategies and tactics and had extensively applied them. Several implications and recommendations arise from this study, including the need for more in-depth research on sellers' behaviour and experiences, using a longitudinal approach. Additionally, it is recommended that TradeMe should continue to improve their auction site in order to attract more sellers which, in turn, will lead to a greater number of buyers.

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CHAPTER 1: INTRODUCTION

1.1. Introduction

Online auction websites are becoming increasingly important as intermediaries for both sellers and buyers (Chiou & Wu, 2009). They offer consumers an alternative source of goods to those sold at retail stores (Chu & Liao, 2007) and other second-hand traditional consumer-to-consumer (C2C) channels, such as garage sales or flea markets (Belk et al., 1988; Lastovicka & Fernandez, 2005). They also represent a new market model which incorporates a new distribution channel and a new means of establishing prices (Chakravarti et al., 2002).

At the same time, although some researchers predict that the new competition facing retailers has the potential to lead to declining sales as a result of the cannibalisation effect of the C2C online auction market (Paden & Stell, 2005), it would be worthwhile to know whether the disposition of unwanted goods through online auction channels could lead to more new product sales from retailers (Zhao & Jagpal, 2006; Chu & Liao, 2007).

Noticeably, although much research has been carried out in an attempt to understand online auctions in relation to buying behaviour (Ariely & Simonson, 2003; Dittmar, Long, & Meek, 2004; Rauniar, Rawski, Crumbly, & Simms, 2009), little effort has been made to investigate the dynamic nature of individual sellers (Chu & Liao, 2007), in particular C2C sellers, in the online auction environment.

1.2. Problem orientation

As Nissanoff (2006) suggests, online C2C auctions are becoming a critical contemporary consumer behaviour phenomenon. Internet sites such as *Amazon*, *eBay*, *Yahoo!* and *Netscape* have proven how successful this business model is (Black, 2007; Ku & Malhotra, 2001). Remarkably, while eBay is considered to be the most successful American-based online auction site (Black, 2007), TradeMe is known as the most popular online auction site in New Zealand (Carney, 2007).

Despite the exponential growth of the online auction business, research about seller behaviour in this area is a relatively new field (Chakravarti et al., 2002; Dholakia, 2005). Since the emergence of the very first online auction (eBay in 1995), most research has tended to focus on buyer-centric design and buyer behaviour (Ariely & Simonson, 2003; Dittmar et al., 2004;

Rauniar et al., 2009). In contrast, there has been limited research on seller behaviour in general, both in online and offline marketplaces. Previous studies relating to seller behaviour can be found in three streams of research, namely informal markets, consumer disposition behaviour and sales literature (Chu & Liao, 2007).

Informal markets refer to the "widely scattered trading phenomena whose dynamics and forms of spatial materialisation differ greatly in character, even though they are generally tied to political and economic transformation" (Mortenbock & Mooshammer, 2008, p. 347). There is a variety of informal markets, such as swap meets (Belk et al., 1988), flea markets (Bruin & Dupuis, 2000; Pryor & Grossbart, 2005; Laibman, 2006), farmers' markets (Tiemann, 2004; Guthrie, Guthrie, & Lawson, 2006) and garage sales (Herrmann & Soiffer, 1984; Soiffer & Herrmann, 1987). Online auctions are interesting places to learn more about sellers and their motives for participation, as they possess many similar characteristics to informal markets (Lucking-Reiley, Bryan, Prasad, & Reeves, 2000), such as flexible transactions, direct interaction between sellers and buyers, and a social network-based marketplace (Nissanoff, 2006).

Even though a considerable number of studies have focused on the acquisition phase within the consumer disposition behaviour literature (Lastovicka & Fernandez, 2005; Denegri-Knott & Molesworth, 2009), rather less attention has been paid to the disposition process (Lastovicka & Fernandez, 2005; Albinsson & Perera, 2009). More specifically, the disposition of unwanted goods has mainly been studied within the context of resale behaviour in informal markets or the behaviour of giving or throwing products away (Jacoby, Berning, & Dietvorst, 1977; Hanson, 1980; Harrell & McConocha, 1992). And yet online auctions could be considered a good place for people to express their disposal attitudes, and a place to practise their disposal behaviour (Denegri-Knott & Molesworth, 2009).

In the sales literature, a vast number of studies have explored personal selling within both the business-to-business environment (Cannon & Perreault, 1999; Pulins et al., 2000) and business-to-consumer marketing (Smith, 1975; Baker & Song, 2008). Past research shows that salespeople play a significant role in generating long-term relationships between consumers and organisations and can contribute significantly to the success of a business and product (William & Attaway, 1996; Bisp, Sorensen, & Grunert, 1998; Dwyer, Hill, & Martin, 2000;DelVecchio, Zemanek, McIntyre, & Claxton, 2002; Pettijohn, Pettijohn, & Taylor, 2007). However, a gap remains in the literature around the behaviour of individual sellers

within the C2C online auction environment (Chu & Liao, 2007; Loebbecke, Powell, & Weiss, 2010).

The internet appears to be a promising place to study the behaviour of sellers and their desire to sell products because online auction sites provide many convenient mechanisms to facilitate their transactions, compared with traditional markets (Weill & Vitale, 2001). In addition to economic and monetary motives, sellers also participate in online auctions because of emotional and social motives (Chiu, Hsu, & Wang, 2006; Walczak, Gregg, & Berrenberg, 2006).

Past studies have tended to focus on rational aspects such as auction settings (Lucking-Reiley, 2000; Reynolds et al., 2009; Utz, Matzat, & Snijders, 2009), monetary motivations (Chu & Liao, 2007; Denegri-Knott & Molesworth, 2009), pricing strategy and buyer-seller negotiations in online auctions (Vishwanath & Barnett, 2005; Clark & Ward, 2008). Little attention has focused on sellers' marketing activities, their behaviour in the online auction environment, or their reasons for participating in online auctions (Popkowski-Leszczyc, 2004; Cheema, 2005; Cameron & Galloway, 2005; Goes, Tu, & Tung, 2009; Loebbecke et al., 2010). Moreover, few studies have investigated inexperienced buyers and sellers, even though these make up a large proportion of C2C online auction users (Klemperer, 1999; Maasland & Onderstal, 2006).

1.3. Research gaps

According to Chu and Liao (2007), as the most influential and important emerging disposition channel, the internet offers a convenient platform for online auctions and can be used to study the behaviour of sellers and their attachment to both the sold products and the auctions themselves. Since the first online auction on eBay in 1995, most research to date has focused on buyer-centric design and buyer behaviour (Ariely & Simonson, 2003; Dittmar et al., 2004; Rauniar et al., 2009). However, little effort has been spent on investigating the dynamic nature of seller behaviour in the C2C online auction environment (Stafford & Stern, 2002; Chu & Liao, 2007; Loebbecke et al., 2010).

In addition, although researchers have studied market phenomena relating to seller behaviour in online auctions, previous studies have tended to focus on rational aspects such as auction settings (Lucking-Reiley, 2000; Hou, Kuzma, & Kuzma, 2009; Reynolds et al., 2009; Utz et

al., 2009), and monetary motivations (Chu & Liao, 2007; Denegri-Knott & Molesworth, 2009). Little attention within in the online auction literature has focused on sellers' marketing activities and behaviour (Popkowski-Leszczyc, 2004; Cameron & Galloway, 2005;Cheema, 2005; Goes et al.,2009).Therefore, it is worthwhile to further investigate the marketing activities undertaken by sellers and their perceptions of the importance of those activities in the online auction environment.

Auction theorists within marketing literature have made a significant contribution to auction theory in terms of pricing strategy and buyer-seller negotiations in online auctions (Vishwanath & Barnett, 2005;Clark & Ward, 2008; Nassiri-Mofakham, Ghasem-Aghaee, Nematbakhsh, & Baraani-Dastjerdi, 2008). However, as mentioned previously, few studies have investigated inexperienced sellers, who dominate C2C online auctions (Klemperer, 1999; Maasland & Onderstal, 2006). Thus, it would be interesting to study the process through which sellers learn selling expertise, which transforms them into experienced sellers, and the marketing skills acquired by novice sellers during this learning process. Even though an extensive body of research has investigated the auction mechanisms used by sellers to facilitate their businesses (Bapna, Goes, & Gupta, 2001;Ariely & Simonson, 2003; Kauffman & Wood, 2006), and their involvement in online auctions (Loebbecke et al., 2010), little information is known about how sellers perceive and value their activities, and how they attempt to increase the effectiveness and reputation of their *businesses*. Therefore, it is critical to further investigate the reasons behind their activities on online auction sites.

1.4. Research objectives

Due to the exponential growth of online auctions and a lack of research in this area, the primary objective of this study is to explore sellers' experiences and selling behaviour within the online auction context. In particular, this study will focus on the marketing and selling skills that are acquired by sellers over time. More specifically, the objectives of this study are to:

1. Explore the learning process that individual sellers go through in the C2C online auction environment.
2. Find out what skills and techniques are commonly used by sellers and how these skills have been applied when marketing their products in the online auction environment.

Online auctions have been chosen for this study because of their explosive growth in recent times (Rauniar et al., 2009). Sellers are the main research subjects for this study. It is worth noting that sellers, as opposed to buyers, also play a key role in generating and maintaining the thorough operation and dynamic environment of both online and offline marketplaces (Belk et al., 1988; Tiemann, 2004; Bruin & Dupuis, 2000).

1.5. Research methodology

An interpretivist perspective guides the methodology and methods chosen for this study, whilst an adapted market-based ethnographic approach underpins the methodological perspective. For the purpose of this study, the terms *ethnography* and *market-oriented ethnography* are used interchangeably in order to describe the study's underpinning methodology. Twenty-two participants, both male and female, who use TradeMe and who do not consider trading online as a main source of income were recruited for this study. The methods employed in this study included in-depth interviews (60-90 minutes), some observational work, and the collection of archival data. Following ethnographic principles, thematic analysis was used in this study.

1.6. Operational definitions

Some operational definitions are provided in this section to provide some context for this study. More detailed definitions will be provided in the methodology section.

C2C online auctions: refers to "the exchange between individuals, who operate in conjunction with one another, all outside the realm of traditional channels and the value chain" (Plouffe, 2008, p. 1180). C2C online auctions provide a marketplace for individual buyers and sellers to trade online (Brint, 2003). As opposed to B2C or B2B online auctions, in which sellers are primarily full-time professional traders whose livelihood depends upon trading auctions, C2C online auctions are conducted mainly by amateur sellers who do not consider trading in online auctions as a main source of income (Bandyopadhyay & Bandyopadhyay, 2010).

Sellers **(in online auctions):** generally refers to individuals who have at least one transaction in an online auction (Carney, 2007). For the purpose of this study, the focus is on small sellers, in particular both novice and experienced sellers.

***Small sellers*:** applies to sellers who restrict the gross profit of their *business* to under NZ$2000, because of the taxation implications if they sell more than $2000 worth of goods (Carney, 2007).

***Novice sellers*:** refers to individuals, who are new to the online auction marketplace, have fewer trades and a lower success rate (Wilcox, 2000).

Experienced sellers: refers to individuals who have participated in online auctions for a long time, have a significant number of trades (Wilcox, 2000), fewer auction listing errors, low seller frustration, and fewer auction frauds (Goes et al., 2009). However, Goes, Tu and Tung (2009) also stated that since the definitions of experienced and novice sellers are fairly subjective, seller feedback scores were used as a proxy for seller experience.

1.7. Research contribution

This study endeavours to contribute to existing online auction literature (Walczak, Gregg, & Berrenberg, 2006; Chu & Liao, 2007; Loebbecke et al., 2010)by providing a greater understanding of C2C sellers' behaviours and experiences in the online auction environment.

Firstly, the central contribution of this study is to gain a better understanding of the learning process that sellers go through in order to become experienced and successful sellers in the online auction environment. Secondly, this study also highlights the marketing and selling skills and techniques that were acquired by sellers during the learning process, and how it was applied in the C2C online auction environment.

Managerially, understanding sellers' behaviours in the C2C online marketplace – particularly the background activities of sellers before, during and after auctions – will allow auctioneers to develop more effective marketing campaigns to engage both sellers and buyers within auction sites (Chu & Liao, 2007). The results from this study also provide practical advice for both novice and experienced sellers in terms of how to set up a successful auction. Lastly, methodologically, this study uses techniques that have not been commonly used within the online auction environment.

1.8. Thesis outline

This thesis is divided into five chapters. This chapter has provided an introduction to the research topic as well as the aim and importance of the proposed research. Chapter 2 provides a detailed overview of the literature, which encompasses a range of disciplines. Chapter 3 presents the philosophical and methodological perspectives that underpin this study. It also discusses the chosen methods. Chapter 4 discusses the findings in this study. Lastly, chapter 5 presents the study's conclusions, theoretical and methodological contributions and managerial implications as well as its limitations. This chapter also outlines possible avenues for future research.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

Research on seller behaviour in online auctions is a relatively new field. To date, most research has tended to focus on buyer-centric design and buyer behaviour. In contrast, there has been limited research on seller behaviour in the online marketplace. Since, the purpose of this study was to explore sellers' experiences and selling behaviour in the online auction environment, more specifically the marketing and selling skills that are acquired by sellers over time, it was important to critically review the current literature. Furthermore, since this author believes that learning theories can be used effectively to explain the learning process that is adopted by sellers in the online auction environment, the following literature review will provide a basis from which research gaps and questions may be highlighted. In order to gain a more comprehensive understanding of seller behaviour in online auction research, the literature review will be discussed in seven separate sub-sections. The following diagram outlines the literature review chapter (Refer to Figure 1).

Figure 1 - An overview of the literature review chapter
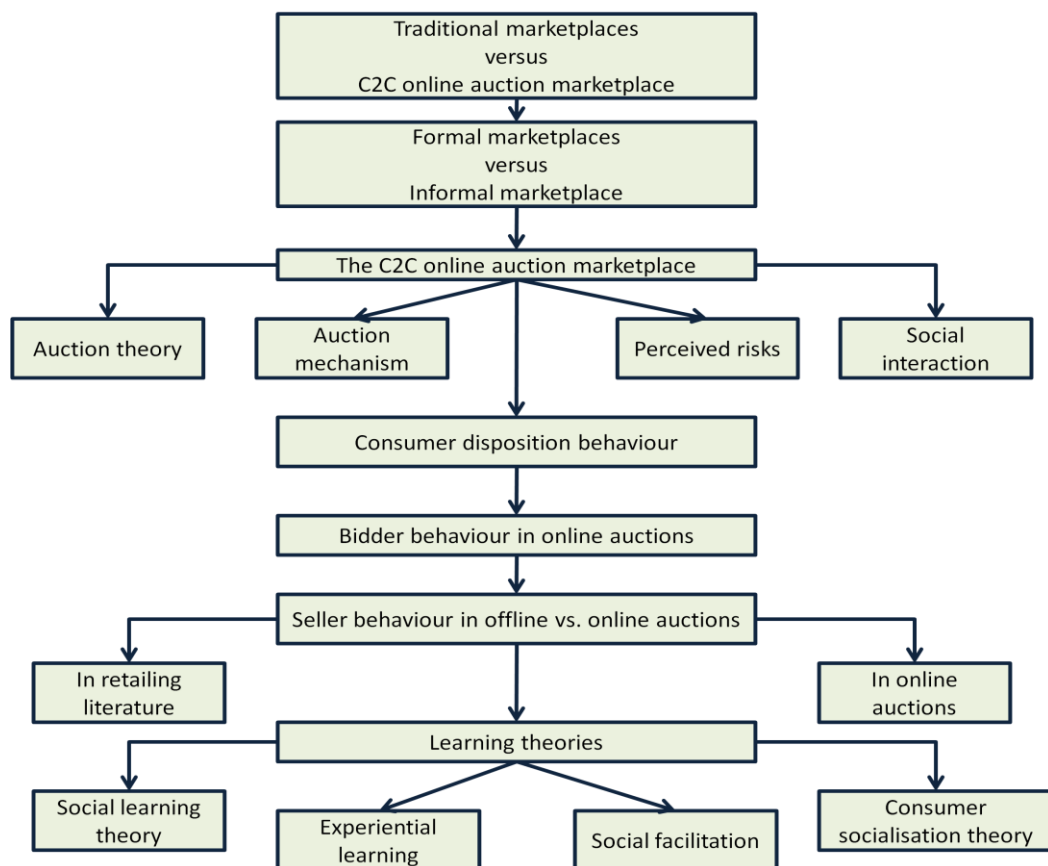
2.2. Traditional marketplaces:

Traditional marketplaces are considered to be a place in which face-to-face transactions occur between buyers and sellers (Edith & Arnold, 1995;Cronin & McKim, 1996; Audrain-Pontevia & Balague, 2008). This section will provide an overview of traditional auctions, conventional retail stores and online retailers. Since it is believed that online auctions possess characteristics similar to traditional auctions, conventional retail stores, and also online retailers, it would be worthwhile in relation to the present study to further understand the differences and similarities between online auctions and other marketplaces.

2.2.1. Traditional bricks-and-mortar versus online auctions

Traditional bricks-and-mortar auctions are social places where there is considerable verbal and non-verbal communication and the identity of bidders is usually obvious (Baudrillard, 1981). According to Geismar (2001, p. 291), auction houses provide "a public staging ground for the contestation and convergence of different conceptions of value, understanding of exchange, and complex political relationships". Baudrillard (1981, p. 112) described auctions as ideal markets, "crucibles of values" and places in which ideologies and economies are negotiated within a particular matrix of space and time. Smith (1989, p. 77) suggested that auctions are places where communities of value are continually recreated and value "represents the collective judgement of the auction community". Similarly, Geismar (2001) commented that it is unnecessary to set a common price at auction, because the value of auctioning items is socially manipulated around objects and over several events to fix prices (Geismar, 2001). The bidding activity clearly illustrates this process, which sets the auction context apart from other retail transactions. Price is thus "the tangible result of these complex social negotiations of value, across space and time" (Geismar, 2001, p. 29).

In contrast to other retail transaction forms, auctions offer an alternative marketplace in which goods are exchanged but prices are not fixed (Herschlag & Zwick, 2002). Consumers today have a choice between the age-old posted-price mechanism for buying goods where prices are fixed, and the bazaar-like competitive atmosphere of online auctions (Bapna et al., 2004). Prices in online auctions may be easily adjusted when the value of an item, such as a piece of artwork; the high demand for rare items, such as antique collectibles; or the public assessments of the value of a commodity, such as oil or shares, are uncertain (Herschlag & Zwick, 2002). Online auctions can be a marketplace in which sellers can extract the highest

prices for their products, or buyers can find bargains. Whether the buyer obtains the goods at a bargain price or an elevated price will depend on the auction proceedings. However, studies have suggested that online auctions are an efficient marketplace for buyers to acquire products at lower prices compared with those of the retail marketplace (Bapna et al., 2004).

Online auctions have two characteristics which set them apart from the more traditional forms of auction (Lombard & Ditton, 1997; Cameron & Galloway, 2005). Firstly, due to a lack of face-to-face contact among users, buyers and sellers are unable to identify one another, and buyers cannot physically inspect the goods on sale (Rafaeli & Noy, 2002). Secondly, online auctions occur in asynchronous time, so buyers and sellers are not present in the same space at the same time, therefore, face the difficulty of building trust and maintaining relationships with their partners (Chakravarti et al., 2002; Cui et al., 2008).Online auctions often have higher reserve prices, because the auction is usually maintained for a few days, so sellers are provided with a greater chance that the reserve price will be reached (Chakravarti, et al., 2002; Cui et al., 2008). However, online auctions provide consumers with several significant advantages, including the access to a larger pool of potential buyers, the reduction in transaction costs, and the positivity of network externalities (Dholakia & Soltysinski, 2001; Rafaeli & Noy, 2002; Bosnjak, Galesic, & Tuten, 2007).

Whilst on the one hand, consumers consider online auction sites to be easy to use and a good source of low-priced products (Bosnjak, Galesic, & Tuten, 2007), they are also concerned about the potential risks on this new marketplace. Accordingly, buyers and sellers in the online auction environment are paying increasingly more attention to this concern. Hence, safe payment systems, anti-fraud policies and reputation rating systems are developed in order to ensure a credible trading system (Herschlag & Zwick, 2002; Cui et al., 2008). For example, the feedback rating system is considered to be the most popular and effective mechanism used to increase trust and build relationships among users in online auctions (Boyd, 2002; Strader & Ramaswami, 2002; Brown & Morgan, 2006; Lin, Li, Janamanchi, & Huang, 2006; Finch, 2007).

2.2.2. Other retail forms versus online auctions

The behaviour of consumers in online auctions also differs significantly from that in fixed-price marketplaces (Rafaeli & Noy, 2002). In retail stores, consumers' purchase decisions are more likely to be influenced by the price of an item, the tactile aspects of the product, the

store environment, the performance of the sales person (Solomon, 2007), and the presence of others (Allport, 1954; Sommer, Wynes, & Brinkley, 1992; Rafaeli & Noy, 2002); whereas in the online auction marketplace, it is impossible for buyers to examine the quality and current condition of the bidding product (Ariely & Simonson, 2003). Moreover, since purchase decisions are usually made from private homes, it is believed that the presence of others does not have much influence on individuals' decisions (Foucault & Scheufele, 2002).

Compared with purchasing from an online retailer, purchasing from an online auction is a more dynamic and animated process, with competitive activities occurring in real-time, and consumers involved in a more complex decision-making process (Rauniar et al., 2009). However, there is also greater risk, uncertainty and complexity when consumers purchase from an online auction, compared with an online retailer. In addition, when dealing with an online retailer, the consumer is transacting with a brand name supplier, whilst when purchasing from an online auction the consumer is transacting with an unknown seller (Finch, 2007).

Last but not least, compared with business-to-business (B2B), business-to-consumer (B2C) and other forms of C2C trading, users of online auctions are not involved in ongoing buyer-seller relationships (Anderson & Zahaf, 2007). Their business relationships are fleeting, and they are unlikely to transact with each other again in the future (Rauniar et al., 2009; Zhou, Dresner, & Windle, 2009).

2.2.3. Formal versus informal marketplaces

Existing concurrently with the traditional and more formal markets, informal markets also play an important role and have a significant influence on the formal economy (McCrohan & Sugrue, 2001; Henry & Sills, 2006; Mortenbock & Mooshammer, 2008; Walle, 2008). The informal economy is a rather vague concept (Henry & Sills, 2006). Due to the multi-disciplinary approaches to this phenomenon, many terms are used within this context to describe the same practices, such as the informal market, hidden economy, shadow economy, and subterranean side of the economy (Walle, 2008). Mortenbock and Mooshammer (2008, p. 347) suggested that the term *informal market* refers to the "widely scattered trading phenomena whose dynamics and forms of spatial materialisation differ greatly in character, even though they are generally tied to political and economic transformations".

At the economic level, an informal market differs from a formal market in that it is not officially regulated (Mortenbock & Mooshammer, 2008; Walle, 2008). As such, it deviates from existing official regulations, but there is no official normative framework (Mortenbock & Mooshammer, 2008). At the marketing level, there are various forms of informal markets, including swap meets, car boot sales, flea markets, arts and crafts fairs, and other alternative retail formats (Stone, Horne, & Hibbert, 1996). Online auctions are considered a semi-formal marketplace, as they involve not only explicit tenets determined by the auctioneers and regulators, but also implicit or unwritten rules set by market participants (Chua, Wareham, & Robey, 2007).

Due to the dramatic variation of the quality, price, and after-sale service of used goods across transactions in informal markets, buyers are often required to search for more information when buying products (Chu & Liao, 2007). As a result, information search and opportunity costs restrict the development of physical informal markets. Belk *et al.*(1988, p. 457) commented that informal markets, such as farmers' markets, garage sales, and flea markets, may be seen as "a modern anachronism in which smaller scale, more direct, and often less efficient exchange mechanisms have partly supplanted newer, less costly, larger scale exchange institutions". However, the information revolution in C2C online auctions, which can greatly decrease the searching costs of buyers, sellers, and products, and allow goods to be sold in a timely manner at more reasonable prices, has somewhat redressed the inefficiency of the traditional informal markets (Chu & Liao, 2007).

C2C online auctions represent informal markets through which goods undertake *lateral cycling*, where the use and form of used merchandise remains constant while users change; instead of *lateral recycling*, where form, use and users all change amongst consumers (Claassen, 1975; Belk et al., 1988; Stone, Horne, & Hibbert, 1996). Nissanoff (2006) and Denegri-Knott and Molesworth (2009) suggest that society is moving towards an *auction culture* where consumers will be able to obtain temporary ownership of the possessions they desire, before reselling them in the informal market. This movement, in turn, will have a significant effect on the behaviour of both consumers and sellers. In the *auction culture*, consumers will be able to own luxury goods, desirable brands, and the latest models, which were previously impossible to obtain, either by purchasing them from the informal market or owning them temporarily (Nissanoff, 2006). Consequently, another form of sellers known as *resellers*, has emerged from this consumer movement (Chu & Liao, 2007). Consumers as

resellers of used products have been around for a long time in physical markets. However, electronic exchange and information technology have changed the nature of what is possible with regard to the sale of used products (Bajari & Hortacsu, 2004). They have enabled goods to be sold quickly and easily, with low search costs and sometimes higher prices (Halstead & Becherer, 2003). Whilst Paden and Paden and Stell (2005) suggest that the benefits provided by the C2C online auction market may take sales away from retailers, Chu and Liao (2007) argue that the resale of consumers' unwanted goods may actually lead to more new product purchases from retailers.

2.3. Consumer-to-consumer (C2C) online auctions

As discussed earlier, theC2C online auctions can be classified as an informal market. However, the C2C online auction is also a systematic mechanism which is guided by both explicit tenets as determined by the auctioneers and regulators, and implicit rules set by market participants (Chua, Wareham, & Robey, 2007).The internet has changed the way people buy and sell goods (Peters & Bodkin, 2007). Perhaps the most significant change has been the use of online auction sites for the trading of products (Herschlag & Zwick, 2002). One of the most powerful players in e-commerce is eBay (Cohen, 2002cited in Stern & Stafford, 2006). With a reported revenue of approximately US$4.5billion in 2005, up 39 percent from 2004, eBay is considered to be the fastest growing company in history (Black, 2007). It has certainly contributed to today's C2C online auction environment.

TradeMe, established in 1999,is considered to be the most well-known online auction site in New Zealand (TradeMe Ltd, 2010). Together with the explosive trend of the C2C online marketplace, TradeMe has contributed significantly to the development of the economy. According to Carney (2007), TradeMe had 1.7 million members in 2007, hosted 100 million auctions and earned $600 million in annualised sales. As well as providing trading systems and mechanisms, TradeMe also provides users with communication and social tools such as the message boards, in which they can communicate and share experiences with each other (TradeMe Ltd, 2010).

In order to obtain a better understanding of the C2C online auction environment, it is necessary to understand its operation and mechanisms. Consequently, a detailed discussion about auction theory, auction mechanisms and perceived risks will be provided.

2.3.1. Auction theory

Online auction theory has been broadly studied by both economists and marketers. Accordingly, it has been used as a platform to explain the operational mechanism of online auctions. Economists have spent a great deal of time probing the theoretical implications of various auction mechanisms and examining bidder behaviour, given different mechanisms (Klemperer, 1999; Lucking-Reiley, 2000; Wilcox, 2000; Maasland & Onderstal, 2006). This literature focuses on a normative approach, prescribing optimal behaviour for sellers to maximise their revenues (Klemperer, 1999; Maasland & Onderstal, 2006; Reynolds et al. 2009). According to Klemperer (1999), auction theory has been widely used by many researchers as a basis for many fundamental theoretical works, such as methods of price formation, determination and negotiations, the auctions/competitive market relationship, the theory of optimal auctions, and non-price means of allocation, including queues, wars of attrition, lobbying contests, other kinds of tournaments, and rationing. According to Bikhchandani, Hirschleifer and Welch (1992), auction theorists differentiate between common value auction (CV) models, independent private values (IPV) models, and affiliated values (AV) models (refer to Table 1). In view of this, TradeMe is based on the CV auction model.

Table 1 - Types of online auctions

Models	Description
Common value auction	- The listing value remains the same for all bidders but is unknown for each one (Dholakia & Soltysinski, 2001). - An individual bidder benefits substantially from any information obtained regarding the bidding behaviour of others (McAfee & McMillan, 1987). - The phenomenon dramatically named 'the winner's curse' is likely to arise when the item being bid for has a CV (McAfee & McMillan, 1987).
Independent private values	"Any bidder's valuation is statistically independent of any other bidder's valuation and information with regard to the behaviour of other bidders offers no incremental benefits" (Gilkeson & Reynolds, 2003, p. 538). - Information obtained regarding the bidding behaviour of others results in no incremental benefit for the individual bidder (McAfee & McMillan, 1987).
Affiliated value	- More general models encompassing the CV and IPV models as a special case and allowing varying degrees of correlations among the multiple bidders' valuations (Milgrom & Weber, 1982). - More representative of bidder behaviour in real auctions (Rothkopf & Harstad, 1994).

Within the marketing literature, auction theorists have made significant contributions to the theory of buyer and seller behaviour, such as understanding pricing strategies and buyer-seller negotiations in online auctions (Vishwanath & Barnett, 2005; Clark & Ward, 2008; Nassiri-Mofakham et al., 2008). For instance, Peng and Jan's study (2009) revealed that pricing

strategies can directly influence both the probability of closing an auction and the level of price premium. Moreover, research in the area of pricing strategies has looked at the influence of start-bidding prices, reserve prices and buy-it-now prices on online auction performance from a buyer's perspective (Brint, 2003; Gilkeson & Reynolds, 2003; Wang, Montgomery, & Srinivasan, 2008). All of these pricing methods (refer to Table 2) have been practised widely and systematically among most online auction sites, including eBay and TradeMe.

Table 2 - Pricing tools in online auctions

Type	Description
Start-bidding price	• "A seller-supplied reference price that sets the minimum amount buyers must bid to take part in the auction" (Peng & Jan, 2009, p. 523). • The level of start-bidding price is negatively related to the number of bidders and bids (Lawson, 2002).
Reserve price	• "One kind of reference price that the final bid must achieve to end the deal" (Peng & Jan, 2009, p. 524). • It would also reduce the number of bidders and increase the frequency of unsold chance (Reiley, 2006). • As opposed, Massad and Tucker (2000) suggest that the reserve price would increase both the initial bidding price and the final price obtained.
Buy-it-now price	• Allowing a greater degree of control over the minimum price the sellers receive, making it attractive to risk-averse and less patient sellers (Anderson & Friedman, 2008). • It might largely reduce the interest of bidding and hence lessen potential buyers' inclination to bid (Peng & Jan, 2009).

In addition, pricing strategies also indirectly influence the price premium through the mediating effect of the strength of bidding intentions (Peng & Jan, 2009). During the course of an auction, the pricing strategies set by sellers may be used to lure potential bidders. The strength of bidding intentions for an auctioned product is generally reflected by the number of bids or bidders. More specifically, if the atmosphere of bidding intention is more intense, the likelihood of closing an auction is greater and the final bidding price will be higher (Lawson, 2002).

Together with the operational mechanisms offered by online auction sites, the online auction marketplace is also considered to be a place for traders to negotiate and bargain. Negotiation and bargaining can be described as "a distributed search through a space of potential agreements" (Nassiri-Mofakham et al., 2008, p. 83). Participants raise or reduce their offers until an agreement is hopefully reached (Kraus, 1997;Jennings, Faratin, Lomuscio, Parsons, Wooldridge, & Sierra, 2001; Fatima, Wooldridge, & Jennings, 2005; Parkes, 2005). A study by Fatima et al.(2005) dealt with strategies in bilateral multi-issue negotiations and suggested that the result of bargaining was seriously related to the behaviours of participants.

Experimental results from Nassiri-Mofakham et al.'s study (2008) have comprehensively explained the model compound personality-style behaviours appropriate to gain the best overall utility in the roles of buyer and seller in e-commerce. Although considerable research has been devoted to the seller-buyer negotiation process within e-commerce literature, rather less attention has focused on online auctions. It is worthwhile noting that, as discussed by both Roberta (1998) and Whitman (the current president and CEO of eBay), bargaining and negotiated pricing are the most powerful economic forces on the internet (Green, 1999).

2.3.2. Auction mechanisms

An extensive body of literature investigates auction mechanisms and their influence on the outcomes of online auctions (Klemperer, 1999; Lucking-Reiley, 2000). Research originally focused on four basic online auction mechanisms, common to traditional offline auctions, namely the English auction, the Dutch auction, the sealed first-price auction, and the sealed second-price auction (refer to Table 3). TradeMe would be considered an English sealed first-price auction, because the auction bidding generally starts at the lowest price, which increases during the bidding process, with the winning bidder paying the highest bid.

Table 3 - Online auction mechanisms

Auction types	Description
English	• Beginning with "the lowest acceptable price and then increasing the bids until no bidder will increase it further" (Cui et al., 2008, p. 346).
Dutch	• Beginning with "a high asking price that is gradually reduced until someone is willing to accept it" (Cui et al., 2008, p. 346).
Sealed first-price	• Accepting bids in a concealed fashion and the bidder with the highest bid wins the auction (Cui et al., 2008, p. 346). • The winning bidder will have to pay the highest bid (Cui et al., 2008).
Sealed second-price	• Accepting bids in a concealed fashion and the bidder with the highest bid wins the auction (Cui et al., 2008, p. 346) • The winning bidder will have to pay the second highest bid (Cui et al., 2008).

In addition to these mechanisms, new auction mechanisms such as name-your-own-price (Spann, Skiera, & Schafers, 2004), and group-buying auctions (Kauffman & Wang, 2001) have also emerged to facilitate the operation of online auctions (refer to Table 4) – though neither NYOP nor GBA are commonly used on TradeMe.

Table 4 - New online auction mechanisms

Mechanisms	Description
Name-your-own-price (NYOP)	• "Pricing mechanism where the buyer instead of the seller determines the price, because the buyer makes a bid at a certain price, which the seller can either accept or reject" (Spann, Skiera, & Schafers, 2004, p. 23). • NYOP mechanism may help a seller mitigate price competition with a rival (Fay, 2007). • Most commercial NYOP settings display multiple bidding items for the bidders and restrict them to place a single offer. The consumer value obtained by having multiple bidding items increases as the number of bidding items increases (Gupta & Abbas, 2008).
Group-buying auction (GBA)	• "A popular form of online auction is designed to aggregate the power of buyers to gain volume discounts" (Chen, Chen, & Song, 2007, p. 445). • The study on the GBA is rare, and most existing papers in the GBA are experimental (Kauffman & Wang, 2001; Chen, Chen, & Song, 2007). • The GBA outperforms the fixed-pricing mechanism (FPM) when the seller faces uncertain market with two possible intersecting demand regimes and the seller sets the price vector production in combination with scale economies (Anand & Aron, 2003).

Online auctions also offer additional unique services, such as reputation systems (MacInnes, Li, & Yurcik, 2005; Utz et al., 2009), reference prices (Ariely & Simonson, 2003; Brint, 2003; Amyx & Luehlfing, 2006), buyout options (Budish & Takeyama, 2001; Mathews, 2004; Mathews & Katzman, 2006) and escrow services (Antony, Lin, & Xu, 2006), which are only possible through internet technology. These approaches have been broadly applied by TradeMe in order to support both their business and their users' businesses.

Reputation systems are regarded as a key solution to the online trust problem between buyers and sellers (Ba & Pavlou, 2002; Dellarocas, 2003). These systems collect and display information about the past behaviour of a participant that can be used to judge his or her trustworthiness as a potential interaction partner (Utz et al., 2009). They also reduce the risk to users who make use of the systems (Resnick, Zeckhauser, Friedman, & Kuwabara, 2000). Brinkman and Siefert (2001) found that a feedback mechanism is an essential part of online auctions, where users usually do not know each other, live far apart, interact only for a single commercial transaction, and rarely interact again in the future. This feedback system has become so important that many bidders will not bid on items if the seller has even one negative feedback, and some sellers note that they may refuse bids from a bidder with one or more negative feedbacks. Therefore, a seller with a more positive reputation is highly valued by buyers, compared with one with a more negative reputation (Gilkeson & Reynolds, 2003).

Research has indicated that consumers maintain a standard price, known as a *reference price*, for particular types of products, against which consumers evaluate the actual prices of the products they are considering (Rajendran & Gerard, 1994). Sherif's (1963) assimilation-

contrast theory supports the notion that consumers use this reference price to evaluate new prices they encounter. Prices that are not viewed as credible are rejected. Therefore, a high opening price for certain products may be rejected by certain bidders, making it more difficult for the auction to result in an actual sale (Gilkeson & Reynolds, 2003).

Another way in which internet auction sites have changed the rules from those found in traditional auctions is by offering a *buyout* or *auction stop* option. When such an option is available, any potential bidder can choose to stop the auction and purchase the item being auctioned at the buyout price, a pre-specified price chosen by the seller (Mathews, 2004;Mathews & Katzman, 2006; Kirkegaard & Overgaard, 2008). Mathews' analysis (2004) focuses on the impact of time discounting on the part of auction participants. When auction participants make no distinction as to when a transaction occurs, the seller optimally chooses a buyout option price so high bidders never exercise the option. However, time discounting by either the seller or the bidders can lead to the seller choosing a buyout price which results in the option being exercised with positive probability. Budish and Takeyama (2001) explored the use of maximum bidding levels (buy-out prices) in online auctions and suggested that augmenting an English auction with a buy-out price can improve the seller's profits by partially insuring and therefore increasing the expected payment from some risk-averse bidders. They also suggest that the use of buy-out price can reduce consumer anxiety by indicating what the seller believes is their desired price for the item (Budish & Takeyama, 2001). More recently, however, Kirkegaard and Overgaard (2008) have studied buyout prices in auctions, regarding seller competition and multi-unit demands. Findings from this study show that the buyout price causes the auction sequence to become inefficient, because the item may be taken by the buyer, who pays the buyout price in order to get the item immediately.

Finally, the *online escrow service* (OES) was introduced by several producers as a tool to secure the transfer of auction payments for both sellers and buyers. OES providers have emerged to offer an important form of risk relief in online auction markets (Zhang, Lin, & Hu, 2007; Hu, Lin, Whinston, & Zhang, 2004; Pavlou & Gefen, 2004). Buyers benefit from the OES because their funds are not transferred until they are satisfied with the quality of the goods received; sellers benefit simultaneously because they are protected against the uncertainty associated with getting paid, either through the possibility of non-payment or the use of fraudulent credit cards (Hu, Lin, Whinston, & Zhang, 2004). Pavlou and Gefen (2004)

offered empirical evidence on the role of escrow services in creating buyer trust within the community of sellers in Amazon's online auction marketplace. More recently, Zhang, Lin and Hu (2007) developed a discrete-event driven simulation model for the adoption of an OES in electronic markets. The findings revealed that the OES business model can effectively block fraud attempts and promote better security in online C2C auction markets. What is more, the legal mechanisms in electronic markets can have a direct impact on the profit of escrow services. On TradeMe, a PayPal system has been used as an online escrow service in order to assure the best service and security for its traders.

2.3.3. Perceived risks in the online auction environment

When a consumer purchases goods from a retail store, the level of risk in the purchase is relatively low because the consumer is likely to be purchasing a recognised brand from a well-known retailer (Gupta, Su, & Walter, 2004). By contrast, there is a considerably higher level of risk involved in purchasing from online marketplace; as the identity of the seller is usually unknown, the items on sale may not carry a brand name and customers do not have direct contact with the offered items (Dholakia & Soltysinski, 2001; Liebermann & Stashevsky, 2002; Gupta, Su, & Walter, 2004). Online auctions carry similar risks, as buyers cannot ascertain the quality of the auctioned products (Finch, 2007; Bauerly, 2009; Casarosa, 2009), and the seller is often unknown. This phenomenon can be explained by *information asymmetry*, in which sellers have more knowledge about the traded item than the buyers, who are unable to physically inspect the item before purchasing it (Qin, Gulati, & Fang, 2009. Buyers also face the risk of not receiving the purchased item after payment, or receiving the item in an unexpected condition (Bauerly, 2009). There are numerous other risks associated with online auctions, including time risk, vendor risk, brand risk, and privacy risk (Massad & Tucker, 2000; Liebermann & Stashevsky, 2002).

It is suggested that consumers' risk perception influences their behaviour. As stated by Bland, Black and Lawrimore (2007), the perception of risk is negatively related to the willingness to purchase the product. Risk can also be considered a peripheral cue in terms of price setting when making purchase decisions. Specifically, an increase in perceived risk will lead to a reduced willingness by the buyer to make a bid. Risk will also increase as the value of the item, as well as the uncertainty around the item, increases (Bland, Black, & Lawrimore, 2007). Recent research suggests that a sellers' reputation, which is usually illustrated by the

feedback system, can help to reduce some risk as perceived by the buyers in an online auction (Gupta, Su, & Walter, 2004; Brown & Morgan, 2006).

It is not only buyers, however, who face risks in online auctions. Sellers may be in a situation where the bidding price does not reach the actual price of the goods (Bland, Black, & Lawrimore, 2007). In this case, reserve prices and buyout prices allow sellers to get at least the price that they require for the auctioned item (Mathews, 2004; Mathews & Katzman, 2006; Kirkegaard & Overgaard, 2008). Another risk that sellers face when offering products for sale occurs when a *ring of bidders* may contact one another via email and collude on price, especially for objects that are undifferentiated and routinely offered (Quain, 1999). Buyers may also pay for items with bad cheques, or never complete the transactions for items they bid on and won (Massad & Tucker, 2000). Although there has been extensive research on risks perceived by buyers or bidders in online auctions, little information about risks perceived by sellers is known (Quain, 1999; Massad & Tucker, 2000; Mathews & Katzman, 2006). Therefore, it is worthwhile to further explore sellers' online experiences, especially their perceived risks in the C2C online auction environment.

2.3.4. Social interaction

C2C online auction marketplace, like other informal markets, involves much social interaction among buyers and sellers. Studies of informal marketplaces have tended to focus on the social embeddedness of consumption, marketplace ambience, and comparisons of flea markets and garage sales with traditional retail stores (Belk et al., 1988; Stone, Horne, & Hibbert, 1996; Bruin & Dupuis, 2000; Pryor & Grossbart, 2005; Laibman, 2006). Due to the dramatic growth in the number of garage sales, arts and craft fairs, swap meets and flea markets, the informal market forms have received increased attention in marketing and retail literature (Herrmann & Soiffer, 1984). Car boot sales and swap meets are viewed as "unearthed relics of simple, more direct exchange processes that have gained new impetus and have challenged the more bureaucratic, larger scale organisations" (Stone, Horne, & Hibbert, 1996, p. 6). Belk *et al.*(1988) highlighted that, in terms of buyer-seller exchange, swap meets are closely related to older and more basic forms of exchange than modern commercial retailing.

Sellers at flea markets and garage sales display a wide range of styles and motivations, from periodic housecleaning and socialising to making a profit and generating cash (Herrmann & Soiffer, 1984). In contrast to retailers' profit-making motivations, consumers and sellers at

flea markets and garage sales have shown that the opportunity for social relations in the garage sale experience may be a major reason for their participation in such sales events. Lastovicka and Fernandez (2005), as well as Herrmann (1997), concluded that garage sales frequently function as a social gathering where personal belongings are traded like gifts between sellers and buyers. These trades place more importance on socialising than making a profit. It has been suggested that swap meet sellers, in particular, prefer the freedom, individualism and easy-entry entrepreneurship of the swap meet to the corporate world of nine-to-five employment (Maisel, 1974), and that socialising and feeling a sense of community serve as attractions for both buyers and sellers (Belk et al., 1988). In addition, findings from Herrmann's (1997) study suggested that participants of differing races and classes can pass on something of themselves with their possessions, transform their own lives in the process, and contribute to a broader spirit of community through these reciprocal transactions. As opposed to flea markets and garage sales, the online auction environment does not provide a direct interaction between buyers and sellers.

Together with the customary meaning attached to online trading activities, interaction among traders within an online community has also become part of the definition. Online auctions not only create a new way of transacting but also organise auction participants into communities (Ba, 2001; Boyd, 2002; Stanoevska-Slabeva, 2002; Dellarocas, 2005; Lin et al., 2006). According to Andrews (2002), moderated discussion forums, security and confidentiality rules, codes of conduct, governance policies, and community culture are well-known ways of mitigating the differences between online communities and face-to-face interaction. These differences include the lack of physical cues that are found in the face-to-face world, and the ability to change an individual's identity (Wallace, 1999). However, although the C2C online auction marketplace does not allow participants to have direct contact, it does provide efficient forums such as message boards or online communities, for people to discuss, learn and share experiences with each other (Walczak, Gregg, & Berrenberg, 2006; Carney, 2007). As stated in Andrew's study (2002), people who come to a virtual community are not just seeking information or knowledge to solve problems; they also treat it as a place to meet other people, to seek support, friendship and a sense of belonging. Information searches as well as price and cost reductions tend to be the buyers' main motivations of buyers for participating in online auctions, but specialised marketplaces leave some space for more collective ends, such as networking and cooperative action.

2.4. Consumer disposition behaviour

Consumer behaviour can be defined as the "acquisition, consumption, and disposition of goods, services, time and ideas by decision-making units" (Jacoby, Berning, & Dietvorst, 1977, p. 22). Much of the research on consumer behaviour has focused on the acquisition phase; hence, the disposition process has received relatively less attention (Hanson, 1980; Harrell & McConocha, 1992; Lastovicka & Fernandez, 2005; Albinsson & Perera, 2009). The disposition phase refers to what consumers do with a product once they have finished using it. In an early study on consumer disposition, Jacoby *et al.* (1977) developed a conceptual taxonomy to describe consumer disposition behaviour. Accordingly, there are three basic decisions to choose from when disposing of a product; namely, keeping it, getting rid of it permanently, and getting rid of it temporarily (Jacoby, Berning, & Dietvorst, 1977). Findings from a study by Jacoby *et al.*(1977) revealed that the psychological characteristics of the decision maker such as their need for achievement and their levels of creativity, involvement and self-esteem, plus factors intrinsic to the product and situational factors extrinsic to the product, can be expected to affect product disposition.

The internet, which is the most influential and important emerging disposition channel offering a convenient platform of online auction and resale, seems to best facilitate changes in disposition behaviour. In other words, the market position of online auctions has been sustained by the proposition that there is value in unwanted goods (Chu & Liao, 2007; Denegri-Knott & Molesworth, 2009). Accordingly, resalable goods no longer indicate unrecoverable costs but are considered to be liquid assets or an alternative cash account to consumers who master online resale.

Chu and Liao (2007) explored C2C consumer resale behaviour in the online auction environment by looking at the interaction between online and offline behaviour and the linkage between the disposition and acquisition phase, rather than treating them as different boundaries. Their study resulted in three key findings. Firstly, C2C e-commerce has changed consumer behaviour by enabling consumers to dispose of their unused goods through reselling in the informal market. Secondly, consumer online resale is multifaceted, with each type of consumer online resale formed by different motivations and resulting in various impacts on consumer purchase and resale decisions.

Finally, the concept of products, evaluation of product value, and consumer satisfaction with online resale may change when consumers simultaneously act in the roles of reseller and consumer. Denegri-Knott and Molesworth (2009) studied the process through which the economic or exchange values of previously owned goods are reactivated and the role that online auctions play in facilitating such practices. They concluded that online auctions fuelled practices of disposal that might encourage the transformation of modestly-priced pre-owned goods into valuable stocks. The internet, as one of the most influential and important emerging disposition channels, seems to be a promising place to study the behaviour of sellers and their attachment to the offered items and the auctions (Chu & Liao, 2007).

2.5. Bidder behaviour in online auctions

Although both the C2C online marketplace and the literature around it have only emerged recently, research about the behaviour of bidders in this market environment has been studied extensively. This section provides some insights into the types of behaviour a seller encounters in the online auction environment. Since the behaviour of buyers, and the proceedings and outcomes of auctions can have a direct influence on sellers and their behaviour, it would be interesting to find out whether sellers are actually aware of these issues in the online auction environment.

Consumers who participate in online auctions are considered to possess individual rational, emotional and social motives for trading online (Rafaeli & Noy, 2002; Cameron & Galloway, 2005; Stern & Stafford, 2006). Research on the subject to date has largely concentrated on monitoring and collecting descriptive information on the processes involved in internet auctions; little consideration has been given to consumers' motivations and concerns over using the online auction system (Cameron & Galloway, 2005).

Research into consumer bidding behaviour in online auctions has explored a number of *rational behavioural* variables, such as the number of bidders in an auction, the moment that bidders enter and exit the auction, the value of the highest bid, and the number of bids incurred in one auction (Reynolds et al., 2009). Cameron and Galloway (2005) found that the ability to purchase items at prices lower than retail stores is the primary motivation, along with easy access to previously unobtainable items. In addition, they concluded that interaction with other auction users is found to be important for practical reasons, such as information seeking, rather than for enjoyment (Cameron & Galloway, 2005). Dholakia and Soltysinski

(2001) also stated that, compared with traditional retail or auction environments, online auctions provide much greater choice and more variation in the quality of available alternatives, even for a specific product.

Many recent studies have focused on the emotional contributors to consumer bidding behaviour, namely social, personal and environmental factors (Dholakia & Soltysinski, 2001;Cameron & Galloway, 2005; Stern, Royne, Stafford, & Bienstock, 2008; Malhotra, 2010). These studies have investigated the reasons behind the dramatic growth of internet auctions, and have explored why so many consumers have turned to online auctions to purchase and sell goods. Research into the conventional buying environment of shops and stores suggests that apart from the instrumental and economic aspects, there are three dimensions that have a motivational component, where individuals engage in buying and shopping in order to obtain psychological gains, namely social-experimental, emotional and identity-related benefits (Babin, Darden, & Griffin, 1994; Dittmar et al., 2004). As a result, considerable research into buyer motivations for participation in online auctions has been done; conversely, little attempt has been made to study the motivations of sellers to trade in online auctions. Hence, it would be worthwhile to further explore the behaviour and motivations of sellers when trading in the online auction environment.

Secondly, online auction literature has put a disproportionate emphasis on explaining the bidding process, rather than the selling process (Goes et al., 2009). The focus of many studies has been on explaining bid formation and bidder behaviour. In practice, however, selling goods in the C2C online marketplace can be complicated for a novice seller and cause a great deal of frustration, because so many parameters must be correctly selected, and all the necessary information must be listed. Therefore, it would be interesting to investigate the selling process and activities undertaken by sellers before, during and after the auction times. In addition, understanding the bidding process would also allow sellers to prepare better for the auction, make it more attractive, and ultimately enable them to sell goods at higher prices.

Thirdly, past research has classified buyers into groups and suggested that different groups of buyers will have different motivations for participating in online auctions (Bapna et al., 2004). Consequently, different behaviour and outcomes would occur as a result. Similarly, one could also classify sellers into different groups based on demographics and motives. Accordingly, the auction proceedings and outcomes for different sellers would also differ (Cameron & Galloway, 2005). This assumption is based onBelk, Sherry and Wallendorf's(1988) research

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whereby they categorised sellers within informal marketplaces, as professional full-time vendors, frequent amateurs or infrequent amateurs. These authors concluded that these spatial and functional seller distinctions are recognised by both buyers and sellers and, moreover, that prospective buyers often expect to find better bargains among the infrequent amateurs. Recently, Ashayeri, Kuo and Selen (2004) distinguished e-marketplaces by participant type (professional business people and/or private individuals) and market mechanism (for example, blackboard, catalogue, exchange or auction). However, instead of focusing on classifying sellers within the C2C online auction environment, this categorisation has been done in a broader sense of e-marketplaces. Accordingly, considering both these dimensions, this current study is investigating the behaviour of individual sellers in the online auction environment.

Another point of interest is whether sellers are aware of the different categories of buyers and if so, do they respond differently. Although it is understood that until recently no research has been undertaken on this issue as a main research topic, it has been loosely accepted in some studies (Belk et al., 1988; Denegri-Knott & Molesworth, 2009). Interviews with sellers in flea markets and in online auctions showed that sellers had a fairly good idea of who their customers would be, and their customers would purchase the items. Further exploration of this topic is required in order to obtain a better understanding.

2.6. Seller behaviour

While many prior C2C online auction studies have concentrated on buyer-centric design and buyer behaviour (Ariely & Simonson, 2003; Rauniar et al., 2009), rather less attention has focused on selling behaviour with regards to the selling process (Goes et al., 2009), and motivation to participate in the C2C online auction marketplace (Chu & Liao, 2007; Denegri-Knott & Molesworth, 2009). Past research relating to seller behaviour can be found in the following three streams of research, namely informal markets, retailing markets, and consumer disposition behaviour (Chu & Liao, 2007). The following sub-sections will discuss seller behaviour in both the bricks-and-mortar retailing setting and the online auction marketplace setting.

2.6.1. The role of the sales person

In today's highly competitive markets where retailers offer products that are largely homogeneous, the effectiveness of the sales person during customer interactions is critical to

the firm's success (Dwyer, Hill, & Martin, 2000). Seller behaviour within the sales literature can be divided into two streams, namely sales skills and performance (Pettijohn, Pettijohn, & Taylor, 2007) and the buyer-seller relationship (Smith, 1998).

Research in the area of sales skills and outcomes, known as sales performance, has been extensive (Pettijohn, Pettijohn, & Taylor, 2007). A number of researchers have studied and empirically tested the sufficiency of critical factors in ensuring competitive performance (Bisp, Sorensen, & Grunert, 1998). Applying this theory in a personal selling context, Dwyer, Hill and Martin (2000) identified sales skills, tasks, and behaviours that influenced sales performance. The research concluded that high performers met their clients' needs by being more personal and customer-oriented, whereas poor performers took a more traditional/sales-oriented approach (Dwyer, Hill, & Martin, 2000). Pettijohn *et al.* (2007) explored whether salesperson perceptions regarding the importance of specific sales skills and behaviours were related positively to sales performance and customer orientation. The conclusions provided support for the concept that sales skill/behaviour development and assessment were worthy pursuits for sales managers and their organisations.

Other studies have examined sales skills from the perspective of buyers (Williams & Seminerio, 1985; Garver & Mentzer, 2000; DelVecchio, Zemanek, McIntyre, & Claxton, 2002). Similar to the finding from Williams and Seminerio's (1985) study showing that buyers sought salespeople who were thorough, knowledgeable, willing to represent the buyer, and had market knowledge, DelVecchio *et al.* (2002) suggested that buyers preferred salespeople who had expertise in their own product lines and the market. Buyers also wanted people who could communicate well, expedite orders, solve problems, understand their needs, and who could satisfy their needs (Garver & Mentzer, 2000).

Secondly, research has also indicated that seller-buyer relationships and customer satisfaction can contribute greatly to the success of a business. Firms are increasingly focusing on their customers with a focus on building and managing these relationships. The salesperson's degree of customer orientation has been described as being a determinant of the customer's satisfaction with a retailer (Pettijohn, Pettijohn, & Taylor, 2007). Stanforth and Lennon (1997) emphasises the important role of the salesperson in delivering customer satisfaction. Also, according to Williams and Attaway (1996, p. 34), "the marketing success of a firm is highly dependent upon its sales representatives since they have the most immediate influence on customers". As stated by Pilling and Eroglu (1994), salespeople play an important role in

determining customer satisfaction, as the salespeople create customer expectations, provide customer service, and provide solutions that all combine to influence the degree of satisfaction experienced by customers. The role of the contemporary salesperson is changing dramatically (Cravens, 1995). Traditionally viewed as a communication tool and a means to obtain initial orders, the salesperson today is perceived to be a relationship manager, primarily responsible for establishing, developing, and maintaining customer relationships (Ingram, 1996). Even though the customer-salesperson relationship is not the only contact between organisations, the salesperson is the primary contact point, responsible for managing customer relationships before, during, and after the initial order (Lambert, Sharma, & Levy, 1997).

In general, the sales literature demonstrates that salespeople play a significant role in generating long-term relationships between consumers and organisations, and contribute significantly to the success of a business and product. Research within the literature has mainly focused on the substance of personal selling in the B2B (Cannon & Perreault, 1999; Pulins et al., 2000) and B2C environments (Smith, 1975); little or no attempt has been made to study the important role of sellers in the C2C marketplace. However, most of the studies regarding sellers' performance and behaviour within the C2C market context are related to the C2C online auction environment (Chu & Liao, 2007; Loebbecke et al., 2010). This phenomenon is reasonably explained due to the ease of participation for small and inexperienced users in online auctions. A recent article about sellers on eBay auction sites indicated that individual sellers in online auctions increasingly perceive and highly value the feedback rating from buyers and the long-term relationships with buyers (Klein, 2008). Hence, it is expected that both sales skills and customer satisfaction are as critical in the online environment as they are in the offline marketplace.

2.6.2. Seller behaviour in online auctions

Reynolds *et al.*(2009) stated that, similar to basic economic principles in offline marketplaces, sellers are looking to online venues, including auctions, to improve exposure for their goods, reduce marketing and sales costs, and increase profitability. According to Cui, Lai and Liu (2008), there are two research sub-streams related to seller behaviour in the online auction environment, namely seller strategy/auction settings and seller reputation.

2.6.2.1.   Auction settings

Auction settings usually refer to product characteristics such as product pictures and description (Kauffman & Wang, 2001), the opening price (Ariely & Simonson, 2003), bid increments (Bapna et al., 2004), and auction duration and auction time (Ariely & Simonson, 2003; Bapna et al., 2004; Kauffman & Wang, 2001).

There is a debate over whether product pictures and description on auction sites has increased the perceived utility of auction products (Cui et al., 2008). As such, Kauffman and Wood (2006) confirmed that product pictures help to reduce the uncertainty about e-commerce transactions with regards to the sight-unseen nature of the product being purchased and the anonymous nature of the seller. They also differentiate *product information*, including pictures and description, which is the information that the seller provides about a product that can change a consumer's expected value from owning the product, from *reference value information* provided by sellers or others that can change a consumer's expected value from making a transaction (Kauffman & Wang, 2001). Bland, Black and Lawrimore (2007) confirmed this finding by suggesting that the inclusion of either a real picture of the item being sold or a stock picture was a risk-reducing factor that would improve the outcome of the auction for the seller. However, they also suggested that the use of a product description did not change the likelihood of the auction success. Similarly, Ottaway, Bruneau and Evans (2003) disconfirm the significance of product pictures, but also conclude that an image of the item in an online auction had no bearing on the final bid amount when that item was commodity-like in nature. Melnik and Alm (2002) stated that, although the presence of a photo image of the bidding product increases the willingness to bid on that product, the presence of a visual description of a perfectly homogenous product does not offer much additional or useful information about the product.

The research on opening prices suggests that a high opening value would draw fewer bidders, but their bids are likely to be relatively low, thus eventually leading to a higher final winning price (Vincent, 1995; Ariely & Simonson, 2003; Vishwanath & Barnett, 2005). Moreover, a higher opening price could also function as a seller's credible claim and an extrinsic indicator of the item's quality (Zeithaml, 1988). Researchers have also found that bid increments have a positive effect on bidder participation when the increment is below a certain value, but have a negative effect when the increment is above that value (Bapna et al., 2004).

Lastly, the effects of auction length have not been extensively examined in existing online auction literature and the few available results have been mixed (Reynolds et al., 2009). Melnik and Alm (2002) examined the impact of the seller's reputation on the willingness of buyers to bid on items sold via internet auctions. They found that auctions closing during peak time generated higher prices for the auctioned items. However, the length of the auction and the date upon which it finished did not have a significant impact on the auction price. These results are different from those of Lucking-Reiley (2000), who found a significantly positive relationship between the length of the auction and the price. In addition, Ariel and Simonson (2003) also concluded that a longer auction would attract more bidders, allowing more potential buyers to view and participate in the auction, which could also permit bidders to increase their bids.

2.6.2.2. Seller reputation

Online reputation is becoming an important indicator of online traders' business capacity in the auction market. In online auctions, seller reputation is an important issue when consumers make purchase decisions. In practice, most online auction sites offer participants a reputation scoring system (Lin et al., 2006), in which buyers and sellers can provide feedback on the person with whom they deal (Brown & Morgan, 2006). The information available from a reputation system helps to improve prospective traders' trust when conducting online transactions (Boyd, 2002; Strader & Ramaswami, 2002). It also reduces the chances of fraud because, typically, traders are expected to maintain good reputation records in order to maximise their profits (Castelfranchi & Tan, 2002). The online reputation system has attracted researchers from the behavioural sciences and economics to investigate the effect of reputation on traders' trust (Ba & Pavlou, 2002) and auction price (Standifird, 2001). As such, apart from increasing the trust among sellers and buyers, feedback ratings can have a significant impact on the prices of auctioned items and the volume of bidding (Brown & Morgan, 2006; Lin et al., 2006; Finch, 2007). Multiple research studies have indicated that buyers are willing to pay a premium price when bidding on items from sellers with a high rating. McDonald and Slawson (2002) supported the suggestion by stating that seller reputation significantly affected the price submitted by the highest bidder. However, according to Bajari and Hortacsu (2003), the effect of a positive seller reputation on increased bid values might not be consistent across different product categories. Additionally, McDonald and Slawson (2002) also suggested that the continually observable feedback of

participants indicates that higher seller reputation signals preferred traits, including advertised service accuracy, product description accuracy, delivery efficiency, and post-transaction communication.

The importance of reputation is further supported by sellers' effort to improve their reputation (Finch, 2007). As discussed by Klein (2008), the changes at eBay, especially its new rating feedback policy, have changed the way sellers evaluate the importance of buyers and their feedback after trading. As a result, sellers have a tendency to put more effort into maintaining good relationships with buyers and educating them about the value of their feedback ratings on the operation of sellers' businesses. Moreover, as stated by Fombrun and Shanley (1990), reputation can basically be regarded as the impression and assessment of a person's social identity, esteem or desirability (Lin et al., 2006). Therefore, it is important for sellers to build a good reputation and strong relationship with buyers by providing goods with a consistent quality.

Due to the observability of the reputation-establishing process and the numerical availability of reputation data (Lin et al., 2006), most of the research has been done with observational techniques (Standifird, 2001; McDonald & Slawson, 2002; Resnick & Zeckhauser, 2002; Kauffman & Wood, 2006; Finch, 2007). As such, large data sets about items listed, bids placed, and feedback given and received were collected and used as a primary source of information to study the impact of online reputation systems on auction performance and outcomes. Research on seller reputation has also mainly been looked at from the buyers' perspectives (Strader & Ramaswami, 2002; Pavlou & Gefen, 2004; Utz et al., 2009). More specifically, almost all prior research has investigated the effects of feedback comments and reactions on building *trust in sellers' credibility*, the price premium, and the numbers of bid in online auctions. However, the results of these studies are mixed, and interpretation is further hampered by the fact that market conditions, such as the available alternative sellers at the moment of sale, are inherently difficult to measure (Snijders & Zijdeman, 2004). In general, it is suggested that even though feedback systems are security tools provided for both buyers and sellers, and they both face a certain number of risks in online auctions, a gap remains in the literature regarding sellers' perceptions about this system and its effect on their businesses.

2.7. Learning theories

Learning is essential to the consumption process (Neal, Quester, & Hawkins, 2002). Most attitudes, values, tastes, behaviours, preferences, symbolic meanings and feelings are acquired through learning. According to Mitchell (1983), learning is any change in the content or organisation of long-term memory. Therefore, learning, which is resulted from information processing, causes changes in memory. People can learn by observing the outcomes of others' responses as well as directly experiencing positive or negative outcomes (Vaughan & Hogg, 2005, p. 113). In this study, learning theories, including social learning theory, consumer socialisation theory and conditioned learning theory, may help to explain how novice sellers learn to use the tools provided by TradeMe at the early stages, and selling and marketing skills as they evolve along the trading processes in online auctions.

2.7.1. Social learning theory

A number of studies, beginning with Miller and Dollard (1941), have shown that humans learn by observing the behaviours of others. The early studies of Miller and Dollard (1941) showed that imitative learning occurred when observers picked up on environment cues and imitated them in personal behaviours (Baran & Davis, 1995). It is believed that Bandura's social learning theory is somewhat more influenced by the operant tradition (Grusec, 1992). Bandura (1971) later expanded on these studies to include three different ways that social learning might occur, including observational learning, and learning through punishment and rewards. More specifically, as discussed by Foucault and Scheufele (2002, pp. 412-413):

- Firstly, through observational learning, individuals can acquire new behaviours simply by watching the behaviour represented by someone else.
- Secondly, viewing an individual being punished for exhibiting certain behaviour can have an inhibitory effect, and decrease the likelihood that observers will recreate that behaviour.
- Finally, viewing an individual receiving a reward for a threatening or prohibited behaviour can have a disinhibitory effect, and significantly increase the likelihood that an individual will reproduce that behaviour (Baran & Davis, 1995).

Although there is limited research in this literature related to online auctions, it seems very likely that social learning could affect online selling and purchasing behaviours in a variety of

ways. Kagel, Harstad and Levin (1987, p. 1300) suggested long ago that, "the *real-time* nature of the English auction is ideal for producing observational learning, learning without experiencing the punishing effects of actually losing money consequent on bidding in excess of [private value]". Research on bidding behaviour in relation to social learning theory suggests that inexperienced and experienced bidders differ significantly in the way they bid and win auctioned items, such as when to bid, how to bid and how much they should bid on in an auction (Wilcox, 2000; Wang & Hu, 2009). Clark and Ward (2008) have found that inexperienced bidders usually buy items at higher prices and can be exploited by experienced sellers because of their lack of experience. Also, Wilcox (2000) discussed in his paper that experienced bidders are more likely to behave consistently with the manner discussed by auction theory. Particularly, they have a tendency to bid less often, and leave their bids until the very last moment of an auction (Wilcox, 2000; Cameron & Galloway, 2005). As a result, the possibility that experienced bidders can win is higher and the end prices are lower. It is expected that inexperienced and experienced sellers will behave differently, in term of setting and using auction mechanisms.

Sellers new to an online auction could learn selling and marketing skills simply by observing other sellers' activities, and their successes and failures. As discussed in Foster and Lin's (2005) research, propositional knowledge is considered to be the first and most important source of information for new participants in online auctions. This study concluded that prior knowledge in communication, negotiation and evaluation skills is necessary to successfully participate in the C2C online marketplace. This knowledge is usually acquired from prior theoretical information or others' performance during the auction times. Discussion boards as well as other sellers' blogs can be a good source, where new participants can learn and obtain the necessary information about products, marketing and selling techniques. Therefore, it is expected that individuals who are new to online auctions will learn selling and marketing skills from both their own experiences and be affected by others' skills through observation.

On the other hand, in order for observational learning to occur, effort is required from both learners and knowledge-sharing people. A certain amount of research about online communities has been related to knowledge-sharing and knowledge-learning (Wasko & Faraj, 2005;Chiu, Hsu, & Wang, 2006; Koh, Kim, Butler, & Bock, 2007;Ardichvili, 2008; Arena & Conein, 2008). Similar to the *networks of practice*, which consists of a larger, loosely knit, geographically distributed group of individuals engaged in a shared practice, individuals

connected through a network of practice may never know or meet each other face-to-face, however they are capable of sharing a great deal of knowledge (Brown & Duguid, 2001). Building upon Brown and Duguid's (2001; 1991) general description of networks of practice, Wasko and Faraj (2005) provided the answer to the question of why individuals help strangers within electronic networks. To understand this paradox, they applied theories of collective action to examine how individual motivations and social capital influence knowledge contribution in electronic networks. The findings illustrate that people contribute their knowledge when they perceive that it enhances their professional reputations, when they have the experience to share, and when they are structurally embedded in the network.

Chiu, Hsu and Wang (2006) stated that the biggest challenge in fostering a virtual community is the supply of knowledge, namely the willingness to share knowledge with other members. Similar to Wasko and Faraj's (2005) work, Chiu, Hsu and Wang (2006) also investigated the motivations behind people's knowledge-sharing in virtual communities, using social cognitive theory and social capital theory. More recently, Ardichvili (2008) proposed a framework for understanding motivators, barriers, and enablers for successful online knowledge sharing and learning. Accordingly, apart from sharing knowledge of participants' activities and the impact on their lives and to their community, virtual communities are also a place for less experienced members to learn from interacting with more experienced members and with each other (Lave & Wenger, 1991). Online auctions are considered to be a good place for the learning and sharing knowledge to occur, due to the publication of information in this type of marketplace.

2.7.2. Social facilitation

Since the late nineteenth century, social facilitation theory has been used extensively in psychological literature to explain the impact of the surrounding social environment on an individual's behaviour, most notably his or her motivation (Rafaeli & Noy, 2002). According to Rafaeli and Noy (2002), social facilitation theory has originally been understood as the tendency of people to perform simple or well-learned tasks better when others are present. Allport (1954) suggested that human behaviour changes with the presence of other people (Sommer et al., 1992). The *drive theory* of social facilitation reveals that the presence of other people will improve one's performance of a simple task but detract from that of a complex task (Vaughan & Hogg, 2005).

Social facilitation has been taken beyond the psychological field, and got further into 'real world' studies and economic behaviour (Rafaeli & Noy, 2002). Accordingly, it is suggested that individual behaviour in real marketplaces is also affected by the presence of others. In particular, social facilitation effects have been shown to influence consumer behaviour in the retail shopping environment (Sommer et al., 1992; Foucault & Scheufele, 2002). One observational study of shoppers in supermarkets and discount stores compared lone shoppers with group-shoppers (Sommer et al., 1992). The results revealed that consumers who shopped in groups spent more time in each store and made larger purchases. The presence of others increased shopping activities for products associated with a social context, but distracted consumers from seeking for purchasing personal items. Research also indicates that social facilitation can carry over to situations where the social facilitators are not in close physical proximity (Lombard & Ditton, 1997; Rafaeli & Noy, 2002). Auctions are a social phenomenon, not just economic and/or psychological. Therefore, it is worthwhile to further explore whether social facilitation theory can be applied in the online auction environment.

Figure 2 - Zajonc's drive theory of social facilitation
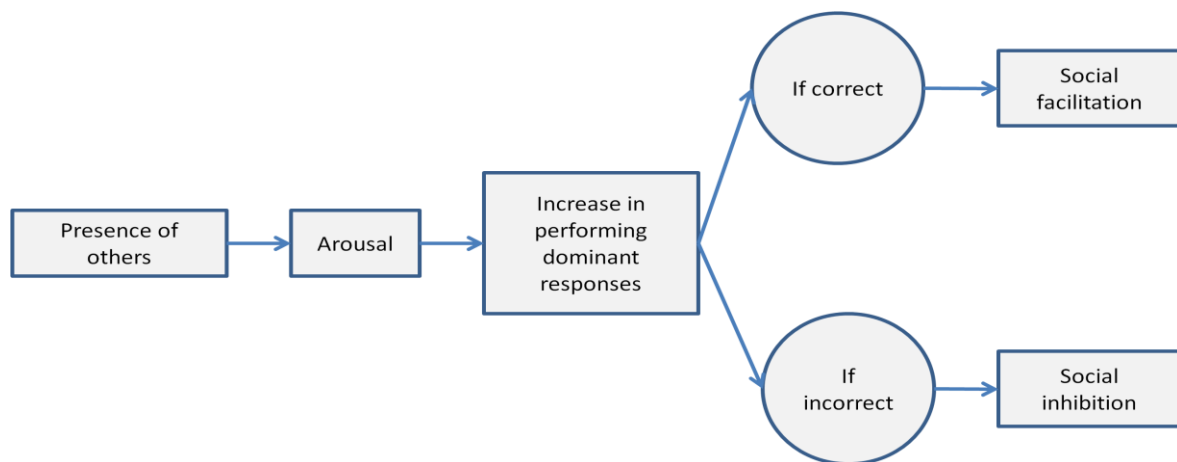
(Vaughan & Hogg, 2005, p. 182)

A recently emerging topic in the area of social facilitation theory is related to the influential effect of the interaction between buyers and sellers in the online auction environment (Rafaeli & Noy, 2002; Cameron & Galloway, 2005). Rafaeli and Noy (2002) concluded that, similar to traditional face-to-face markets, the presence of others in the buyer-seller interaction affects buyers' shopping behaviour in online auctions. The results from this research showed that the more people there are involved in an auction – i.e. a higher 'virtual presence'– the longer the

amount of time the person will stay involved in that auction, and the more competitive they will be.

According to Rubin, Pruitt and Kim (1994), the presence of others, with the assistance of rivalry and time pressure, will drive bidders to pay more than an item is worth to deprive a competitor, even when doing so provides no strategic benefit (Malhotra, 2010). This phenomenon can be explained by the distraction-conflict theory stating that people are a source of distraction that produces attentional conflict between attending to the task and attending to the audience or cofactors (Vaughan & Hogg, 2005). It is expected that the competitiveness among sellers also exists in the online auction environment. However, this competition can only bring an improvement in the performance of sellers, as the *mere presence* of conspecifics (i.e. members of the same species) as coactors, doing the same things but not interacting, encourages sellers to perform better so as to gain competitive advantages (Vaughan & Hogg, 2005, p. 184). As discussed in Denegri-Knott and Molesworth's (2009) study, the existence of other sellers motivates an individual seller to market items better in order to gain the attention of potential customers and sell their goods.

According to Nissanoff (2006, p. 88), selling on any of the online exchanges is not a simple task, and "the time it takes to learn how to sell and to process sales on these exchanges has so far discouraged the masses from actually going through the motions". Hence, it is worthwhile to investigate whether social facilitation theory can be used in the online auction environment, and in particular be used to explain the learning process that sellers go through in this marketplace.

2.7.3. Experiential learning

Apart from learning by observing other people, sellers could also learn by actually involving themselves in the trading process. Experiential learning theory can well be used to explain this phenomenon. Experiential learning refers to "a guided process of questioning, investigating, reflecting, and conceptualising based on direct experience" (Stechno, 1986, p. 35). Many of the attitudes people hold are the products of direct experience with attitude objects. People encounter an attitude object and have a positive or negative experience which shapes their attitude toward that object (Vaughan & Hogg, 2005, p. 114). Conditioning refers to "learning that is based on the association of a stimulus (information) and a response (behaviour or feeling)" (Neal et al., 2002, p. 211). There are two basic forms of conditioned learning (Nord

& Peter, 1980): classical conditioning, which is the process of using an established relationship between a stimulus and response to bring about the learning of the same response to a different stimulus (Stuart, Shimp, & Engle, 1987; Shimp, Stuart, & Engle, 1991), and operant or instrumental conditioning referring to the condition under which no automatic stimulus-response relationship is involved, and the subject must first be induced to engage in the desired behaviour (Rothschild & Gaidis, 1981; Peter & Nord, 1982).

Several experimental studies have examined the possibility that participants learn about auctions through repeated play. As Kagel (1995) states, bidders who repeatedly participated in English auctions improved their performance as they gained experience. Rutstrom (1998) also concluded that the real-time learning allowed in the English auction significantly affected subject behaviour. While there is not an overwhelming amount of evidence about learning in auctions, the existing evidence supports the conclusion that participants do learn through repeated play, which is usually known as *adaptive learning behaviour* (Andreoni & Miller, 1995). However, many participants still make systematic bidding errors after many repetitions (Andreoni & Miller, 1995).

It is suggested that operant conditioning can be used to explain the learning process of sellers in the online auction environment (See Figure 3). Sellers learn not only by observing others' successes and failures, but also by their own experiences. In short, it is believed that sellers learn marketing experience by reinforcement and punishment (Neal et al., 2002). Accordingly, sellers will become more professional in collecting, valuing, preparing, and marketing stock for sale by the repetition of these activities, with improvements (Denegri-Knott & Molesworth, 2009). Moreover, as the participants in online auctions are mostly not professional dealers, selling and marketing skills are also built on the mobilisation of knowledge (Gregson & Crewe, 2003;Gregson, Metcalfe, & Crewe, 2007; Parsons, 2008) and existing knowledge (Denegri-Knott & Molesworth, 2009). This is illustrated by an example in Denegri-Knott and Molesworth's (2009) research where the participant initially knew nothing about his products apart from the fact that online auctions would be a good place to sell them, but over time he became an 'expert' seller through repeatedly doing the job.

Figure 3 - Consumer learning by operant or instrumental conditioning
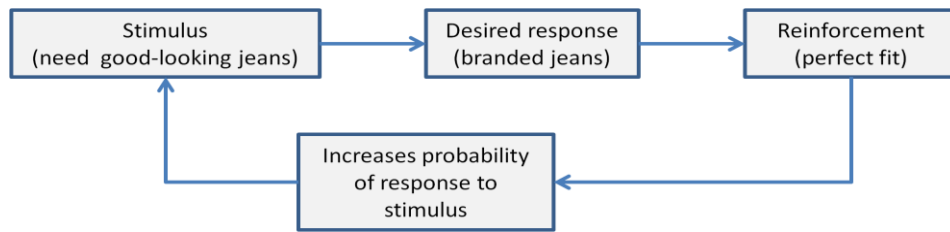
(Schiffman, Bednall, O'cass, Angela, & Kanuk, 2005, p. 188)

In the Foster and Lin (2005) study, the results point to the conclusion that, apart from propositional and personal knowledge, process knowledge for completing a successful e-business transaction is necessarily acquired by actually participating in the auctions. Participants in this study stated that they learnt communication, negotiation and evaluation skills by actually being part of the culture and repeatedly exercising the activities. For instance, one participant who failed to sell her item in eBay UK due to the language barrier but successfully sold another one on Yahoo Taiwan, learnt that communication skills were significantly important in dealing with customers (Foster & Lin, 2005). However, as opposed to the present study, which investigates seller behaviour by employing a face-to-face interview method, Foster and Lin's study (2005) used the experimental method, whereby participants participated in the trading process. In addition, Foster and Lin's study (2005) only focused on learning by rewards-and-punishments, while this study explores all the related learning methods experienced by sellers during trading on TradeMe.

2.7.4. Consumer socialisation theory

Ward's (1974, p. 2) foundational definition of consumer socialisation (CS) described it as "collective processes by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace". Essentially, the framework provides a means of analysing the influential factors and sources of how people learn to perform their roles as consumers in society. In line with Ward's (1974) emphasis on young consumers, much of the CS literature has tended to investigate children's and adolescents' socialisation outcomes and antecedents (John, 1999). However, while childhood is a key formative period in the development, reinforcement, and modification of consumption-related thoughts and behaviours, the process continues throughout adult life (Brim, 1968; Moschis, 1987) and into

the elderly years (Smith & Moschis, 1984), as adults modify existing consumption behaviours and adapt to new/changing consumer roles (Gregorio & Sung, 2010).

Figure 4 - A conceptual model of consumer socialisation
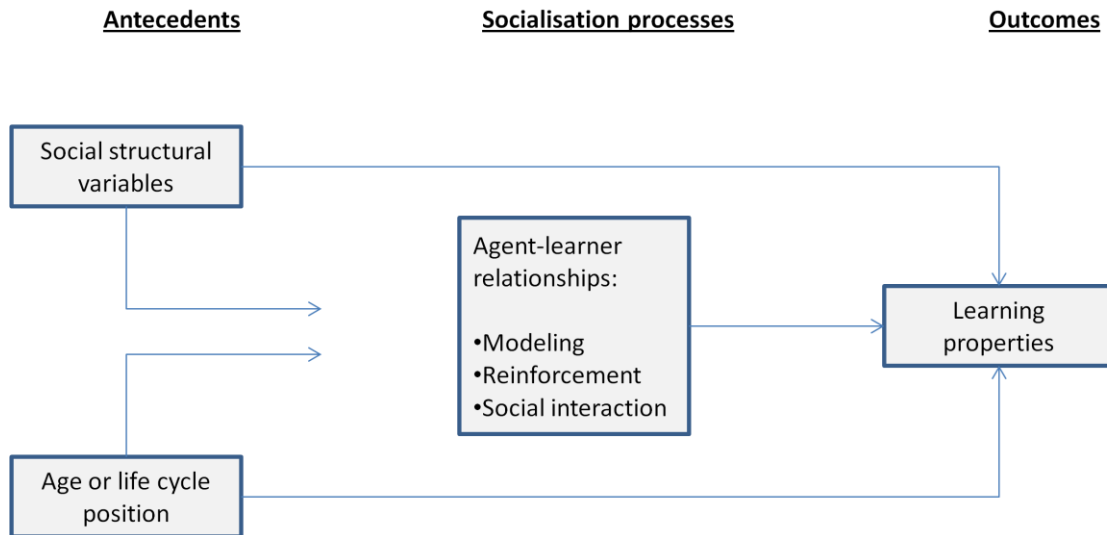
(Moschis & Churchill, 1978, p. 600)

Apart from the cognitive development model, the social learning theory is considered to be one of the most commonly utilised theoretical perspectives to explain the CS process (Moschis & Churchill, 1978). While the cognitive development model emphasises the internal cognitive socialisation process, the social learning perspective places greater emphasis on the external environmental sources of learning/socialisation (Gregorio & Sung, 2010). These environmental sources are usually known as *socialisation agents*, which "transmit norms, attitudes, motivations and behaviours to the learners" (Moschis & Churchill, 1978, p. 600). Socialisation agents, in consumer behaviour literature commonly include media (Churchill & Moschis, 1979), parents, school and peers (Moschis & Churchill, 1978).

Emerging from psycho-physiological and sociological need gratification, interaction with peer groups and others is considered a fundamental human trait (McGuire, 1974). The CS suggests that peers serve as significant transmitters of attitudinal and behavioural norms by which one's own beliefs or actions may be gauged or adjusted (Moschis & Churchill, 1978; Bush, Smith, & Martin, 1999). Moreover, peer groups essentially offer a real-world way of assessing whether and to what extent one's own orientations and actions are 'appropriate' as compared with the norm among those groups of which one considers oneself to be apart.

Indeed, the influence of peers as reference groups on purchase behaviours is well documented (Bearden & Etel, 1982; Bearden, Netemeyer, & Teel, 1989). Within the CS literature, peer groups have been one of the most commonly researched socialisation agents and studies have shown that peer interactions regarding consumption-related matter is highly influential in shaping shopping orientations (e.g. Shim & Gehrt, 1996), retail patronage behaviour (e.g. Bellenger & Moschis, 1982) and consumption-oriented decision making (e.g. Singh, Chao, & Kwon, 2006). In this study, it is assumed that consumption-related communication with peers is an important source of knowledge and motive for an individual to participate in online auctions. Individuals who want to join the C2C online marketplace may ask their friends or family members, who are members of these online auctions, in order to gain knowledge and experience.

Apart from the influence of peer groups, the media is considered to be one of the key sources of consumption-related beliefs, attitudes and behaviour norms. Consistent with the social learning theory, propositional knowledge also plays an important role in the consumer socialisation theory, as it emphasises a prior understanding (Foster & Lin, 2005). In this case, books and related materials are considered to be one of the sources of information that sellers acquire from media tools.

The learner may acquire cognitions and behaviours from the social agents through the processes of *modelling*, *reinforcement*, and *social interaction* (McLeod & O'Keefe, 1972). Sellers in online auctions are expected to learn selling and marketing skills by observing and imitating others, via punishment and reward, and interacting with others. The learning process discussed in the CS theory is consistent with Bandura's (1971) social learning theory in the sense that it focuses on modelling as an important mechanism in acquiring knowledge. However, the social learning theory suggested by Bandura has been less concerned with reinforcement and punishment, which are, after all, central concepts of learning theory (Grusec, 1992).

2.8. Research gaps

The internet, as one of the most influential and important emerging disposition channels, seems to be a promising place to study the behaviour of sellers and their attachment to the sold products and the auctions (Chu & Liao, 2007). Since the emergence of the very first online auction, eBay, in 1995, most research has focused on buyer-centric design and buyer

behaviour (Ariely & Simonson, 2003; Dittmar et al., 2004; Rauniar et al., 2009). However, little effort has been spent on investigating the dynamic nature of seller behaviour in the C2C online auction environment (Chu & Liao, 2007; Loebbecke et al., 2010).

In the online auction literature, a considerable amount of research has focused on investigating auction mechanisms and buyer behaviour (Ariely & Simonson, 2003; Dittmar et al., 2004; Rauniar et al., 2009). However, very few studies have explored the behaviour of sellers in the C2C online auction environment (Cameron & Galloway, 2005; Stern & Stafford, 2006; Chu & Liao, 2007). In addition, most prior studies in the area of seller behaviour in online auctions have been conducted regarding rational aspects, such as auction settings (Lucking-Reiley, 2000; Hou, Kuzma, & Kuzma, 2009; Reynolds et al., 2009; Utz et al., 2009) and monetary motivations (Chu & Liao, 2007; Denegri-Knott & Molesworth, 2009).

Within the marketing literature, auction theorists have made a significant contribution to auction theory regarding buyer and seller behaviour, such as pricing strategy and buyer-seller negotiations in online auctions (Vishwanath & Barnett, 2005;Clark & Ward, 2008; Nassiri-Mofakham et al., 2008). However, few studies have investigated small sellers, who dominate C2C online auctions (Klemperer, 1999; Maasland & Onderstal, 2006). Thus, it would be interesting to study the process that sellers go through to acquire selling expertise and transform into experienced sellers. Even though an extensive body of research has investigated the auction mechanisms used by sellers to facilitate their businesses (Bapna et al., 2001; Ariely & Simonson, 2003; Kauffman & Wood, 2006), and their involvement in online auctions (Loebbecke et al., 2010), little information is known about how sellers perceive and value their activities, and what they should do to increase the effectiveness and reputation of their businesses. Therefore, it is critical to further investigate the reasons behind their activities in online auctions. Furthermore, little attention has been paid to the online auctions literature regarding marketing activities and the behaviour of participants (Popkowski-Leszczyc, 2004; Cheema, 2005; Cameron & Galloway, 2005; Goes et al., 2009). Accordingly, it is worthwhile to further investigate the marketing activities undertaken by the sellers in online auctions.

In the retailing literature (Dant & Brown, 2008), most studies have tended to focus on personal selling in business-to-business (Cannon & Perreault, 1999; Pulins et al., 2000) and business-to-consumer markets(Smith, 1975; Baker & Song, 2008). Research in sales literature also shows that salespeople can play a significant role in generating long-term relationships

between consumers and organisations and contributing to the success of a business and a product. However, few attempts have been made to investigate the behaviour of individual sellers in the C2C online auction environment (Chu & Liao, 2007). This gap is reasonably explained because online auctions have been active for only about 15 years, and few people have been aware that the online auction environment is such a robust marketplace (Nissanoff, 2006). It is anticipated that both sales skills and customer satisfaction are as critical in the online environment as in the offline marketplace.

2.9. Chapter summary

This chapter has reviewed the literatures on both online and offline auction environments and both formal and informal marketplaces, with the focus on seller behaviour. It is believed that the C2C online auction environment possesses some characteristics, which are similar to tradition auctions and informal marketplace, but with both authorised and unauthorised rules among users. In addition, literatures in the area of learning theories have been discussed in order to explain the learning process experienced by sellers to acquire trading and marketing knowledge and skills in this new marketplace. According to the literature review, a number of gaps and research questions have been identified. The following chapter will discuss the methodology adopted by this study.

CHAPTER 3: METHODOLOGY

3.1. Introduction

Due to the popularisation of online auctions at the present time and a lack of research in the online auction literature with regards to seller behaviour, the primary objective of this study is to explore the behaviour and experiences of sellers in the C2C online auction environment. The objectives of this chapter are to discuss the aims of this study, to discuss the philosophical and methodological perspectives that underpin this research, and to discuss the methods used in this study. However, before discussing the primary research phase of the proposed thesis, it is necessary to operationalise some terms.

3.2. Operational definitions

An auction: defined by McAfee and McMillan (1987) as "a market institution with an explicit set of rules determining resource allocation and prices on the basis of bids from the market participants".

Online auctions: partly similar to traditional auctions in a sense that they provide a place for buyers and sellers to trade items through a bidding process (Online Auctions, 2009). However, as opposed to traditional auctions, online auctions allow the users to monitor the bidding process remotely, and are thus free of the spatial limitations (Chang, 2010). In addition, online auctions involve not only explicit tenets determined by the auctioneers and regulators, but also implicit or unwritten rules set by market participants (Chua, Wareham, & Robey, 2007). At the same time, risks might increase for both bidders and sellers as they may not be able to have direct contact with both the traders and the products (Online Auctions, 2009).

Users in the online auction environment: range from individuals conducting online *garage sales*, which are usually known as consumer-to-consumer (C2C) marketplaces, to companies liquidating unwanted inventory – business-to-consumer (B2C) transactions (Ba, Whinston, & Zhang, 2003) – and business-to-business (B2B) *hubs*(Chaffey, 2002; Wang & Chiang, 2009). The subject matter of this thesis is related only to C2C online auctions. While eBay and TradeMe are recognised as being well-known only for C2C trading, they do accommodate B2C transactions (Brint, 2003). More specifically, eBay has extended its business in recent

years in order to support B2C and B2B trading because these businesses increasingly contribute a high proportion to the annual income of online auctions (Tassabehji, Taylor, & Wood, 2006; Gregg & Walczak, 2008).

- *B2C online auctions:* "The host auction site provides a mechanism for business suppliers to sell off their excess inventories or refurbished goods" (Brint, 2003, p. 1177).
- *B2B online auctions:* "Both the buyers and sellers are businesses and online auctions are used for procurement as well as sales" (Brint, 2003, p. 1177).
- *C2C online auctions***:** "the exchange between individuals, who operate in conjunction with one another, all outside the realm of traditional channels and the value chain" (Plouffe, 2008, p. 1180). C2C online auctions provide a marketplace for individual buyers and sellers to trade online (Brint, 2003). Different from B2C or B2B online auctions, in which sellers are primarily full-time professional traders whose livelihood depends upon the trades in auctions, C2C online auctions are mainly held by amateur sellers, who do not consider trading in online auctions as a main source of income (Bandyopadhyay & Bandyopadhyay, 2010). Since it is believed that there is no study which identifies and classifies sellers in online auctions, this classification is decided based on the categorisation of sellers in informal markets (Belk et al., 1988).

Sellers **(in online auctions):** generally individuals who have made at least one transaction in an online auction (Carney, 2007).

- *Large sellers:* those who extend the gross profit of their businesses over the margin of NZ$2000 (Carney, 2007). According to information from the Ministry of Consumer Affairs (Online Auctions, 2009), a seller is *in business* as a second-hand dealer if within 12 months, the seller:
  - Buys second-hand articles or scrap metal for the purpose of trade on six or more different days; or
  - Sells, exchanges or deals in second-hand articles or scrap metal on six or more different days or so as to receive revenue of $2000 or more.
  - Makes a gross profit of more than NZ$2000, in which case the seller will have to apply for a second-hand dealers' certificate and pay taxes.
- *Small sellers***:** sellers who restrict the gross profit of their business to under NZ$2000 because of the notion of taxes (Carney, 2007).

- ***Experienced sellers or experts***: individuals who have participated in the online auction marketplace for a long time, have a significant number of trades on auction sites (Wilcox, 2000), fewer auction listing errors, lower seller frustration, and fewer auction frauds (Goes et al., 2009). However, Goes et al.(2009) also stated that, since the definitions of experienced and novice sellers are fairly subjective, seller feedback scores were used as a proxy for seller experience.

- ***Unprofessional or novice sellers***: individuals who are new to the online auction marketplace, have a small number of trades and a lower success rate (Wilcox, 2000).

For the purpose of this study, the focus is not on large sellers.

3.3. Research objectives

Due to the current exponential growth of online auctions and a lack of research in this area, the primary purpose of this study is to explore sellers' experiences and selling behaviour within the online auction context. This study will focus on the marketing and selling skills acquired by sellers over time. More specifically, the objectives of this study are:

1. To explore the learning process that individual sellers go through in the C2C online auction environment.
2. To determine what skills and techniques are commonly used by sellers and how these skills have been applied when marketing their products in the online auction environment.

3.4. Research questions

Seller behaviour has been studied broadly in informal markets (Belk et al., 1988; Pryor & Grossbart, 2005; Bruin & Dupuis, 2000; Herrmann & Soiffer, 1984; Laibman, 2006), retailing literature (Dant & Brown, 2008), and consumer disposition behaviour (Lastovicka & Fernandez, 2005; Denegri-Knott & Molesworth, 2009). However, few attempts have been made to investigate the behaviour of individual sellers in the C2C online environment (Chu & Liao, 2007). The proposed study will explore sellers' behaviour and experiences within the online auction context, in particular the marketing and selling skills acquired by sellers during the learning process to become selling experts.

Firstly, it is believed that understanding the learning process whereby inexperienced sellers are transformed into experienced sellers will assist auctioneers in generating an interactive online environment in which sellers can communicate and share experiences with each other. According to Nissanoff (2006, p. 88), selling on any of the online exchanges is not an easy task, and "the time it takes to learn how to sell and to process sales on these exchanges has so far discouraged the masses from actually going through the motions". Thus, it would be interesting to study the process through which sellers learn selling and marketing expertise and transform into experienced sellers (Chu & Liao, 2007). Both social learning theory and consumer socialisation theory suggest that it is important for individuals to acquire prior knowledge about consumption and the environment before actually participating in real situations (Moschis & Churchill, 1978; Foster & Lin, 2005). This prior knowledge can be acquired from parents, schools, peers and media (Ward, 1974). In this study, peer groups and media are considered to be the most significant interpersonal sources of information for C2C online auction sellers. Additionally, self-experienced learning via a reward and punishment process is also considered to be a good source of learning in this situation (Foster & Lin, 2005). Although some experimental studies have examined the possibility that bidders learn about auctions through repeated play (Kagel, 1995; Rutstrom, 1998), little effort has been spent on investigating the learning experience of sellers through repeated practices. Therefore, the following research question also aptly reflects Research Objective 1.

RQ1: How do individuals learn to become experienced sellers in the online auction environment?

It is proposed that understanding seller behaviour in the online auction environment, particularly the selling and marketing activities undertaken by sellers before, during and after the auctions, will allow auctioneers to develop more effective marketing campaigns to encourage sellers' engagement. As a result, auctioneers will benefit from attracting more sellers by providing them with more convenient tools to facilitate their personal businesses and their promotional activities. Interestingly, more interactive and attractive mechanisms may draw not only sellers but also buyers to the online auctions (Chu & Liao, 2007). Findings in recent research by Denegri-Knott and Molesworth (2009) suggested that sellers actually perceived the importance of marketing practices and broadly practised them. Therefore, it is important to obtain a better understanding of sellers' expectations of the spatial mechanisms provided by an online auction site, and their perception of the importance of marketing their

products and businesses and building long-term relationships with potential customers. Hence, it is worthwhile to investigate the following research questions in order to reach Objective 1 stated above.

RQ2a: What types of selling strategies are adopted by the online sellers?

RQ2b: What skills and techniques are commonly used by sellers when marketing their products in the C2C online auction environment and how do they apply them?

The context of online auctions has been chosen for this study because of the recent explosive growth of online auctions (Rauniar et al., 2009). Sellers are the main research subjects for this study because an extensive amount of research has been done on buyer behaviour but limited information on seller behaviour is known (Chu & Liao, 2007). It is worth noting that sellers, as opposed to buyers, also play a key role in generating and maintaining the thorough operation and dynamic environment of both online and offline marketplaces (Belk et al., 1988; Bruin & Dupuis, 2000; Tiemann, 2004).

3.5. Research paradigm

When researchers undertake a project of enquiry, they explicitly or implicitly adopt a perspective on how one seeks knowledge. The approach that a researcher takes, whatever its form, reflects a position taken on the philosophical issues of ontology and epistemology (Hudson & Ozanne, 1988). Within marketing disciplines, positivism and interpretivism have been the two dominant paradigms (Hudson & Ozanne, 1988; Crotty, 1998; Carson, Gilmore, Perry, & Gronhaug, 2001). While the positivists' overriding goal is "explanation via subsumption of the behaviour under universal laws", the interpretivists aim to understand behaviour rather than predict it (Hudson & Ozanne, 1988, p. 510). Since this proposed study is grounded in an interpretivist paradigm, it is important to understand the differences between the two paradigms, and why this paradigm underpins this study's philosophical and methodological framework.

3.5.1. Ontology

Ontology refers to a view of reality (Hudson & Ozanne, 1988). The researcher may view the real world as being composed of identifiable entities and processes as in the physical world, or as the product of a meaning-generating process from the perceptions and actions of people

(Crotty, 1998). The positivist ontology assumes that "individuals have direct, unmediated access to the real world and subscribes to the theory that it is possible to obtain hard, secure, objective knowledge about this single external reality" (Carson et al., 2001, p. 4). Phenomena in the social world are viewed as external parts of the researcher and the relationships between phenomena occur in an orderly manner.

Conversely, the interpretivist ontology holds that "individuals do not have direct access to the real world but that their knowledge of this perceived world is meaningful in its own terms" (Carson et al., 2001, p. 4). This ontology also claims that there are multiple social realities, and they are equally valid. Social reality is believed to be constructed in relation to the thoughts, perceptions, and interpretations of individuals (Hudson & Ozanne, 1988). In this study it is proposed that the social reality of the online auction environment is constructed in relation to the different perspectives of buyers and sellers. That is, their knowledge of the online auction phenomenon is different among individuals and evocative in individual ways. However, it should also be acknowledged that the meaning can be shared among members within a particular culture. Therefore, interpretivism will be the ontological stance underpinning this study.

3.5.2. Epistemology

While ontology is reality, epistemology is the relationship between that reality and the researcher (Carson et al., 2001). Particularly, "epistemology is concerned with 'providing a philosophical grounding for deciding what kinds of knowledge are possible and how we can ensure that they are both adequate and legitimate'" (Maynard, 1994, p. 10cited in Crotty, 1998, p. 8). In this thesis, two extreme epistemologies will be discussed respectively, namely positivism and interpretivism.

Positivist epistemology holds that "meaning, and therefore meaningful reality, exists as such apart from the operation of any consciousness" (Crotty, 1998, p. 8). The positivist approach holds a deterministic view; that human behaviour is determined. Specifically, individuals behave reactively, in a response-reinforcement fashion, to the external world (Hudson & Ozanne, 1988). The researcher is viewed as being capable of studying the social world without influencing it. Based on their goals and assumptions about the existence of reality, they take a generalising approach to research, which is seeking out general, abstract laws that ideally can be applied to an infinitely large number of phenomena, people, settings, and

times(Hudson & Ozanne, 1988). Hence, one could argue that the positivist philosophy of science is not suited to social science research because it does not take into account humans' lived experience (Miles & Huberman, 1994; Crotty, 1998).

Interpretivist epistemology holds that "no objective truth is waiting for humans to discover it; thus truth or meaning comes into existence in and out of people's engagement with the realities in our world" (Crotty, 1998, p. 8). Hence, "different people may construct meaning in different ways, even in relation to the same phenomena" (Crotty, 1998, p. 9). As opposed to positivists, who seek to determine law-like regularities, interpretivists seek to determine motives, meanings, reasons, and other subjective experiences that are time-bound and context-bound. The researchers are not an independent party, but believed to be actively involved in constructing the interpretations of reality, just as the subjects of their research are involved in constructing reality (Lincoln & Guba, 1985).

This study will adopt an interpretivist epistemology, as it assumes that different sellers will have different perceptions and different interpretations of online auctions. However, it is worth noting that the shared meaning among sellers within a community is also taken into consideration. Moreover, the aims of seeking to determine motives, reasons, and experiences within the context of online auctions, instead of determining law-like regularities, emphasise the interpretivist perspective in this research.

3.5.3. Social constructionism

According to Patton (2002, p. 79), "there is no definitive way to categorise the various philosophical and theoretical perspectives that have influenced and that distinguish types of qualitative inquiry". Carson *et al.* (2001) provide a continuum of research philosophies ranging from positivism to interpretivism. On the interpretivism continuum, Carson *et al.*(2001)listed critical theory, realism, constructivism, hermeneutics, humanism, natural inquiry and phenomenology. Schwandt (2000) identifies three epistemological stances for qualitative inquiry: interpretivism, hermeneutics, and social constructionism, whereas Crotty (1998) offers three primary epistemological influences: objectivism, constructionism, and subjectivism. In addition, Perry (1998) distinguishes two major paradigms: positivism and phenomenology, which is further divided into critical theory, constructivism and realism.

Using Crotty's (1998) typology, the constructionism guides this study (see Table 5). Since objectivist epistemology holds that "meaning, and therefore meaningful reality, exists as such apart from the operation of any consciousness" (Crotty, 1998, p. 8), it consists of positivist principles. Alternatively, one can assume that interpretivism has been divided into two separate epistemological perspectives, which are constructionism and subjectivism. On the one hand, constructionists deny the objective truth, and hence, truth or meaning is formed based on the engagement between subject and object. In other words, meaning is "not discovered, but constructed" (Crotty, 1998, p. 9). Conversely, the subjectivist epistemological stance posits that "meaning does not come out of the interplay between subject and object but is imposed on the object by the subject" (Crotty, 1998, p. 9). Even though subjectivists posit that meaning is created out of something, Crotty (1998, p. 9) emphasises that "meaning comes from anything except from an interaction between the subject and the object".

Table 5 - Crotty's typology

Epistemology	Theoretical perspective	Methodology	Methods
Objectivism **Constructionism** • **Constructivism** • **Social constructionism** **Subjectivism** *(and their variants)*	Positivism (and post-positivism) Interpretivism ✓ Symbolic interactionism ✓ Phenomenology ✓ Hermeneutics Critical inquiry Feminism Postmodernism Etc.	Experimental research Survey research Ethnography Phenomenological research Grounded theory Heuristic inquiry Action research Discourse analysis Feminist standpoint research Etc.	Sampling Measurement and scaling Questionnaire Observation ✓ Participant ✓ Non-participant Interview Focus group Case study Life history Narrative Visual ethnographic methods Statistical analysis Data reduction Theme identification Comparative analysis Cognitive mapping Interpretative methods Document analysis Content analysis Conversation analysis Etc.

(Crotty, 1998, p. 5)

Even though Crotty did not directly divide constructionism into two sub-tenets, in his discussion there is a differentiation between social constructionism and constructivism. Specifically, "constructivism for epistemological stances focuses exclusively on *the meaning-making activity of the individual mind*, while constructionism focuses on *the collective*

generation [and transmission] of meaning" (Crotty, 1998, p. 58). In other words, a constructivist perspective assumes that each individual has a unique experience of the world, which is equally as valid as another's (Crotty, 1998, p. 58), whereas social constructionism holds that one's interaction with others shapes one's mind and the way one views things (Schwandt, 2000).

Since social constructionists think that things are socially constructed, social constructionism mainly focuses on uncovering the ways by which individuals and groups participate in the creation of their perceived social reality (Schwandt, 2000). A socially constructed reality is considered to be an ongoing, dynamic process which is reproduced by people acting on their interpretations and their knowledge of it. Accordingly, as this study will explore the online auction environment –also a socially constructed phenomenon reproduced by buyers and sellers acting on their analyses and knowledge of it – it is appropriate to choose the epistemological perspective of social constructionism.

3.5.4. Theoretical perspective

As Crotty (1998, p. 7) states, a theoretical perspective is the "philosophical stance that lies behind our chosen methodology". This philosophical stance will provide the context, basic logic, and criteria for a study, because "different ways of viewing the world shape different ways of researching the world" (Crotty, 1998, p. 66). Since one of the aims of this thesis is to study the behaviour of sellers and their interaction with others in a socially constructed culture – C2C online auctions – the interpretivist theoretical perspective will adopt, more specifically, a symbolic interactionist perspective.

Adopting an interpretivist perspective enables the researcher to explore how sellers experience the online auction environment and make sense of space and their interaction with others. However, according to Crotty (1998), a range of interpretivist approaches, including phenomenology, hermeneutics and symbolic interactionism, falls under this theoretical perspective (refer to Table 5). Consequently, phenomenology is considered to be more individual-meaning making, since it focuses on "gaining deeper understanding of the nature or meaning of our everyday experiences" (Van Manen, 1990, p. 9 cited in Patton, 2002, p. 104); whereas symbolic interactionism is more likely related to the social construction of meaning, as it emphasises "the importance of meaning and interpretation as essential human

processes in reaction against behaviourism and mechanical stimulus-response psychology" (Patton, 2002, p. 112).

This study takes the symbolic interactionist stance as a theoretical perspective. Symbolic interactionism is "a subjectivist sociology itself with the actor's point of view as well as the nature of the situation in which collective action is constructed" (Lal, 1995, p. 421). As Mead (1934, p. 162) stated, "a person is a personality because he belongs to a community, because he takes over the institutions of that community into his own conduct". Similarly, sellers start to participate in an online auction and learn skills and techniques from others through communication and interaction. Later on, they will create shared meanings with other sellers and even buyers, and make it become their reality. Under interactionists' points of view, humans are considered to be active, creative participants who construct their social world, instead of passive, confirming objects of socialisation, because it focuses on the subjective aspects of social life, instead of the objective, macro-structural aspects of the social system (Blumer, 1969).

An important aspect of symbolic interactionism to qualitative inquiry is "its distinct emphasis on the importance of symbols and the interpretative processes that undergird interactions as fundamental to understanding human behaviour" (Patton, 2002, p. 113). The meaning of a symbol can be interpreted not only differently by particular individuals, but also similarly among members within a group or community. The way to elucidate a symbol helps to define the self and one learns symbols through one's interactions with others. Another key aspect of symbolic interactionism is semiotics, a blend of linguistics and social science (Patton, 2002). Basically, semiotics focuses on studying rules or forms of language as well as the relationship between language and human behaviour (Manning, 1987), because it is believed that "humans are distinctively sign-using and symbol-generating animals" (Percy, 1990, p. 243). This study will examine the shared meanings of symbols and languages used by sellers and buyers within the online auction environment, in order to gain a greater understanding of the behaviour of sellers and trading interaction amongst them.

3.6. Methodology

The methodological perspective one adopts in a study governs one's choice and use of methods (Crotty, 1998). In this study, ethnography is chosen as a methodological stance. At its core, ethnography is a method for learning about human cultures (Kelly & Gibbons, 2008).

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According to Tedlock (2000, p. 455), "long enshrined as a method, a theoretical orientation, and even a philosophical paradigm within anthropology", ethnography has recently been extended to cultural theory, literature theory, folklore, women's studies, sociology, cultural geography and social psychology. A market-oriented ethnographic methodology, which refers to an ethnographic focus on the behaviour of people constituting a market for a product or service, is specifically adopted for this study (Arnould & Wallendorf, 1994).

3.6.1. Justification of the market-oriented ethnographic methodology

According to Tedlock (2000, p. 455):

Ethnography involves an ongoing attempt to place specific encounters, events, and understandings into a fuller, more meaningful context. It is not simply the production of new information or research data, but rather the way in which such information or data is transformed into a written or visual form.

An adapted market-oriented ethnographic approach underpins the methodological perspective of this study because the purpose of this study is to explore the sellers' behaviour within a social setting – the online auction environment. The central and guiding assumption of ethnography[1] is that "any human group of people interacting together for a period of time will evolve a culture" (Patton, 2002, p. 81). This idea is consistent with the 'holistic style' of ethnography, discussed by Sanday (2006), stating that "each new member of a society or a group must learn to act appropriately as a member and contribute to its maintenance and, occasionally, to its improvement" (Spindler & Spindler, 1971, p. 9). Accordingly, online auction culture has been formed and improved by transactions and interactions between sellers and buyers over a period of time. Moreover, every new member of an online auction will learn how to perform and react appropriately and consistently with both explicit tenets established by auctioneers and implicit rules determined by existing sellers and buyers themselves.

As stated by Elliott and Jankel-Elliott (2003, p. 216), "no adequate knowledge of social behaviour can be developed without an understanding of the symbolic world of the subjects of study, seeing the world through their eyes and using their shared meanings". Since this study

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[1]The terms ethnography and adapted market-oriented ethnography will be used interchangeably to describe the methodological stance of this present study.

involves the learning process of sellers through dialect, jargon, special uses of words, and neologism, it is consistent with this assumption of ethnographic methodology.

Ethnography is considered to be both a process and a product (Arnould & Wallendorf, 1994; Elliott & Jankel-Elliott, 2003; Tedlock, 2000). Because this study will also investigate the learning process that sellers must go through in order to become selling experts, ethnography is an appropriate methodological perspective. However, this study did not follow the sellers online over a length of time, but instead looked at their sites, feedback ratings over a period of time, interviewed them, observed them online and copied their pictures. Hence, a quasi-ethnographic approach was adopted.

Lastly, this study requires the researcher to actually participate in the online auction culture in order to understand the nature of the online auction operation and the behaviours of sellers within this environment. This issue is consistent with Hochschild's (1979) conclusion and Tedlock's (2000, p. 456) suggestion that "by entering into close and relatively prolonged interaction with people in their everyday lives, ethnographers can better understand the beliefs, motivations, and behaviours of their subjects". Gold (2006) proposed a framework to discuss the extent to which researchers participate in the field work, ranging from pure observation to complete participation (see Figure 5). Later, Kozinets (2006) also concludes that the extent of research participation in an online (and related offline) communities can definitely vary between netnographies. In particular, he provides a spectrum of different types of netnography (see Figure 6), including observational netnography, participant-observational netnography, and autonetnography, varying from a very distant participation to one that is highly involved (Kozinets, 2006).

Figure 5 - Ratio of researcher's participation

Ratio of researcher's **participation** in field work

Low-none   High

Observer   Participant as   Observer as   Complete
                observer   participant   participant
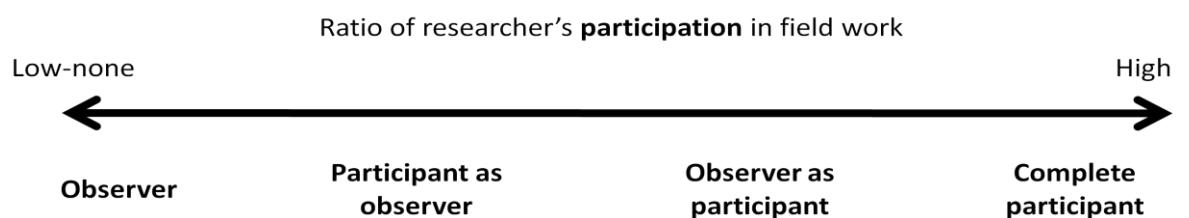
(Gold, 2006, p.74)

Figure 6 - Ratio of researcher's participation in the online community

Ratio of researcher's **participation** in online community vs. observation

Low-none   High

←   →

Observation   **Participant-observation**   **Autobiography**
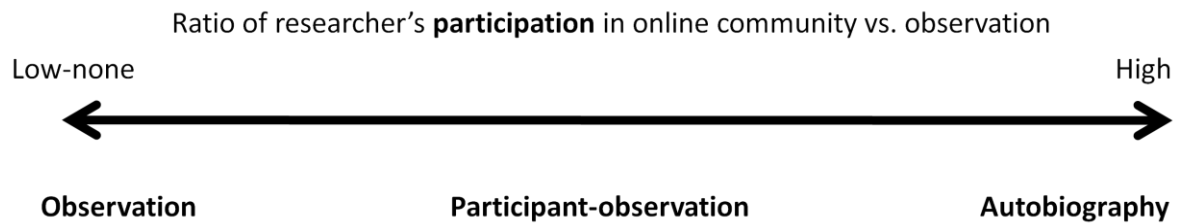
(Kozinets, 2006, p.140)

In this proposed study, the purely observational online ethnography will be adopted to obtain a greater understanding of the TradeMe site and how it operates. In this form, the researcher is both present yet distant from the community and its interactions (Brown, Kozinets, & Sherry Jr, 2003). Although the researcher might have fewer opportunities to learn about the community through the lived complexity of actual interactions with the community, the unobtrusiveness will be highly valued (Langer & Beckman, 2005).

3.6.2. Conducting ethnographic research

As stated by Malinowski (1922, p. 25 cited in Tedlock, 2000), ethnographic research should have the goal of grasping the 'native's point of view'. Therefore, there are four distinctive features guiding ethnographers' research practices (Arnould & Wallendorf, 1994, p. 485), including:

- "Systematic data collection and recording of human action in natural settings.
- Participant observation: involves extended, experiential participation by the researcher in a specific cultural context.
- Interpretation of behaviours that the person studies (Lincoln & Guba, 1985) and the intended audience finds credible (Wallendorf & Belk, 1989). Whereas academic credibility can be achieved through narrative virtuosity alone (Crapanzano, 1992), ethnographic credibility with the people studied is not likely to be achieved by pluralistic interpretations that embrace and explain cultural variation (Joy, 1991).
- Incorporating multiple sources of data. Rather than using multiple data sources to achieve convergence in interpretations, ethnography uses them to generate varying perspectives on the behaviours and context of interest."

3.6.3. Ethnographic principles

Kelly and Gibbons (2008, p. 281) suggest three key theoretical underpinnings of ethnography in their research:

- "Interpretive in nature: ethnographers are more enthusiastic in seeking to understand the *why* rather than the *what* of the phenomenon and research setting.
- Thick description (Geertz, 2000): Geertz's notion of thick description nicely captures the importance of symbols in context. In particular, similar symbols within different cultural contexts may convey different meanings.
- Cultural as opposed to individual, collective conscience (Durkheim, 1997) or generalised other (Mead, 1967): the ethnographic approach seeks to understand more than the aggregated thoughts of the respondents. It seeks to get at the larger context, so the sample size is not simply interpreted. Accordingly, a newcomer will download the relevant culture when they enter a new environment. Later, as that individual makes progress with the culture however, he or she has the opportunity to add new information to old bits of culture (McCracken, 1986). In general, Kelly and Gibbons (2008) have concluded that after being shaped by the culture, a person can now contribute to its future shaping."

3.7. Methods

While methodology refers to the philosophic framework that underpins the study, method is the mode that is guided by methodological and philosophical assumptions (Crotty, 1998).

3.7.1. Qualitative inquiry

The researcher has a choice between quantitative and qualitative methods of data gathering. This represents a choice between breadth and depth of knowledge. While quantitative data gathering provides a breadth of information on a phenomenon, qualitative data gathering provides a depth of information (Denzin, 1989; Creswell, 1994; Denzin & Lincoln, 2000).A qualitative approach will be employed because this study intends to explore the C2C online trading phenomenon and obtain an in-depth understanding of the behaviour and experiences of sellers (Denzin, 1989; Creswell, 1994; Miles & Huberman, 1994). Since the current thesis requires a comprehensive and multi-faced understanding of the phenomenon, qualitative

research with a wealth of detailed information about a small number of people provides a sound solution (Patton, 2002). In contrast, a quantitative approach to research typically gathers data from a large sample of people, who are assumed to be representative of a large population of interest. Quantitative research often utilises the survey as its method of data gathering (Creswell, 1994). A qualitative approach is also appropriate for this study because it focuses on exploiting in-depth information instead of finding causal relationships among variables (Miles, 1979; Lincoln & Guba, 1985). An exploratory investigation appears to be the most appropriate method, as there is little empirical research in the online auction field, particularly in relation to seller behaviour.

3.7.2. Data collection

An adapted market-oriented ethnographic method was applied in this study. According to Arnould and Wallendorf (1994), since ethnographers follow human action as it occurs rather than initiating it, their data collection deploys an evolving sampling plan, takes longer, and is less completely specified by a priori design than does much research in marketing. Generally, multiple data collection methods are typically employed by qualitative researchers (Eisenhardt, 1989). They usually include interviews, observations and archival sources. In this study, brief observations, in-depth interviews and collected archival data were employed. Table 6 provides basic information about the participants in this study.

Table 6 - Interviewees' profiles

	Participant	Ethnicity	Gender	Age-group	Occupation	Membership	Number of trades
1	Abby	Chinese	F	26-30	Early childhood teacher/student	4-5 years	78
2	Barry	Pakeha/ NZ	M	21-25	Student	5-6 years	2000
3	Cara	Chinese	F	26-30	Masters student	4-5 years	16
4	Daniel	Pacific Islander	M	21-25	Student	6 years	Multiple accounts
5	Dave	Pakeha/ European	M	51-55	Accountant	4-5 years	450
6	Gail	Pakeha/ NZ	F	26-30	Masters student	5 years	50
7	Isabel	Pakeha/ NZ	F	21-25	Unemployed	2 years	60
8	Jase	Pakeha/ NZ	M	Under 21	Part-time study/ retail	4 years	44
9	Jose	Pakeha/ NZ	M	50-55	Businessman	6 years	301
10	Kei	Pakeha/ NZ	F	21-25	Student/ childcare	3 years	200
11	Lali	Mongolian	F	26-30	PhD student	5 years	33
12	Lars	Malaysian	M	21-25	Student	2-3 years	123
13	Marc	Thailand	M	31-35	PhD student	3.5 years	200
14	Mariel	European/ American	F	31-35	PhD student/ stay-at-home mother	5 years	680
15	Paola	Pakeha/NZ	F	51-55	Unemployed	4.5 years	30
16	Rosalie	Pakeha/ NZ	F	21-25	Student	5 years	1241
17	Sandy	Pakeha/ NZ	F	Under 21	Student/ photographer	2-3 years	Using account with others
18	Tom	Vietnamese	M	21-25	Student	2 years	38
19	Walt	Pakeha/ NZ	M	31-35	Musician/ entrepreneur/ student	6 years	123

Although 22 people accepted the invitation to participate in this study, only 19 interviews were used for analysis, due to the unsatisfied quality (of both the sound and the content) of the other three interviews. The information about the participants illustrates the fact that the length of membership does not vary significantly, ranging from two to six years. However, the number of trades varies significantly among the participants. For the purpose of this study, the length of membership cannot be used to classify novice and experienced sellers, because some participants have been members of TradeMe for a long period of time, but have completed only a few trades, i.e., as a seller. Therefore, the number of trades has been used to classify sellers into two groups. The participants who had fewer than 50 trades but a longer term of membership would be considered novice sellers. A low trading number over a long period illustrates the fact that the participants were not particularly interested in the trading activities of online auctions.

3.7.2.1. In-depth interviews

In-depth interviewing has frequently been used within the field of marketing, particularly when the study in question has involved the experiential aspects of consumption (Arnould & Price, 1993; Celsi, Rose, & Leight, 1993) or the social construction of meaning (Belk et al., 1988; Arnould & Wallendorf, 1994; Bruin & Dupuis, 2000). The purpose of in-depth interviewing is to allow researchers to understand the other person's perspective (Patton, 2002, p. 341), and to obtain rich, in-depth experiential accounts of a phenomenon from those directly involved with the phenomenon or the environment in which it occurs (Fontana & Frey, 2000). Since the present study is designed to explore the behaviour and experiences of sellers in the C2C online marketplace, in-depth interviewing is considered to be an appropriate approach.

An in-depth interview can be either formally structured, unstructured or the combination of both, semi-structured (Fontana & Frey, 2000; Carson et al., 2001). Basically, structured interviews have a series of pre-established questions with a limited set of response categories, and there is generally little room for variation in responses (Fontana & Frey, 2000). In contrast, unstructured interviews are generally open-ended, ethnographic and do not place any constraints on those being interviewed in terms of their responses (Fontana & Frey, 2000). A combination of both, the semi-structured interview (refer to Appendix 4), is useful to researchers who have some prior theoretical issues that must be discussed and considered when it comes to data analysis (Miles & Huberman, 1994). A semi-structured interview process was chosen for this study, so that issues identified through prior theory could be included in the interview if participants did not raise them first. Face-to-face interviews were used as the main data collection method. In addition to face-to-face interviews, electronic interviewing, more specifically virtual ethnography, was used to gather information from participants who did not live within the Wellington region.

3.7.2.2. Netnographic methods

Netnography was employed in this study. Netnography, or ethnography on the internet, is "a new qualitative research methodology that adapts ethnographic research techniques to study the cultures and communities that are emerging through computer-mediated communications" (Kozinets, 2002, p. 62). In comparison with traditional and market-oriented ethnography (Arnould & Wallendorf, 1994), netnography is far less time consuming and elaborate. It is

also both naturalistic and unobtrusive (Kozinets, 2002). Since this present research studies the behaviour of particular participants within the social context of online auctions, the netnographic method was considered an appropriate approach in assisting the effective operation of the market-oriented ethnographic method. In addition to face-to-face interviews, electronic interviewing, more specifically virtual ethnography (Kozinets, 2006), was used to gather information from participants who did not live within the Wellington region. Apart from conducting interviews with participants, observing seller behaviour, and collecting related information, documents and photographs were used to generate a greater understanding of the phenomenon and the cultural context. As several contemporary ethnographers (Mariampolski, 1999; Mason, 2002; Harper, 2006) suggest, blending participants' photographs into the data collection process works not only as a record of their experience but also, though questions during the interview, offers integration of data at the level of knowledge and at the level of evidence (Brace-Govan, 2007).

Archival documents included the pictures of the auctioning items and the screen shots of the auctioning sites. This not only provided a snapshot of the sellers' trading items, and it also demonstrated how they managed their trading items in the C2C online auction environment. Observations involved observing selling activities, feedback ratings and the auction listing process. In particular, this process provided a better understanding about the sellers' marketing and selling strategies in online auctions. Moreover, the observation method could also assist the interview process in making the conversations easy to follow and understand.

3.7.2.3. Pilot study

A pilot study with one or two participants was conducted to test the interview guide, to ensure the transparency of the questions, to prevent any errors from occurring in the main study, and also to explore some key concepts that emerged from the literature review (Carson, 2001;Patton, 2002; Silveman, 2004). Accordingly, some changes had been made to the interview guide, so that it was easy for the interviewees to follow and for the interviewer to generate a good conversation flow.

3.7.2.4. Justification for the number of interviews conducted

The number of interviews and observations conducted and documents collected as part of the research design is determined by a need to have enough information to gain valid and

meaningful insights into the research issues (Yin, 2003), yet not so much that the analysis of the resulting information becomes confused and unwieldy (Miles, 1979). Generally, semi-structured in-depth interviews with online sellers were conducted until theoretical saturation occurred (Osborne, 1994). According to Eisenhardt (1989), because of the pre-specified amount of time and money allowed to spend on the data collection process, it is not uncommon for researchers to decide the number of interviews in advance. However, as Patton (2002, p. 245) states:

> "The validity, meaningfulness, and insights generated from qualitative inquiry have more to do with the information richness of the cases selected and the observational/analytical capabilities of the researcher than with sample size."

Therefore, there are no explicit rules for sample size in a qualitative inquiry (Patton, 2002). The participants or cases should be chosen to perform the information-richness of the matter under study, but not to generalise law (Carson, 2001). Therefore, in this study, 22 interviews were conducted, but only 19 interviews were chosen for analytical purposes.

3.7.2.5.   The participants

Purposive sampling involves selecting information-rich cases that are likely to provide "a great deal about issues of central importance to the purpose of inquiry" (Patton, 2002, p. 230). Based on the main objective of this study, participants were not selected by methods of a statistical nature, but the selection was planned and purposeful (Lincoln & Guba, 1985; Patton, 2002; Silveman, 2004). Hence, purposive sampling was chosen for this proposed study so as to explore the 'lived' experience of the sellers within the online auction context (Osborne, 1994).

Both male and female participants who used TradeMe, and who did not consider trading online to be a main source of income, were recruited for this study. Based on the operational definition, the participants were sellers who attained a profit lower than NZ$2000 over a period of 12 months. It is worth noting that, in order to take part in online auctions, participants are required to be over 18 years old. Since ethnographic research emphasises the whole cultural context rather than individuals, the collected data should include all the interactions, information, observations, the number of respondents or the number of site visits (Kelly & Gibbons, 2008).

The snowballing or chain sampling method (Patton, 2002, p. 237), which "emerges through a process of reference from one person to the next, quickly building up and enabling the researcher to approach participants with credibility from being sponsored by a named person" (Denscombe, 1997 cited in Streeton, Cooke, & Campbell, 2004, p. 37), was used in this study. Interestingly, the nature of this technique requires that the behaviour or trait under study must be a social activity and participants must be members of a network (Streeton, Cooke, & Campbell, 2004). Hence, it is reasonable to use the snowballing approach, as it will explore seller behaviour within an online auction network. However, possible network bias may occur (Streeton, Cooke, & Campbell, 2004), and it was solved by recruiting participants through multiple starting points (McMahon, 1995).

3.7.2.6. The researcher

The researcher was the interviewer and data collector. Since ethnography focuses on socio-cultural patterns of action, it gives primacy to observing behaviour and speech events that naturally occur (Arnould & Wallendorf, 1994). Semi-structured interviews become the second major form of data collection employed by ethnographers after participant observation. These interviews are specifically relied on to provide *emic* perspectives of action: people's value-laden stories and accounts of their own and others' behaviours (Agar, 1996; Tedlock, 2000; Snow & Anderson, 1987).

> Because ethnographers traverse both territorial and semantic boundaries, fashioning cultures and cultural understandings through an intertwining of voices, they appear heroic to some and ludicrous to others. They are "cross-dressers, outsiders wearing insiders' clothes while gradually acquiring the language and behaviours that go along with them" (Tedlock, 2000, p. 455).

Since ethnography seeks to understand the socio-cultural contexts that naturally occur by recording everyday events, settings, interactions, conversations, and uses of objects over time and across specific cases (Jorgensen, 1989), it requires researchers to be actually involved in, experience and become part of the events (Arnould & Wallendorf, 1994). As stated by Tedlock (2000), ethnographers' lives are assumed to be embedded within their field experiences.

3.7.2.7. Data collection procedure

One-on-one, face-to-face (or via Skype) interviews took place between the participant and the interviewer. At the start of interviews, participants were advised both verbally and in writing that they could withdraw from the study at any time, no questions asked, and that their names would be kept strictly confidential, with names excluded from every analysis. This information was contained on both the Participation Information Sheet and Consent Form (refer to Appendix 2 and Appendix 3).

Sixteen interviews were conducted face-to-face between the interviewer and the participants, and three interviews were conducted via Skype. The interviews were conducted at Victoria University or via Skype at a time that was most convenient to the participant. The duration of each interview ranged from one to one and a half hours. Apart from conducting interviews with participants, related documents, including archival data and photographs, were collected.

3.8. Data analysis
3.8.1. Analytical method

Following ethnographic principles, thematic analysis was used in this study, because it "seeks to assess subjects' feelings, perceptions and understandings of themselves and social relations" (Dittmar & Drury, 2000, p. 119). As stated by Kellehear (1993), "thematic analysis of text involves systematic reading, interpreting and categorising pieces of linguistic data and verbal interaction into theme-based patterns" (Dittmar & Drury, 2000, p. 119).Consistently, an iterative interpretive analysis is typical for ethnographic data (Wolf, 1990 cited in Arnould & Wallendorf, 1994, p. 494).

Both inductive and deductive analyses were used to aid in the identification of key themes. The initial categories of research objectives were deductively obtained from the literature. Eventually, the patterns and themes emerged from the interviews, collected documents and photographs (Perry, 1998). In addition, as Collier (2002) suggests, visual data was interpreted following the suggested stages, in the integration with other forms of data gathered.

However, one of the biggest challenges of ethnographic interpretation is combining data obtained through multiple methods into a credible account (Arnould & Wallendorf, 1994, p. 494). In contrast to positivist research practice, in which multiple analytical methods are used

to establish convergent validity (Anderson & Shugan, 1991), multiple methods of data collection are used in ethnographic research to access a different realm of experience (Arnould & Wallendorf, 1994). Even though this approach provides the data analysis with sufficient conceptual depth, repetition and variation in both perspectives in action, disjuncture will occur as a result of multiple methods employed (Wallendorf & Belk, 1989). Moreover, because ethnographic interpretation goes beyond merely cataloguing repetitive emic themes, both redundancy and variety in the data are needed to permit a dynamic emic representation that marks patterns of similarity and difference.

3.8.2. Analytical process

According to Arnould and Wallendorf (1994), the process of building interpretation in market-oriented ethnographies will include coding, troping and representing. This process is consistent with the data analysis and interpreting procedure suggested by Spiggle (1994). At the early stages of the data collection and analysis process, codes and coding were used to condense and organise the collected data from various sources, including open-ended interviews, observation of the auction sites and archival data (Miles & Huberman, 1994). Coding is analysis which reviews a set of field notes, transcribed or synthesised, and dissects them meaningfully, while keeping the relations between the parts intact (Spiggle, 1994). Meanwhile, codes are "tags or labels for assigning units of meaning to the descriptive or inferential information compiled during the study" (Miles & Huberman, 1994, p. 56). Codings were developed initially by marking field note recurrences of a particular behaviour across the sample for one data collection method (Arnould & Wallendorf, 1994). NVivo 8 software was used to facilitate the data coding process.

Next, different behaviours were compared in order to identify symbolic links (Fernandez, 1986 cited in Arnould & Wallendorf, 1994). This process is known as troping. The process of troping or making these comparisons refines the codings so that they are now referred to as constructs that form identifiable themes in the interpretation. Finally, "interpretive layers or themes that are connected to numerous behaviours in the quality space represent important cultural constructs and, therefore, are accorded broader emic significance in the final ethnographic representation of the constellation" (Arnould & Wallendorf, 1994, p. 498). During the data analytical process, the photos of auctioning items and some archival documents were reviewed and used to support the findings from the interviews. As the data analysis is an iterative process, the iteration involves "moving through data collection and

analysis in such a way that preceding operations shape subsequent ones" (Spiggle, 1994, p. 495).

3.9. Checks

Criteria for evaluating qualitative research differ from those used in quantitative research, in that qualitative studies mainly focus on the extent to which the researcher has provided evidence that the descriptions and analysis represent the reality of the situations and persons studied (Bloomberg & Volpe, 2008). Some qualitative researchers adopt the idea of applying scientific paradigms to qualitative data (Lincoln & Guba, 1985; Cao, 2007). Cao (2007) suggests that one of the major issues for qualitative researchers is the use of clear and appropriate criteria, in order to justify research approaches and to allow the studies to be recovered and communicated. However, Lincoln and Guba (1985) note that the benchmark for validating one's interpretation, either in principle or by technical adjustment using the falsification principle, is deemed inappropriate (Hirschman, 1986, p. 244). Therefore, the features of trustworthiness, including credibility, transferability, confirmability and dependability (Lincoln & Guba, 1985), instead of the reliability and objectivity used to judge the value and integrity of qualitative studies, are employed in qualitative research (Calder, Phillips, & Tybout, 1983; Lynch, 1983; Morgan, 1983a).

3.9.1. Credibility

The criterion of credibility suggests "whether the findings are accurate and credible from the standpoint of the researcher, the participants, and the readers" (Bloomberg & Volpe, 2008, p. 86). To ensure that the findings were credible and were not based on bias and predispositions, the researcher followed ethnographic principles as discussed previously. Triangulation, an effective checking technique which combines multiple observers, theories, methods, and data sources to overcome the intrinsic bias that comes from single-resource studies, was employed (Patton, 2002, p. 555). Triangulation was applied to verify the credibility of this study by collecting data from multiple starting points and by various methods (Patton, 2002). By using a combination of observing, interviewing, and document analysis, the researcher was able to use different data sources to validate and cross-check findings. Moreover, reviewing and discussing findings with the supervisor, known as analyst triangulation (Lincoln & Guba, 1985), was also a good way of ensuring that the reality of the participants will be adequately reflected in the findings.

3.9.2. Transferability

Transferability refers to the function of assessing external validity in positivist science (Lincoln & Guba, 1985). However, it is "not concerned with the generalisation of a particular finding, but rather with the transferability of one manifestation of a phenomenon to a second manifestation of the phenomenon" (Hirschman, 1986, p. 245). Also according to Hirschman (1986), the only way to assess the transferability of an interpretation in a particular context is to compare it with those constructed in other contexts. Accordingly, similar research can be conducted in other online auction sites, and the transferability can be achieved by comparing the research results among them. Similar studies could also be conducted with sellers in other auction sites, such as eBay, in order to compare the behaviour and learning process of sellers between different sites.

3.9.3. Dependability

Dependability refers to "whether one can track the processes and procedures to collect and interpret the data" (Bloomberg & Volpe, 2008, p. 78). As opposed to other methodologies, within which measuring scales are considered to be the instruments, in ethnography, human beings or researchers, who are actually involved in the data collection process, are the key research mechanisms (Hirschman, 1986). Although only the researcher participated in the analysing process and the data was not fully included in the discussion section, the transcripts of the interviews are available for other researchers to review.

3.9.4. Confirmability

Confirmability is a criterion used by researchers to track the objectivity of the product – data and reconstructions (Patton, 2002). As Kaplan (1984, p. 28) states, the only way that the 'objectivity' in theoretical analysis can be achieved is to "expose the valuations to full light, make them conscious, specific and explicit". Indeed, 'audit trait', which includes detailed and thorough explanations of how data are collected and analysed (Bloomberg & Volpe, 2008), can be used to assess whether the interpretation is drawn in a logical and unprejudiced manner from the data gathered and the rationale employed (Hirschman, 1986). The detailed information about the data collection process has been discussed clearly above, so that the objectivity of the present study could be checked by other researchers.

Figure 7 - The process of data collection
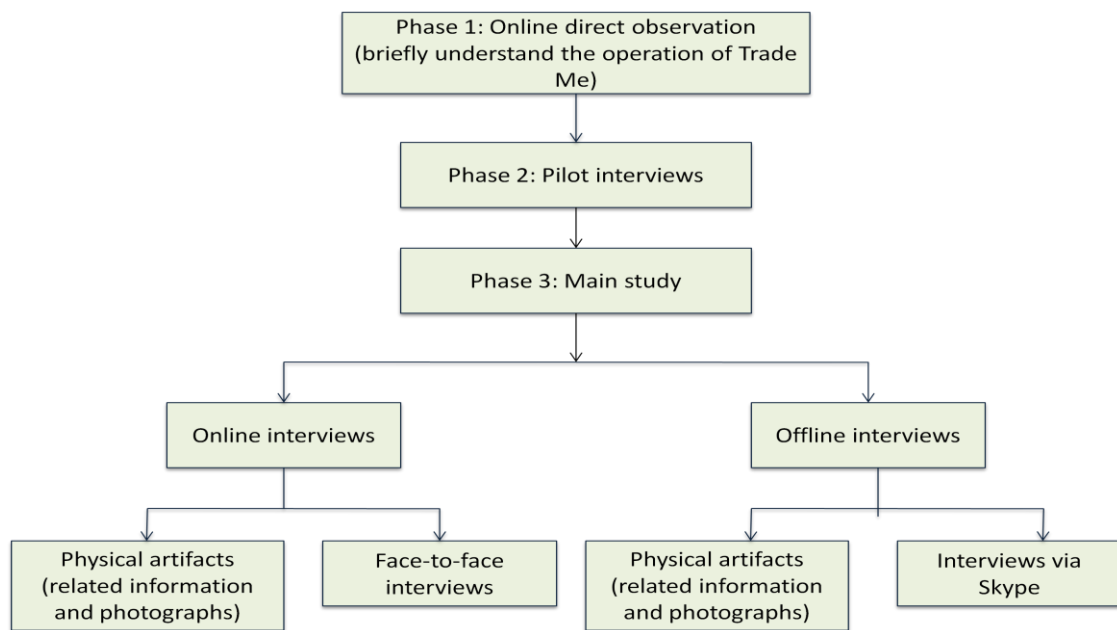
3.10. Ethical considerations

In conducting research, there are ethical issues that one must contend with in order to protect the participant and the researcher, as well as the integrity of the study. Issues of privacy, confidentiality and informed consent had been thoroughly addressed before the study began.

3.10.1. Confidentiality

Participants were advised both verbally and in writing that they could withdraw from the study at any time, and that both their answers to questions and their names would be kept strictly confidential. This information was contained on both the Participation Information Sheet and on the Consent Form. Confidentiality was maintained throughout the study, as names were changed before the interviews were transcribed, in order to protect their identity. Furthermore, since the researcher transcribed the interview herself, no identifiable information was released to a third party.

3.10.2. Privacy

Issues of privacy were also discussed. Participants were informed both verbally and in writing that the information provided by them would be held for a period of three years, as requested

by the researcher's tertiary institution, at which time all data would be destroyed. They were also informed that the data was kept in a secure place for the duration of that time.

3.10.3. Informed consent

In order to protect both the participants and the researcher, consent forms had to be signed before the study began. Additionally, a discussion between the participant and the interviewer had taken place before the form was signed, whereby the participants were given the opportunity to ask questions and have them answered. Finally, the participants were also informed of his or her rights.

3.10.4. Risks

There were no significant risks to the participants because the conversations were informal in nature, the participants could stop the interview process at any time, and withdraw from the study at any stage, no questions asked.

3.11.   Chapter summary

Overall, this chapter has outlined the methods used in the selection of participants and the collection and analysis of data. The qualitative approach is appropriate for the requirements of the research objectives and questions. Given the need to gather in-depth information, semi-structured interviews were conducted with both male and female sellers in the online auction site, TradeMe. In addition, a number of documents and pictures were collected from archival sources to supplement the interview data. Observation of the sellers' online pages also took place throughout the interview process and briefly afterwards. Interview data and documents were analysed using a coding system and thematic analysis, which was facilitated by the use of NVivo 8 software. Triangulation was used throughout the data collection and analysis to validate findings and enhance the richness and comprehensiveness of the study. The following chapter will represent the findings and the interpretation of these findings.

CHAPTER 4: FINDINGS AND DISCUSSIONS

4.1. Introduction

This chapter has analysed the data gathered through in-depth interviews, observation of the participants' auction sites and collection of archival documents throughout the interview process. Thematic analysis has been used to identify the patterns and themes that emerged during the analysis process. In particular, this chapter will fulfil the key research objectives. Key findings obtained from 19 face-to-face interviews have been analysed, coded and presented in relation to two key themes:

1. To find out what skills and techniques are commonly used by sellers and how these skills have been applied when marketing their products in the online auction environment.
2. To explore the learning process that individual sellers go through in the C2C online auction environment.

The following sections will discuss the above themes and subsequent sub-themes, which emerged during the analysis process.

4.2. The learning process

One of the key themes emerging from this study is the learning process the sellers undergo as they acquire information and knowledge about the skills and tactics necessary to successfully market their products in the online auction environment (see Figure 8). The learning process is defined as a process through which sellers learn not only how to use the tools provided by TradeMe, but also how to trade effectively in online auctions in order to become better sellers in the online auction marketplace. Since the participants varied in levels of experience and knowledge, this research highlighted the learning curve that inexperienced participants went through as they became experienced in the online auction environment.

At the early stages of the learning process, participants learnt how to use the tools provided by TradeMe in order to support their businesses mainly by asking other people, usually family members or friends. In the later stages, when participants became used to the functions of the website, they began learning about marketing and trading skills in online auctions. Accordingly, learning by observing other people's activities, and then from experiencing

rewards and punishments, could be considered to be the main sources of information in the learning process. In addition, the feedback loop has been set up in order to illustrate the ongoing learning process. This feedback loop assists sellers to modify any deficiencies in knowledge during the learning process. Sellers go through all these processes in order to achieve successful sales and acquire many trading experiences in auction sites. Last but not least, it is worthwhile to suggest that the influencing factors would indirectly affect the outcomes. This model will be discussed in more detail in Chapter 5.

Figure 8 - Sellers' learning process in the online auction environment
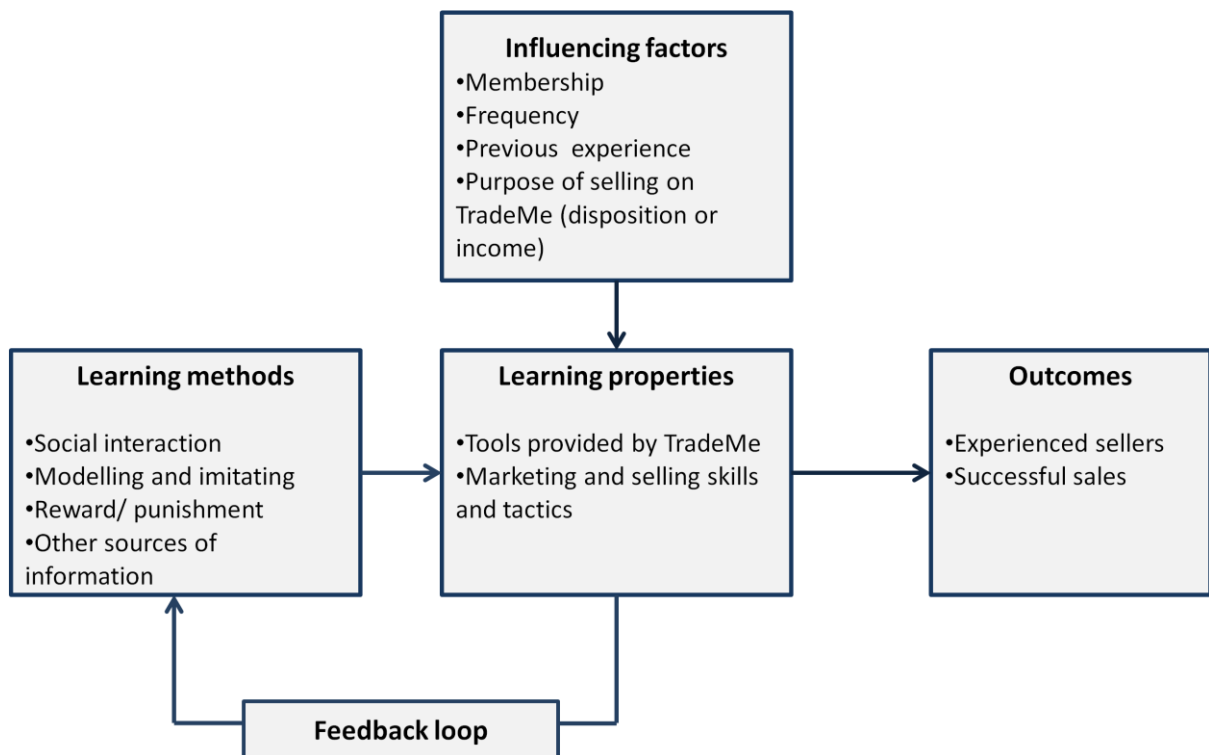
It is worth noting that this present study is framed within a Western cultural context. It is important to understand this because it not only shapes the study itself and the types of places under investigation, but also characterises the participants within this study, and the significance that they attribute to specific places. McCracken (1986) studied Western consumer culture and concluded that the culturally constituted world will be fashioned by human effort, and in return, culture determines how the world is seen. Similarly, the online auction environment could be considered a prototype of Western consumer culture, as it has been culturally constituted by the traders and signalised by its own language and codes. Moreover, once a new trader participates in an online auction, his or her perspectives will be further shaping the online auction culture. Early studies in the learning process field focused

mainly on the quality of collaborative learning products or individual learning results, but often overlooked the fact that the outcome is mediated by the quality of group learning processes (Shaw, 1981). Meanwhile, many social and cultural factors impact significantly on the interaction process (McGrath, 1984). This research focuses specifically on the learning process and the related culture, both of which have significant impacts on the learning methods and acquired skills and techniques. The following sub-sections will discuss four main sub-themes of the learning process which lead to either positive or negative outcomes – namely social interaction, modelling and imitating, rewards and punishment and other sources of information.

4.2.1. Social interaction

The first sub-theme emerging from this learning process is related to the social interaction theory. Previous studies suggested that social interaction plays an important role in the learning processes of newcomers (Ashforth, Sluss, & Saks, 2007; Manski, 2004; Korte, 2009). However, these studies mostly focused on the social learning of newcomers within an organisation. Within the consumer behaviour context, consumer socialisation is perceived to be one of the key processes through which consumers acquire information and knowledge. According to Ward (1974, p. 2), consumer socialisation is defined as "processes by which young people acquire skills, knowledge and attitudes relevant to their functioning as consumers in the marketplace". However, other researchers have suggested that the consumer socialisation process continues during the adult life cycle (Brim, 1968; Moschis, 1987) and into the elderly years (Smith & Moschis, 1984) in order to modify existing consumption behaviour and adapt to new consumer roles (Gregorio & Sung, 2010). In the case of online auctions, participants gained information mainly from their friends and family members and other more experienced sellers. For example, some participants stated:

Abby: So I asked my friends and they recommended that TradeMe is a good website. So I just checked out the website and started to put stuff on sale.

Isabel: Probably just from when I started with my friends, we talked about putting something on TradeMe. Like my brother, my brother put something on TradeMe and he told me when I should start bidding, you know, like I should start right before it's gonna close.

Abby and Isabel stated that they first learnt about the auction site and how to use tools provided by TradeMe from their friends and close relatives, that they considered these people to be experienced and reliable sources of information. Moreover, these people had had good experiences with TradeMe, so the participants were increasingly influenced by the positive feedback from them. Comments from Abby and Isabel also illustrate the fact that positive word-of-mouth (WOM) communication can have a strong impact on the participants' decision to participate in online auctions.

As well as learning more about the website, interaction with people other than their friends and relatives also provides sellers with more information and knowledge about selling and marketing skills and the helpful tricks for using TradeMe, as some of the sellers said:

Walt: And you know, just through sales jobs, some of the old people, elderly people, I mean salespeople, who are my boss. Old people are always the best people to learn from, obviously. And I always ask old people a lot of questions about sales, because they have more experience. I mean older people are the best source. There is no, actually, anywhere you can get information about this, other than other people, you know, in terms of experience.

Rosalie: I've got friends also trading on that, so I got most of the information from them, skills and tips. And from my parent's friends, because they were selling quite a bit at that time, and that's how we got interested in it. It was like, I've got something to sell too, and then we went to have a look at the website and yeah. Wow, we can really get rid of some stuff at home, and that's how we got involved.

Similar to Rosalie, Walt purposely sought out information from people whom, he perceived, possessed a significant amount of knowledge about online selling. In other words, he was very willing to ask for advice from experts, especially older people, who were believed to have more experience in both their lives and businesses. As indicated by most of the participants, personal sources of information, especially the personal experiences of peers and family members, are the most helpful and trustworthy source of information for people during the knowledge-acquiring process. This is specifically acknowledged by Rosalie:

Rosalie: But it's just when you are selling things. Otherwise, it's just simply interaction among people. I guess, if you are a new seller, if you are going through the form and stuff,

some of these are actually quite good. But learning from other people and their experiences probably is the most helpful. But TradeMe has been in the media quite a bit, so you can see some tips there, but not much.

This suggestion is consistent with the findings from previous studies which indicate that interpersonal information sources, including family and peers, seem to play a more important role in consumers' decisions (Mourali, Laroche, & Pons, 2005; Arndt, 1967; Churchill & Moschis, 1979). The reason for this is that the recommendations from these socialisation agents are not considered biased or exaggerated, and interpersonal sources provide an opportunity for clarification and immediate feedback (Mourali et al., 2005). Moreover, trust appears to be a key factor, as most of the participants believed that they learnt by asking trustworthy sources, such as their family members, peers and older sellers.

4.2.2. Modelling and imitating

The second sub-theme to emerge is learning by modelling and imitating. After learning how to use the auction site properly, most of the participants learnt how to exploit online selling tools effectively in order to support their personal businesses; it was believed that observing other people's failures and successes was a good way to learn marketing and trading skills in this online auction environment. According to the collected data, the sellers from whom the participants observed and learnt their activities, needed to satisfy two conditions in order for the learning process to occur; selling similar items and being very successful within the product categories.

Upon commencing trading, participants usually looked to other sellers who have been successfully trading on TradeMe, in order to learn marketing and selling skills, as some of them stated:

Lars: Actually it's quite useful, because you know there is a clothing shop in Khandallah of Wellington. They started doing businesses on TradeMe, and they didn't have a shop at that time. And after that, they have like 300 or 400 positive feedback, and then they got lots of customers. And they managed to, just from that reputation to ... like they opened a clothing shop, and like it's very successful, and the boss is my friend. I know him through one of my friends. So yeah, before I started to sell stuff on TradeMe, I visited him quite often, so I kind of know what he does.

According to Isabel and Lars, they specifically looked for people who had been very successful and professional in their TradeMe businesses, in order to learn the necessary skills and techniques – the reason being that they wanted to become as successful as those they observed.

Findings from this present study also suggest that the participants learnt from other sellers' mistakes and successes during the trading processes. In addition to learning what they should do, the participants learnt from other people about what they should not do, because of adverse consequences:

> *Barry: There are some auctions I find that people have no idea what they are actually bidding on. It could be, you could look at the photo, but you won't know everything, so I start it off with exactly what the items are. I usually put the synopsis of what the magazine is about, the recommendation and I usually put the term conditions.*

> *Lars: You see, this is when other sellers use $1 reserve, this is the thing that I said, it's not a good way. So I just put the same for both start and reserve price.*

Both Barry and Lars mentioned that they had observed unsuccessful auctions with some obvious mistakes, which they had learned to avoid when setting up their own auctions. This is also consistent with Foster and Lin's (2005) findings, which stated that the prior communication, negotiation and evaluation skills of sellers participating in the C2C online marketplace are usually acquired from the performance of others during an auction. Lars, in particular, thought that it would not be a good idea to have $1 reserve auctions, as people like to know the exact value of the items that they are bidding on. Similarly, Barry thought that it would not be very helpful if the auction was not clear about the price of the item. As a result, the participants knew that in order to prevent bad outcomes, it was better not to repeat these mistakes.

The social capital theory, which indicates that an individual's cognitive capital develops as he or she interacts over time with others sharing the same practice and learns the skills, knowledge, specialised discourse and norms of the practice (Wasko & Faraj, 2005; Brown & Duguid, 1991), can also be used to explain this learning method. This is because sellers within an auction site are sharing the same trading environment and might adopt similar skills by observing and imitating others.

In addition, many participants learnt by copying the pages of other sellers, who are selling similar items, and pasting the information into their own page. The participants also adopted new selling tactics by imitating what other successful sellers have done successfully.

> *Gail: Definitely I had one of the things I do when I'm selling stuff, I just kind of can't figure out what is right. So I just look for something and learn, and just copy and paste from there and change a little bit, but... because I just don't know what to say sometimes, and there are particular people who are doing it heaps and heaps at once, they run that kind of business and stuff, so I just put what they do. Sometimes I even take their photos. So if I put like a DVD on an auction, you don't have to take a photo with your camera, you just copy...*

Gail stated that when she did not know what description of the auction items to write, she simply copied it from other pages selling similar items and pasted it into her own page. Even photos of the item could also be copied and pasted, if they were similar. However, this would only be applicable for items which had common and standard features. Therefore, it was possible for many auctions to have similar descriptions and photos and, as a result, could lead to a homogeneous marketplace.

The participants also observed the actions of other people and imitated not only how they wrote the descriptions and the headings and uploaded the photos, but also how they set up the prices and used marketing tricks. As Tom said:

> *Tom: Yeah yeah... definitely, and then you can see what their price brackets and stuff like that are. Well, you can see their listings, you can read their description, and see what you don't want or don't like about.*

This quote from Tom also reveals that online auctions are a transparent marketplace where the information about the items, such as the description, the prices and related information, is displayed publicly to both buyers and other sellers. In other words, the concern of common value auctions is also well-illustrated by this quote, as "the listing value remains the same for all bidders, but unknown for each one" (Dholakia & Soltysinski, 2001, p. 228). An individual bidder benefits substantially from any information obtained about the bidding behaviour of others (McAfee & McMillan, 1987). As participants observe other auction settings and

consider whether they are acceptable to buyers or not, they may continue to learn how to do things better just by observing other people.

4.2.3. Rewards and punishments

The third key sub-theme of the learning process is related to learning via rewards and punishments. The participants did not learn only from interacting with and observing the trading activities of other sellers, but they also learnt how to use the tools provided by TradeMe more efficiently and to apply marketing and selling skills successfully throughout the process. After learning from observing other people's transactions, many participants perceived that it would be more worthwhile to practice what they had learnt from the interaction and observation by themselves. These skills were accumulated during the time that they were trading in online auctions as both a buyer and a seller. Consequently, the longer and the more often the seller had been trading in online auctions, the more they had learned about trading successfully in online auction sites. The participants also implicitly understood their conditioning learning process, as Barry and Dave stated:

Dave: Oh, I just have done it for years, plus you know what sells and what doesn't sell now.

Barry: Well, I don't know, but through the errors, what will sell and when to sell them and how the auction should look, and what an auction looks like or something like that. I just do it, because I just have done it for so long.

Both participants said that the amount of time spent in online auctions and the frequency of trading are paramount factors for success. Discussion with the participants also showed that they learnt by making their own mistakes over time. The theory of reward and punishment can be used to explain this learning method. George (1995) suggested that this learning theory is more likely related to operant conditioning, through which rewards could increase the probability of a behaviour and in contrast, punishments could decrease the probability of a behaviour.

The following sub-sections will discuss the process through which a seller might get knowledge via a number of rewards and punishment as being both a buyer and a seller.

4.2.3.1. Thinking like a buyer

Most of the participants were buyers on TradeMe before becoming sellers and consequently considered this experience useful for gaining a better understanding of the behaviour and psychology of buyers. Most participants specifically strived to set up the auction based on their expectations as a buyer. As such, they simply thought that their customers might think in the same way as them. In order to better serve their customers, Daniel, as well as other participants, believed that it would be better to think in the way that their customers think, as he discussed:

> *Daniel: Just putting yourself into the position of the buyers, if I was a buyer, would I buy that because it looks like that. And another thing is being persuasive, like convincing people that this is slightly better than the next one.*

As Paola suggested:

> *Paola: But what I say is you have to be careful, your own personal taste… if you have stuff to sell on TradeMe, you have to be careful, your own personal tastes don't detract or stop you from thinking what other people might like.*

According to Paola, in order to trade successfully on TradeMe, sellers should think in the way that their buyers might think, instead of imposing the thoughts of other buyers, and behave similarly to them. Although both Paola and Daniel were trying to think from the buyers' perspective, Paola is explicit when she stated the concern, whereas Daniel's comment is implicit in terms of adopting this perception. More specifically, thinking like a buyer does not mean that sellers impose their thinking on their customers, but that sellers think about what they would want as a buyer.

Furthermore, the participants suggested that being a buyer could assist them in better understanding the bidding behaviour. For example, Walt clearly understood the day and time that people usually were busy at work or on the street and went online to bid on TradeMe.

> *Walt: I will look for an auction that closes on Wednesday or Friday, and it closes about 1 o'clock in the afternoon. Most people will be at work then. Or it might close at 5pm, most people will be stuck in the traffic jam, like I was today. That's the reason why I'm late*

today. The core of the story is there will be less people online, so I always check what time the auction will close. It's very important because I know that I'm gonna get it cheaper.

It is worthwhile noting that being a buyer and thinking as a buyer made a difference to the way Walt set up and bid on an auction. He might hold an auction at a busy time, when he considered there would be a large number of buyers online and bidding on his items. However, if he was a buyer, he would not bid on an item during peak time, as the price of the item might be very high, and there would be lower probability of winning the auction. Consequently, since Walt assumed that many buyers were not like him, he chose to close his auctions at peak time. In general, however, a comprehensive understanding of the behaviour of buyers, by being a buyer, would assist the participants in setting up, managing and closing auctions more effectively.

4.2.3.2. Learning as a seller

The participants also gained experience as a seller by making mistakes. Experimental learning by sellers can occur on TradeMe as sellers can easily learn by trial and error about trading on the site.

Daniel: I think I have made a lot of mistakes. I think this is why people get addicted, because it's basically like a small business, like minimal starting costs. You just learn over time, like through mistakes, oh these other guys haven't done that, so I can create a competitive advantage.

Gail: You know, you put it in, and change it a few times, you know. If someone hasn't bid, you can change the pricing, then it would be better, put it a little bit higher at the beginning and then lower and lower, until someone finds it and starts to bid on it.

The quotes from Daniel and Gail do not only illustrate the location from which they practised and gained personal experience, but also demonstrate the way the knowledge has been acquired. While Daniel mentioned only the fact that sellers have learned over time by making mistakes; Gail clearly stated that, in order to get the right price for an auctioning item, she may have had to put it up for auction a few times and lower the price until she got it right. Some participants tried to learn by repeating similar activities over time until they became familiar with them. Instead of imagining themselves as buyers, they would observe and

imitate the successful actions of other sellers. Consequently, they might test the technique several times before actually accepting its effectiveness, as discussed in the learning by modelling and imitating section. On the other hand, other participants might try a new technique many times until they got it right and their customers accepted it, as discussed above in this section. As stated by Jose:

Jose: And then I sort of figured out we did it better and did it well in taking photos and writing description, until we can actually sell good stuff on it. It's very hard to sell very expensive stuff on TradeMe, because people want to see it, they don't like the fact that they can't come and have a look at it.

Gail: And if you do them, you can learn quite fast because you have to do it, when you are doing it, so you have to do it. So I did a couple of trades a few times to see what is going on. So it takes a bit longer to actually become more a bit successful I think, and learn sort of tricks of doing it.

According to Jose, after some time taking photos and writing descriptions for the auctioning items, he learnt how to do it better, and he knew by doing it better he could attract more potential customers. As a result, he could sell items more effectively. Experience also taught him that it was not always easy to sell things on TradeMe, especially expensive items. Therefore, it was necessary for him to keep learning and trialling new skills and techniques he could in order to achieve success. Jose's comment also relates to the importance of the supporting tools provided by TradeMe in eliminating the lack of tactile experience in online auctions. Similarly, Gail also mentioned that she had set up trades several times in order to see whether a technique was suitable and effective enough tosell the auctioning items. However, this learning method can be time-consuming and sellers may face a higher level of risk while making mistakes, before completing their auctions successfully. Therefore, the participants fully understood that they had to accept the risk of failure before they could achieve successes.

Paola: I guess you do think of trendy names to try to attract people, because I'm not in the gallery. Now this one here, it's now sold. It was a quite nice basic black shirt and I dressed it like that and I thought that looked quite gothic. So you see, it's actually quite a nice black shirt. But I had it up for quite a few weeks, and hardly anyone looked at it. So what I did was, I thought, ok… I would give it a new title, a new heading. So I put "Hint

of twilight gothic style black shirt", and all of sudden I got 35 people looking at it, whereas before I only got 3 or 4.

As stated by Paola, she learnt that nice photos and catchy names were not enough, especially as she was not using the gallery tool. She knew that without photos in the gallery it was necessary for her auctions to have attractive titles in order to catch the attention of potential buyers. In another experience, however, Paola learnt that she had been successful in the first trial of a technique so she believed that the tactic would work. Unexpectedly, the second trial did not work out successfully, so she returned to the original method, which she believed was more successful.

> *Paola: I just washed and ironed them all, and sorted them into the same sizes and I just put the nice shirts up. And they were really snapped up by someone. So I thought that might be a good idea, I might group my shirts together, maybe by colour or something like that, but let me see, no... I haven't been successful in doing that. I tried that and I was successful on one occasion, when I grouped about 4 or 5 things together. But no, apart from that, it didn't seem to work. So I just went back to selling them individually.*

The findings showed that the reward and punishment theory could be used to explain this learning method. The participants might decide to continue using the tactics if they were favourable and resulted in good outcomes; otherwise, they would stop using them. The functions of the heading, photos and gallery, and how they influence the outcomes of auctions will be discussed in detail later.

4.2.4. Learning from other sources of information

As well as learning by interacting with other people, observing other sellers, and learning by trial-and-error, some of the participants refer to other sources of information, such as textbook learning at university, books in general, newspapers and magazines, plus other online information sources. Interestingly, some participants stated that they have learned a lot about these marketing skills from university, as Sandy and other participants said:

> *Sandy: First I think because I'm doing marketing, aye? So I think about the little work that has been taught and stuff. Yeah, like there are a lot of things I have learnt from uni that taught me how to sell better.*

Other participants stated that they also learnt from other websites, or from commonly-read books about the trading techniques used on TradeMe.

Jase: Occasionally, if I'm buying, for example, if there is a lot of information there, I might go there to the website, with full specification, copy and paste the link on there, yeah, so people will know about it more.

Dave: No, there is a TradeMe book, which I have read. There is a new one out but I don't think there's gonna be much in it that wasn't in the last one.

In general, findings in this study supported the conclusion that while the knowledge and experience acquired during the trading process assisted sellers to complete a successful e-business transaction, prior information from textbooks, books and other people provided sellers with the analytical tools to understand the nature of their e-commerce experience (Foster & Lin, 2005). However, it is worth noting that books and textbooks was not perceived to be the main sources of information, as most of the participants stated that they learnt mainly by observing and imitating, and trial-and-error.

4.3. Marketing practices

The 4Ps – product, price, promotion and place – or marketing mix (MM) management has been the basic concept of marketing since the 1960s (Gronroos, 1994). It was been widely used by many businesses and organisations long before a relationship marketing philosophy was actually established (Gronroos, 1994; Harker & Egan, 2006). This study revealed that the participants were adopting marketing strategies. In particular, they were applying the 4Ps, although not all were necessarily aware that they were doing so. This section will provide a greater understanding of the selling process from the participants' perspective. The marketing mixes or the 4Ps will be used to explain the marketing activities undertaken by the participants in order to prepare, list and manage an auction.

4.3.1. Place

Place or product distribution is one of the four elements of MM. Place considers the process of making a product or service available for use or consumption by a consumer or business user (Quester, McGuiggan, Perreult, & McCarthy, 2004). According to the participants, as a buyer, the most common risk was that the item might not be as good as they expected, due to

the lack of tactile experiences. For example, Isabel paid a higher price for a travel-size skin care package, as it was impossible for her to assess its correct size from the displayed photo on TradeMe.

> *Isabel: Actually there is one time when I, a few times it happened, when I bought things. Like this thing I bought for $21, like skin care, moisturising and cleanser and stuff. I thought it was really really good, and really really cheap, because it's quite a good brand. And then I realised that it was a travel size. Because I thought it was so cheap, and I didn't read it probably. I just kind of, you know, skimmed through the title and the picture was quite big, and I didn't read it until I got it. When I got it, I thought it was so small.*

The participants clearly understood that buyers can face risks of miscommunication, a lack of tactile experience, and not receiving the item when payment had been made. As suggested by Abby:

> *Abby: But in terms of people trusting you, it's another story, because you can tell them that this is good quality and I guarantee that it has good quality, but the other buyers would think differently because they have different experiences with items that you have purchased. They would think, oh I would assume that this is not good quality, why are you going to sell it, you know? And they have all kinds of impossible questions asking you, like how long and trying to guess whether it is a genuine product. I think there are low quality and fake products on TradeMe. But it is like in the supermarket, oh not a supermarket, it's like a flea market, you just choose it yourself, but hardly review it if the items are too small.*

While Abby implicitly mentioned the effect of a lack of tactile experience, Jase explicitly stated this concern by saying:

> *Jase: I guess, if it's on TradeMe, then you can't physically see it, touch it or try it on. So you don't know if it's gonna be alright, if it's gonna work or things like that. So I guess TradeMe isn't, I mean for someone selling on TradeMe, it's pretty low overhead. So you are not gonna get as much margin on it.*

Jase believed that, compared with retail stores, it was much harder for buyers to judge the quality and the condition of the itemsoffered in an online environment, so the risk perceived

by buyers might increase. As a result, it might affect purchasing decisions made by buyers, if they considered there was a high risk attached to the selling goods. In addition, the higher perceived risks could also affect the price of the auctioning items. Jase also believed that the higher the perceived risk, the lower the sale price might be. Similarly, Paola also recommended that:

> *Paola: … It wouldn't be the same in terms of if it is hanging on the hanger in the shop's window, it wouldn't look so good as it is… because that is what your expectations are. But in the window, you would expect it to be on the dummies, looking really nice. But I don't think so on TradeMe. I don't think having them on the floor is so good, so you just have to hang it up. They're probably going to sell better if you dress it up. But it's also fun for the… and it still got me thinking about the marketing strategy and…*

Interestingly, Paola believed that since it was impossible for sellers to generate the real experience of retail stores, they should use tactics which mitigate the effect of the lack of tactility, such as hanging clothes on dummies, so buyers could imagine how the clothes looked when they were wearing them. Paola specifically perceived that eliminating this negative element of online auctions could be considered an important marketing strategy. Use of this strategy would allow bidders to have a comprehensive overview and sensory experience of the item, before they made the decision to bid on it. In summary, the findings revealed that due to the limitations of the online auction marketplace, it was important for sellers to exploit other elements of marketing mixes in order to reduce both the risks associated with buyers and the effect of a lack of tactile experiences.

4.3.2. Price

Pricing is the second element of MM, according to the participants in this study. Price is the amount of money received for the sale of one product (Quester, McGuiggan, Perreult, & McCarthy, 2004). Alternatively, pricing is the process of determining what a company will receive in exchange for its products (Nagle & Hogan, 2006). The participants stated they have applied a number of approaches in order to identify the values and prices of the auctioning items. The following section will discuss the pricing strategies and price-setting tools used by sellers in order to support their businesses on TradeMe.

4.3.2.1.   Pricing tools provided by TradeMe

Three key pricing mechanisms are provided by TradeMe to facilitate sellers' businesses, namely the start-price[2], the reserve price[3] and the buy-out price[4]. The following sections will discuss the tools used by the participants respectively, and how they perceived the implications and the impact of those tools on the outcomes of an auction.

✚ One dollar reserve pricing strategy

Some participants believed that a $1 reserve was an effective strategy and could be applied broadly in a number of situations. According to Marc, he would not usually put a $1 reserve on his auction of an expensive item; because he was confident that the person who wanted to buy his goods would be willing to pay the requested price. However, for low-value items, he would probably enjoy the thrill of watching people bidding on his auction.

> *Marc: Not quite, because normally my things are quite expensive. Normally in my case, it's only one bid, because I set the price that is reasonable for some people, not the cheap price. I know that someone will buy it at that price. Normally it succeeded, but not many bids, because I don't start it at a quite low price. At least, someone who really wants it will bid it. It's up to the nature of the items. If the item is quite expensive like this, I want someone to see the price is $2000, who can afford it and bid for it. For a lower price item, maybe you can make it for fun, you know. Just put it at 10 bucks and let see how it gets on. Maybe it ends up with 10 bids and 20, ah so 15 bucks at the end.*

This quote seemed also to illustrate that the $1 reserve pricing decision could also be made in relation to the motivation to sell items in online auctions. On one hand, as illustrated by Marc, the $1 reserve strategy would be exploited only if he wanted to experience the sense of a fun game. When the need to obtain a pre-specified value for an item was not important, Marc was more interested in putting up a $1 reserve auction and watching people bidding. On the other hand, if he wanted to earn profit for high-valued items, it was risky and not suitable to set the start-price at a $1 reserve.

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[2] "A seller-supplied reference price that sets the minimum amount buyers must bid to take part in the auction" (Peng & Jan, 2009, p. 523).

[3] "One kind of reference price that the final bid must achieve to end the deal"(Peng & Jan, 2009, p. 524).

[4] Allowing a greater degree of control over the minimum price the sellers receive, making it attractive to risk-averse and less patient sellers(Anderson & Friedman, 2008).

Many other participants believed that a $1 reserve could attract more viewers and watchers to the auction. As the result, the auction might receive more bids and a greater sale price might be achieved. As stated by Tom and Mariel:

Tom: I quite like the $1 reserve, because I think it's quite a good idea. It helps to attract attention, because TradeMe is too big, so... the more attention you can get, the better it is. So $1 reserve is quite good.

Mariel: Usually I started, I like to start it at a dollar, because I think that the more competition the better. People think that they are gonna get a bargain, so they put $1, someone else puts $2, another one will be like, oh I can put 3. So it just goes on and on, then you end up getting more than it's worth. And then it's kind of letting the market decide the price, the value.

A $1 reserve pricing strategy can also be very effective when the market demand for the item selling is relatively high, compared with the supply. Some participants believed that higher relative demand also means that the risk of the item not reaching the pre-specified value was lower and they were more comfortable with using a $1 reserve. As Lars mentioned in the interview:

Lars: Also it depends on items, I'm interested in photography as well. Like I sold a camera once, it was second-hand, I put like a $500 reserve, and I ended up selling it at $700 or something. So things like cameras, if it's a very good model, you might get more bids. So you don't worry about putting a very good camera at $1, because it will go up to ... you know, because there will be a lot of people bidding. Like you compare photography to tennis, like more people are doing photography than tennis, so photography gets more interest, so more people will be bidding for cameras, so definitely the price will go higher.

It is worth noting that Lars understood the demand and operation of the market within which he was trading. He clearly understood that the more the demand exceeded the supply of goods, the higher the price he could get for his sale items. Therefore, he felt more comfortable when setting a $1 reserve start-price for highly competitive auctions.

However, there are exceptions, especially for unique and rare items such as magazine subscriptions. As perceived by Barry, because of the scarcity of an item in the market, buyers

and sellers could not estimate an appropriate price. As a result, sellers have greater power when making pricing decisions.

> *Barry: I think, because a lot of people don't know that there are magazine subscriptions on TradeMe… I usually just add a certain percentage from the costs onto it, so in this case I added about 50%, I made about $40 off it. But usually, it depends on the, how high the price is, it depends on the costs of the magazine, how much they charge. If say you have Mode, I don't have any Modes here, but Mode is really really expensive and competitive on price, it is quite pricy, so you make less on that. So it all depends on how much it is in NZ, and how much I can buy it for, which can have an influence on price.*

In this case, a $1 reserve was not considered to be appropriate, as the buyers may not have known the real value of the item or its availability on TradeMe. Therefore, it would be somewhat risky if Barry decided to put a $1 reserve on his auctions. The following sub-section will discuss in more detail the auctions without a $1 reserve.

✦ The start-price is usually set similarly to the reserve-price

According to most of the participants, the reserve price is usually set similarly to the start price. Several reasons have been used to explain the reason for setting the start price as the reserve price. Firstly, because of the high costs charged by TradeMe to set these prices differently, most of the participants were not encouraged to use extra tools to support their trading. As mentioned by Abby and Kei:

> *Abby: Before TradeMe stated charging this extra 25 cents, I would put a different price. But now they charge 25 cents, so I put the same, because you want to save that 25 cents.*

> *Kei: Oh, I always put the start price as the same as the reserve price, because I'm too cheap to, like it costs, it's so annoying, for extra listing, you have to pay extra money, so if you want the reserve to be different from the start price, you have to pay an extra of 10 or 20 cents.*

According to Abby and Kei, and also some other participants, they set the reserve price similar to the start price, simply because they did not want to be charged extra fees. Due to the low sale prices of online auctions items, they wanted to earn as much as they could from selling an item, and save as much as they could when setting up an auction. These sellers also

stated that if TradeMe did not charge these fees, they might decide to set a different reserve price from the start-price.

However, it is worth noting that the fee is not the only reason that the participants set the reserve similar to the start price. According to most of the participants, the reason that they wanted to set the prices differently was due to their experiences as a buyer. If the start price was set low and there was a hidden reserve price for bidders to reach, bidders may initially be very keen to join the bidding war. However, after a few bids the excitement would lessen, and they might give up bidding altogether because it was too time-consuming. Consequently, because of the hassle of the bidding process, the seller might lose a sale. This concern is well understood by the participants.

> *Lars: That's the thing with the reserve price, somebody likes to start at 0, oh no, they like to put the starting price at $1, but there is something called reserve price. I usually put the start price the same as the reserve. That means once you put in the first bid, like I might put the reserve $20, then the person bid $20, they will show a red flag. A red flag means that you can reach the reserve price. But somebody likes to put the start price at $1 and the reserve at $20. So if you bid $1, $2, and if it won't finish, you won't get the item, because the reserve price is $20. So that kind of auction I found is less effective, because some people will put in 1 bid, 2 bids, like $2, $5, still the reserve price hasn't been met, erh… just give up.*

According to Lars, the bidders might lose patience if they were endeavouring to meet the reserve price. Generally, they just wanted to know how much the sellers expected for their items.

⬥ The significance of the buy-now price

According to the participants, the buy-now price was generally used whenever buyers wanted to acquire the item immediately and sellers wanted to be rid of the items as soon as possible, instead of waiting for an average of five days for the auction to end.

> *Abby: About the buy-now price, I'm not usually putting up the buy-now price. Because with the buy-now price, people can just easily get it, and … but for me, I really want people to bid for it. It is, you know, more expensive than the reserve price.*

This finding is similar to a conclusion from previous research (Onur & Tomak, 2009; Lucking-Reiley, 2000) stating that the buy-now option, which is the pre-specified price chosen by the seller, will be exercised when the bidder is allowed to buy an early end to the auction by submitting a sufficiently high bid (Mathews, 2004). On the other hand, the buy-now price is also believed to be a good indication of the value of the item, as some of the participants stated:

> Dave: Most of the auction, I set up the buy-now price, not because I think that they will use the buy-now, but when people see it, the buy-now price is often an indication of what the value of it is. So if I'm selling something for $100 buy-now, and I start it off at $50, people look at it and then go, I got $100 for buy-now, they can get it for less than $100, so it can be a good deal, so they are likely to bid $50, 55, 60, 65, 70, 75, 80. They are not likely to go up to the buy-now price. Because even if they do it to win the auction, why couldn't I bid for $100 before, I'm not gonna bid for $120. So managing an auction I think, setting up the buy-now price indicates too clearly the value of it.

> Paola: And sometimes I put a fixed price offer. But I'm starting to wonder about whether it's a good idea to do that, because I'm thinking if you have a fixed price offer, and you have got a lot of items for a dollar, does that make people think that your items aren't really good quality. I'm thinking, is it better to just have your starting price, let say for items, and don't say that it's the fixed price offer? And if somebody goes in and says, that's nice, and then they go in and buy it. Then it should come up and say that the reserve has been met.

These two participants had an opposite perspective of the impact of the buy-now price on the auction outcomes. According to Dave, the buy-now option could change bidding behaviour, as it might lower the maximum amount that the bidders might bid on an auction. However, Paola suggested that the fixed price offer was not only the indicator of the value of the selling items, but also the indicator of the reputation and image of the sellers. In particular, Paola believed that many $1 reserve items with fixed offer prices would indicate a low-end seller in customers' perceptions. As a result, the outcomes of the auctions and the winning prices of selling items might be negatively affected, as buyers might think that the quality of the items was not good enough to sell for high prices. In other words, Paola believed that the buy-now price *undervalued* her items and reputation. Therefore, she would be reluctant to combine the fixed price offer and the $1 reserve strategy together.

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The buy-now price is an effective tool used for high-value items, as it can be considered as a specific value indicator of auctioning items and furthermore, the auction sites of the sellers. As a result, buyers would know the price expectation of the seller, so they would bid up to the pre-specified price.

4.3.2.2. Pricing strategies

The comments of the participants suggested that there are a number of considerations when setting the prices of auction items, including the market price, the retail price, the current condition of the item, market demand and the cost of the goods sold. The mark-up pricing approach and auction-based pricing are the key themes emerging in this study.

➕ **Mark-up pricing strategy**

Firstly, the participants might set the price based on the cost of an item bought from elsewhere before reselling it on TradeMe. Whether the item was brand-new or second-hand, the participants usually purchased the item first and then resold it on TradeMe. Therefore, the price of the item in this case is basically identified by using the mark-up approach. The mark-up pricing approach is believed to originate from the cost-based method (Best, 2009), by which the price will be the original purchasing cost and a certain percentage of mark-up. Accordingly, both Jose and Barry, and other participants, set the prices of the selling items based on their original costs plus the additional profit that they wanted to achieve.

> *Jose: Experience. I think I usually get a fair price and then double it up. Then I had some, things like this, like my products, are all sort of basically, you know, all that furniture and stuff that they are sold alright. Then we have to make it like package, label, and all that sort of things, so I just like work out prices and everything, and add a margin for it, you know. That's pretty simple.*

Jose suggested that a 50 percent mark-up would cover most of the original costs as well achieve a profit. Although the mark-up rate has been set differently among the participants, there is still a system. Due to the competitive attributes of the C2C online marketplace, the participants also had to set the prices so that they not only covered the costs, but also had to be consistent with the market prices.

Daniel: Oh yeah, so there are two things. First, I will look at eBay and then I use Google. So it's like, when you are looking at eBay, this product, because there's so much available, for example, there will be iPhone selling here, so I just find that. Oh yeah, so you can see $US740. So it's roughly, so we are looking at $1000 in NZ, like $1030 plus there may be an extra $100 for shipping, so we are looking at $1100 for a brand-new iPhone4 like now. And the thing is, so using Google, we can go to a store in NZ and find out how much they are charging for it. So for example, I have a feeling, maybe roughly Vodafone wants to sell it for, like with no contract, no plan, 1500 bucks, yeah, that's a lot of money. Because that's how they make the phone cheaper, because they say you can have it for $500 if you sign the contract. But if you just want the hand-set, it's probably about $1500. Then we can look at the difference in prices, between $1,100 and $1,500, you will try to like make a little bit of profit. But the thing is like, you know, 100 bucks is 100 bucks, it's a lot of money.

According to Daniel, before deciding the selling price for an iPhone on TradeMe, he would first look at the pricing on other online sites such as eBay, and possibly even search Google. Consequently, a final price would be set by adding additional costs, such as shipping, and a profit into the original price. Another interesting issue emerging from Daniel's comment is related to the differences between participants in term of mark-up. Accordingly to Daniel, a mark-up of $100 is a large amount of money.

In contrast, Paola thought that $8-12 was a large amount of money and she would be fortunate to sell the items for that amount. The findings reveal that the value of the selling items might have a significant impact on the mark-up rate. The theory of the differential threshold or the Weber's law (Schiffman, Bednall, O'Cass, Paladino, & Kanuk, 2005, p. 139), stating that "the stronger the initial stimulus, the greater the additional intensity need for the second stimulus to be perceived as different", can be used as a basis for this differing perception. When applying it to this present study, according to the participants' comments, the higher the original price of the item, the higher the mark-up amount should be in order to generate the difference.

Furthermore, in order to make pricing decisions, most of the participants looked for the price of brand-new items offered on the market. Then, depreciation would be applied if the items were not brand-new. For instance, Mariel took the current market prices for new items from

other sites or recommended retailed prices as reference prices for her offered items, and then applied the depreciation approach if necessary.

> *Mariel: This is a bit biased, because it's $1 reserve, but the first thing is when I have a product and I decide to sell it, I will use eBay and Google to find a reference price for me to really sell it and you know, sometimes you take into consideration the fact like... for example, if you want to sell a computer but it is like 4 or 5 years old, according to the reference price that you had and the time used, just take some depreciation I guess. And then another thing I will do is to see how other sellers are trying to sell. And I also use ... like, let say the products that I have, if I really want it to be sold, I would like the price to be the reflection of the current price on the website.*

According to Jase, for brand-new items, he will set the price approximately 30 to 50 percent less than the retailed price.

> *Jase: Normally if it's relatively new and I know what the retail value is, and if it's brand-new, I would say, probably about 30%, it's worth 30% less than it would sell in the shops I guess.*

This finding could be explained by the fact that lower price is one of the key reasons for people to buy from online auctions, instead of retail stores. As a result, it is necessary for sellers to always set a lower price, even for new items, than those of retail stores, in order to gain a competitive advantage.

This mark-up pricing approach could be used only when the participants set a specific price for the auctioning item, instead of putting up a $1 reserve and waiting for people to bid on the auction. This idea is clearly illustrated by Marc's comment earlier (on page 84), as he only set a buy-now price for an auction when he wanted to get a specific price for his item. Otherwise, he simply put up a $1 reserve, waited for people to bid, and then enjoyed the fun of watching the bidding war. Noticeably, the auction-based pricing strategy could be used to explain the effectiveness of $1 reserve auctions.

🔸 Auction-based pricing strategy

While some participants believed that a cost-based pricing approach could be very effective in terms of generating good outcomes for their auctions, an auction-based pricing strategy was

believed by some participants to be the most suitable and effective way to identify prices for the offered items. Based on personal experience, Gail suggested that online auctions could be a good place to ascertain the market-price for a sale item, especially when she did not know its actual value. Isabel also agreed with Gail in that buyers were the ones who actually decided the price of the auctioning item.

> Gail: I think that things actually can find their own worth from there, because it's kind of like what I usually do, I don't actually know how much things are actually worth when I sell them, so I just put them in, so whatever they got, so I would think that this was what it was worth.

> Isabel: And sometimes people don't want them, sometimes they do. I mean I used to do really well, when I was sort of selling more and more things with more demand, I guess kind of unique, collectable things and stuff like that. But when selling, it's kind of like you just do it and the rest is not up to you, it's up to the buyers, because buyers are the ones who make the decisions.

Similar to Isabel's comment, the statement from Abby clearly illustrates not only the comprehensive meaning of the auction-based approach, but also power of buyers in online auctions.

> Abby: I think the pricing just depends on your own expectations. It doesn't have a rule of philosophy to do this set-up. It's all about how you view an item as a value item, and how people have traded. If there are more buyers and it's more popular in the market, such as the sunglasses, if the bulky large ones are more popular this season, so the prices... you can set it up a bit higher, just for the fashion trend.

Contrary to the rule of the mark-up pricing approach, Abby commented that there was no rule for setting up the price of the item and it all depended on the buyers' and sellers' expectations of its actual value. Abby believed accordingly that the more people were interested in the item, the higher the price the item could be sold for. As a result, some participants believed that the auction-based approach was more suitable for the $1 reserve auction, where the price of the offered item would be decided by the bidders.

The auction-based pricing approach also reflected the fact that some participants set up $1 reserve for their auctions, because they wanted to enjoy the thrill of watching people bidding on their auctions. This issue is clearly illustrated by Marc's comment in the previous section; that if he wanted to get serious money for an offered item, he would not use a $1 reserve, because it was better to let bidders know how much he would expect to sell the item for. However, a $1 reserve would be used when he was not so concerned about the price he could get for the item. Similarly, Mariel also suggested that the $1 reserve or auction-based pricing approach should only be used to enjoy the bidding war among bidders. Other than that, it would be better to set a specific reserve on the auction.

↓ Emotional attachment to the pricing decisions

According to the participants in this study, in addition to the use of rational reasoning to make pricing decisions, emotional attachment[5] to the selling items also played an important role when they decided the price. Specifically, a reluctance to sell the personal possessions might occur as a result of this attachment. For example, Gail set the price of the auctioning items based on how much she loved them. The more she liked an item, the higher the price she set for its auction. Gail reasoned that the high price would discourage people from bidding on the item and as a result, she might be able to retain the item by reason of not being able to sell it.

> *Gail: Erm… usually if it's … it's more likely depending on how much I like it, like emotionally, than how much it is actually worth. But sometimes, I'm just so reluctant to sell it, and I just want to keep it, so if I want to kind of keep it, I might put a really high price on it, so I don't actually sell it.*

Accordingly, due to the reluctance to sell some items, the participants might set the price a little higher in order to discourage bidding from buyers, and reduce the chances that an item would be sold. This would be more likely to occur in a situation where the participants did not want to sell the items, but were forced to sell them because of financial constraints. For example, if it was not for a shortage of money, Kei might not decide to sell those shoes that she loved the most. Consequently, auction setting decisions might also be influenced by the

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[5]Emotional attachment is "a multidimensional property of material object possession which represents the degree of linkage perceived by an individual between him/her self and a particular object" (Schultz, Kleine, & Kernan, 1989, p. 360). The degree of attachment is reflected in thoughts, feelings and behaviours toward a particular object. In addition, attachment has relative strength, by which stronger attachments are associated with objects which are perceived as more a part of the extended self (Schultz, Kleine, & Kernan, 1989).

strong attachment of the sellers to the items. This phenomenon can be explained by the techniques of neutralisation proposed by Sykes and Matza (1957, p. 666), stating that the justifications of deviant behaviour is used in order to "protect […] the individual from self-blame and the blame of others after the act"(Harris & Dumas, 2009). In this case, the high price-setting could be considered an excuse for Kei and Gail's reluctance to sell their possessions.

> *Kei: And that particular week, because I had no money, I think I sold tons of stuff. I sold 3 pairs of boots, so these are the other ones that I sold. I loved these shoes, I didn't want to give it to anyone, but I had no money, so I had to sell it to someone.*

Similarly to Gail, Kei did not want to sell her belongings on TradeMe, because she had used them for a long time and really loved them. However, as opposed to Gail, Kei accepted selling them for whatever price she could get in order to obtain some money. The reluctance to part with the things that the sellers love is strongly illustrated by Kei and Gail.

4.3.3. Product

Products in this case could be considered to be not only the auctioning products themselves, but also the whole process of choosing, preparing and listing the items before putting them up for auction. The following sub-sections will discuss three key sub-themes, including the selection of the offered items, the preparation of goods for sale, and product categories regarding to the gender of the participants.

4.3.3.1. The selection of offered items

The selection of offered items is defined as a process through which the participants decide what to put on TradeMe for sale. Generally, two sub-themes have been identified in relation to the selection process. The first theme is related to the selection process for the disposition of personal items; and the second theme is involved with the resale of goods on TradeMe.

♦ The disposition[6] of personal items

TradeMe is considered to be a good place to resell unwanted goods. Therefore, as well as trading new items, people can also freely trade their personal items, as long as their behaviour is consistent with the rules set by TradeMe. Sellers can use TradeMe to dispose of their unwanted items, or buy and resell on TradeMe to earn profits, depending on their levels of user motivation to participate in online auctions. Many participants perceived that when the items were no longer valuable to the people who purchased them before, there were a number of options available to them when they decided to dispose of an unwanted item, including throwing it away, donating or reselling.

> *Abby: I just think that the items that I don't want, I will put somewhere, like in the back, and then I would look at what else I would sell on TradeMe. If it's very old, dirty and crappy, I just simply throw it away or donate to Salvation Army. If the items you still can wear it, such as jewellery, handbags, you know, clothing, brand-new, like 90% brand-new, I'll sell them on TradeMe…They are all my own personal stuff, the second-hand products, the clothing that does not suit me anymore, the jewelleries I don't want to wear anymore… Because every time, after season to season, you need to renew your wardrobe, especially the jewellery, when you've got lots of stuff that you don't want, don't use any more. So by that time, it could be a good time to sell on TradeMe.*

Abby also chose to sell items that she did not need anymore. As they were no longer a good reflection of the way she saw herself, she decided to sell her clothes in order to obtain more popular and recent styles of clothes, which she believed would reflect her '*self*' better. Consistent with the self-concept discussed by Banister and Hogg (2004), Abby's disposal of her clothes is associated with the approach behaviour, by which she tried to maintain and enhance her self-esteem. Dave, on the other hand, would have a look around his house every 12 months, ascertain which items he no longer needed and decide whether to put them on TradeMe.

> *Dave: So if I haven't used something for 12 months, and there's not much likelihood of using it, I will go through these things and I'll pick them out and I'll put them on TradeMe. So sometimes, if we are a bit short of money, and we think, yeah, I want to get a*

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[6]*Disposition process* refers to what consumers do with a product once they have completed using it (Neal et al., 2002).

bit of money, I'll go and have a look around, and well, I don't use it, I don't need it anymore this or that. Other things I might know quite quickly that I'm not gonna use them. The decision is sort of, if I've got stuff lying around, am I gonna use it? I'm gonna put it in storage. If I'm not gonna use it, is there someone I know who might want it, and I might give it away. If I'm gonna sell it, will it sell easily? And if it doesn't sell easily, then I'll just take it down to the Salvation Army or give it away. If it's reasonably quite good quality, I might sell it to the Salvation Army, if it's not quite good quality, but I don't want to throw it, I might bring it to the Trash Planet.

While Abby might put unused items at the back of her house and sell them on TradeMe when a significant number of items had accumulated in storage, Dave might have a regular check around his house every 12 months to look for and collect unused and unwanted items in order to sell on TradeMe for some income. Both Abby and Dave moved what they wanted to sell into out-of-the-way locations in their houses. Divestment rituals[7] could be used to explain this disposition behaviour.

According to Lastovicka and Fernandez (2005), there are two levels of divesting the private meaning of disposal items. Firstly, putting the item into an isolated place illustrates a clear disposition intention. At the second level, a transition place facilitates that boundary crossing and incrementally moves the item away from *less-me* to *not-me* (Turner, 1969). By moving things into isolated places, Abby and Dave were successful in transferring the meanings of their possessions from private to public by putting them on sale through TradeMe. Although different participants might use different criteria and processes to select which items are placed for auction, in general they went through a similar decision-making process. When making the decision to resell, it is important that the items are considered to be in good condition; otherwise, it is preferable to donate or throw the items away.

However, for some participants, both economic value and affective or emotional value[8] combined to produce a more complex process when disposing of a personal possession. For example, if an item was perceived to have little economic value and not worth repairing

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[7]Divestment rituals is defined as "managing meaningful possessions' private and public meanings to facilitate satisfactory detachment from self and transfer to another"(Lastovicka & Fernandez, 2005, p. 814).
[8]Emotionality includes "aspects of arousal and felt experience as well as degree of emotional attachment to products, the meaning of which is borne by the affective evaluation of consumers"(Tsai, 2005, p. 279).

and listing on TradeMe, the sellers still sold it for affective reasons. For example, in the case of Isabel, even though the item was not worth much on TradeMe, she still sold it because she felt better if she knew that someone was using it, instead of it being thrown away.

> *Isabel: Not really, because most of the things that I sell, I just want to get rid of. Even for this one, I just sold it for $1.50, and it wouldn't be worth that, but I kind of want to get it out of the house, otherwise I just keep it in my house. So even if I don't make much profit or any profit, it's quite good to just get it out and know that someone else is using it, I guess.*

Isabel sold items not because of the money that she could get for them, but because of an appreciation of the value transference of the items to people who might value them more. Previous studies have suggested that an emotional detachment could be used to explain the disposition process(Belk, 1988; Young & Wallendorf, 1989; Herrmann, 1997; Lastovicka & Fernandez, 2005). This finding seems to be applicable in the online auction marketplace, in which some participants stated that they felt happy when a buyer received good value for the item that they were selling, even with a low price.

> *Dave: But then at the end of the day, it's on occasions, if I just want to get rid of my stuff, if I sell it for a dollar, it doesn't matter, because it's gone. And I'm pleased that I've got the space. And sometimes, if someone got a good value for it, oh good luck to him, you know. Sometimes I also go through it, I got something really good for a really cheap price. So if someone else can get a really good price, it's ok.*

According to Dave, the price that he might get from selling the item was no longer a big issue, as long as they knew that the buyer would be happy with that item. This is thoroughly explored and explained in previous studies relating to disposition, the meaning of possessions and buyer-seller relationships within the informal marketplace (Herrmann, 1997; Aron, Aron, Tudor, & Nelson, 1991; Price, Arnould, & Curasi, 2000; McCracken, 1986). Specifically, sellers might be happy to sell their possessions, even at a low price, to an individual who has a special interest in them.

✦ Resale on TradeMe

On the other hand, some participants might buy to resell on TradeMe. There were a number of criteria that the participants considered important when selecting items for resale. Firstly, some participants believed that in order to obtain a profit from their trading, it was preferable to buy goods from some cheap sources.

Paola: I found a cheap source of clothing, so I did buy about 20 items. Yeah, they are very cheap, they are like about, I don't know, about 50 cents each.

Walt: Now, the reason that I bought this item, the reason that I bid on this item is because it was very poorly advertised. This auction, this seller was selling the guitar, this seller was advertising the guitar Nylon strings acoustic guitar with accessories, and that is all it said. I obviously checked out the make-of the guitar and the model of the guitar. This seller didn't put the model of the guitar in the title of the ad, you would have got a lot more money for it. So I know that, it was nicely sold cheaper, because it would get less hits, less views and also I knew that it closed on 1.30pm in the afternoon, which is just not a busy time on TradeMe, so there are not gonna be many people online. And that's the reason that I chose this auction, because I knew that it would sell cheap.

For Paola and most participants who sold clothes, bulk purchases were more effective way to access the low-priced sources of goods. However, Walt perceived that he might get a good deal from unsuccessful auctions, where other sellers might perform weakly in their auction setting. Accordingly, if the participants used TradeMe to gain profit, the products that they chose to sell would be bought from some low-price sources, such as second-hand shops, garage sales, or even from TradeMe itself.

In addition to low-price sources of goods, items should be popular at the current time, which can attract a lot of attention from customers. As Tom said:

Tom: Usually, what happened when I choose the products to sell is obviously I have to see if that item is popular, right? Usually, if you associate it with a brand or somebody, then it's good. For example, if I sell a jacket, I look at the brand, and I Google by the brand and see this is a very popular brand and is used by such and such people.

According to Tom, popular items could be considered in terms of relating to famous brand names or famous people in order to attract the attention of potential customers. This is reasonable because in order to sell things in this new competitive marketplace, it is necessary for the items to be in high demand. Some participants, however, take a chance on unusual items such as magazine subscriptions, furniture restoration, and over-sized clothes.

> *Barry: No, no one is selling magazine subscriptions on the website. If they are, they usually just sell their own ones. They are like weird magazines that no one wants, like Separate garage, you know. So yeah, not many people are selling that.*

> *Jose: But that's what I do, I restore furniture anyway, I also restore furniture for customers and things like that as well, for other antique dealers and for furniture stores, and also the leather works and things like that for dealers all throughout NZ, so that I'm the only person in NZ doing that.*

> *Rosalie: Clothes, especially for over-size people. So for example, like my mom's clothes, because she has got designer labels, they are size 22 and up. They are sold very good and they got good money.*

Barry believed that he was very successful in online auctions because the items that he was selling, magazine subscriptions, were quite unique, as no one, according to him, was selling that kind of item on TradeMe at the moment. Although magazine subscriptions were not rare items in general, Barry stated that they were not popular on TradeMe. Similarly, Jose also stated that he was very successful in selling things on TradeMe because he perceived himself to be the only person providing that type of product and service within the whole New Zealand. They were willing to take risks while selling unique items because, according to Rosalie, these items might sell very well and realise a substantial profit. Since it was not always easy for people to obtain over-sized clothes, even in the offline marketplace, selling these items in online auctions could provide a competitive advantage for the sellers. As a result, together with the convenience of buying online, the participants perceived that the buyers would be very willing to pay a slightly higher price in order to obtain items that they were specifically looking for.

4.3.3.2. The preparation of goods for sale

After the participants finished selecting what they could sell on TradeMe, they believed that it was important to prepare things properly before actually putting them up for auction. For example, Lars, when talking about the tennis racquet that he got from overseas and sold on TradeMe, stated:

> *Lars: Racquets are always getting dirty if you play in the rain and stuff, you know, so I just do a bit of wiping down, you know, clean it. You know, with a pen you can repair it. You can repair them but you have to describe that, you know, people will notice it. When I repair them, I can repair really well, like if I take photos, it won't be visible to anyone. But I'll still describe it, like you know, if the racquet is in a shiny blue colour. I'll use a silver pen and correction pen, mix together and put on it, and it will be fine then.*

According to Lars, the item should look clean and nice without much damage. Therefore, it took quite a bit of time for him to clean and prepare the items, before putting them up for auction. Other participants, who mostly sold clothes on TradeMe, usually went through a similar process when preparing things for sale. As Paola said:

> *Paola: But what I did was, I just washed and ironed them all, and sorted them into the same sizes and I just put the nice shirts up.*

According to Paola, as well as washing and ironing the items, the preparation of stock then followed an organised system where items were sorted based on categories such as colour, material, size and brand. However, this strategy is only applicable for those who sell many items on TradeMe at the same time. The washing, ironing and organising of goods is also related to the divestment ritual which was discussed to some extent previously in the selection process. However, instead of isolating items in order to reduce their personal value, this cleansing process enabled the items to evolve from a personal possession to a marketplace commodity (Turner, 1969; Lastovicka & Fernandez, 2005).

This preparation is also related to the stage of the process where the sellers take photos of the items in order to put them up on the site, as Gail and Paola mentioned when discussing the preparation stage:

Gail: And I put a photo taken of that, and hang it up on my wall thing, and try to get as many different angles with the detail and stuff, especially with the tag, and where it is from. And then I put it on.

Paola: So I got my product, then I popped it on my dummy. And usually I have a few things you know, and I add necklaces. Oh yeah, and I do use a lot of necklaces, because I've got a little bit of jewellery and I borrowed others' jewellery and tried to set it up, so it looked inviting. And then I take the photos, and then I put them all in Photoshop and then I might adjust them a bit, and make them smaller. And then I would just decide how much I'm gonna ask.

In order to make the item look attractive, both Gail and Paola perceived that it was important and necessary to spend some time to prepare before taking photos. Even though they did not explicitly state that there was a lack of tactile experiences in online auctions, they still acknowledged that it was important to provide full details of the auction item through the use of multiple photographs.

The preparation of goods for sale reflects the need for the participants to make the goods look as new as possible in order to attract potential customers. Previous studies in the retail environment have found that product design and store layout have a significant impact on purchase decisions (Ang & Leong, 1997; Janiszewski, 1998; Hsee & LeClerc, 1998; Ballantine, Jack, & Parsons, 2010). Therefore, it is important to take good care of products and have a favourable store layout. Understanding this, the participants believed that proper preparation of goods for sale was an essential step before auctioning items, especially due to the lack of tactile experience in online auctions. Further detail about auction settings and management will be discussed in the marketing communications section.

4.3.3.3.   Product categories

The product categories utilised on TradeMe varied significantly among the participants. This study investigated the significance of product categories particularly in relation to the gender of the sellers. The findings showed that the gender of the participants had a considerable impact on the categories that they chose to frequent on TradeMe.

The participants could sell goods within a wide variety of product categories on TradeMe, however, the two categories most utilised were women's clothing and unused household items and the sellers were predominantly female. As some of the female sellers said:

Sandy: That I usually sell? Clothing, like once I don't want to wear it anymore, I might like to sell it to someone else who might like it. Usually I sold it with a lower price than I had bought it for, but it doesn't matter. And I sold some bags and textbooks on it. We buy so many stuffs here so we want to get some money back from it.

According to Sandy, she wanted to recover her costs by selling items such as clothes, bags and textbooks on TradeMe. For this disposition purpose, she might decide to trade in a variety of product categories. As opposed to Sandy, Lars chose to trade in only one product category, which was tennis racquets:

Lars: I spend probably like at least half of my day on selling stuff and getting or buying stuff, like collectable racquets and smaller stuff. It's probably because of money, not really a lot, because what I'm selling is not that expensive. Nah nah… just for fun, just a bit. I didn't earn too much from 1 or 2 items as you can see, but it's just for fun… yeah. Nope, for me, selling is just an extra earning, it's not a business, it's just an interest, you know.

As stated by Lars in the interview, he was buying and reselling collectable racquets and accessories, in which he had a special interest. Therefore, although he focused on only one or two product categories, Lars was able to make a modest income from his hobby.

In actual fact, most of the participants stated that they only sell things that they are really interested in and know a lot about:

Abby: But mainly the stuff that I'm selling and buying are clothing, jewellery, perfume and stuff like that, so mainly it's feminine. They are not a funny chair, electronic things.

Daniel: Musical instruments. DJ and beating equipment. Those kinds of things, because they are kind of what I'm interested in, just to see what stuff are like. Yeah, they are kind of what I like.

While Abby and Cara said that they usually traded in a range of feminine items such as clothes, jewellery and accessories, Daniel, Marc, and Lars were more interested in different but more specific items such as guitars, tennis racquets, cameras, DJ instruments, fishing equipment and so on. Female traders seemed to be more interested in and possessed more knowledge about fashion and clothing; while male participants were more passionate about electronic devices and equipment.

4.3.4. Promotion or marketing communication (MC)

Marketing communication refer to "all the elements in a product's marketing mix that facilitate exchanges by targeting the brand to a group of customers, positioning the brand as being distinct from competitive brands, and sharing the brand's meaning and unique differences with the product's target audience" (Chitty, Barker, & Shimp, 2008, p. 3). Consequently, communication is a process that conveys shared meaning between stakeholders, especially between organisations and customers.

The participants in online auctions were believed to practise MC activities in order to attract bidders and potential buyers to their auctions, and persuade them to buy. In addition, although not all of the participants explicitly perceived what they were doing was related to marketing activities, most of them acknowledged the importance of these activities on the auction performance and outcomes. The following sub-sections will discuss in detail the key tools provided by TradeMe and used by the sellers to facilitate their trading activities in online auctions. These communication tools include auction length and time, the photos displayed, the heading, the description, the gallery and the questions section.

4.3.4.1. Auction length and time

According to the participants, auction length and time play an important role in increasing product exposure[9] and provide an opportunity for the buyers to view the advertisement and the item. Sellers may choose one of two options regarding the length of their auctions; either

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[9] *"By definition, exposure simply means that consumers come in contact with the marketer's message. Although exposure is an essential preliminary step to a subsequent stage of information processing, exposing consumers to MC does not ensure that the message will have any impact on their subsequent behaviour. The consumers' exposure is only an opportunity to see the advertisement and the item. Ultimate communication success generally depends upon message quality and frequency"(Chitty, Barker, & Shimp, 2008, p. 35).*

seven days or a specific length. People may quite often prefer to put an item on auction for less than seven days. As some of the sellers said:

Rosalie: Usually 7 days, usually it's a week, but sometimes, it's 6 days, but it also depends on what we are doing. Like during the holiday, I was working on Sunday, I usually put the auction end on Monday. So it's often 5 days or 7 days. So often I leave them a week, I have never chosen the end time, because it costs money again. You know, I don't want to lose money when sometimes my items are only sold for $10, you know, you are losing all your profit. But if it's a special circumstance or my family got something on in the next week, I'll do it shorter.

A specific date and time would be used when the participants wanted to dispose of items as soon as possible for specific reasons, such as moving house or a shortage of money. Otherwise, they would normally choose a seven day auction length. This choice is often made by those using TradeMe regularly, for several reasons. Firstly, the seven day option was known by the participants to be the longest available option which did not incur any extra fees. Since TradeMe was not the main source of income for most of the participants, they were not willing to pay too much to list an item unless they knew that they were going to make a profit. However, there are other important reasons that might influence the participants when deciding the length of an auction, as some participants stated:

Cara: I think 7 days is a good time for viewers to make up their mind, obviously 3 days is too short. I think, perhaps 5 days is a good idea, because that's enough time for them to look at it, they think about it, you know... The longer the period that put up on TradeMe, a lot more viewers and watchers will watch your item. So you will allow people to have at least 7 days to have a look at your item.

The participants chose to put things on auctions for seven days because they thought that it was a suitable amount of time for people to be exposed to all the information about the items, view the images, browse other similar auctions and make purchasing-decisions. As stated by Lars:

Lars: Because the longer it is, the more people will see it, it will be easier for you to get rid of them, you know. If 10 days option is free, I'll put it on, but you see, it's 25 cents extra, so, nah nah.

Lars believed that the length of an auction is positively correlated with the outcome of the auctions. Similar to findings from previous studies, the longer the auction is, the greater the possibility of being seen by potential buyers, which in turn leads to more auction bids, a higher success rate and a better selling price(Lucking-Reiley, 2000; Ariely & Simonson, 2003).

Together with auction length, the sellers thought that the time of day that they chose to put on and end an auction was also an important decision, and had a significant impact on the outcome of the auction. Over a period of time spent in online auctions, the participants had learned that particular dates and times can attract more views and bids from the bidders.

> *Abby: So when you put it on TradeMe, you have to be very careful of the time when you put it on, like, such as, at night would be better, like 8 o'clock or 9 o'clock, before people are going to sleep, and after they have dinner. So that's a good period of time, people can relax, they go online and just feel like searching for the items that they want. Yeah, so the time is very important.*

Generally, most participants perceived that from 8pm to 9pm weeknights was the most appropriate time to put on an auction, because it was the most popular time for people to browse TradeMe. As reasoned by Abby, that was the time during which people came back from work, finished dinner and had more time to look around TradeMe at items of interest and possibly bid on auctions. Daniel believed that this time frame was advantageous as well, and that Wednesdays or Thursdays would be beneficial days of the week, because that is when people get paid. Therefore, they might be more willing to spend some money on the things that they were interested in, because it could be considered to be a reward for their hard-working week. Daniel proved that he was a very strategic thinker when deciding at what time to put items on auctions. In particular, he explicitly stated that it was part of consumer behaviour, as choosing the right time to put on an auction might increase the exposure to potential buyers. As a result, more bids would be reached and a higher winning price would be achieved.

> *Daniel: Closing, I think the best time is the night time, because the majority of NZ population have a night time of 5-9. I think it's just like a little bit of consumer behaviour, you know, you go to work online, and New Zealanders are becoming more and more online, which means even at work, I still can have a look at TradeMe, which means I have a higher chance of having an exposure... The reason why is because, for example, there*

are always a few people flicking through, and pay-day, traditionally is between Wednesday and Thursday, so for example, people will be like, yes, I have some money, I want to spend it on a new fridge, let's have a look for a fridge, you know, because the pay-day is that.

4.3.4.2. The heading of an auction

The heading of an auction refers to a short sentence appearing at the beginning of the auction site, or the name of an auction on the listing page (See Figure A). The participants perceived that the heading had two basic functions, including catching buyers' attention, and informing the potential buyers about the items on auctions. The participants knew a number of ways to make the headings of their auctions stand out from the others. As Mariel said, her auctions received more views with some catchy and flashy words in the heading, compared with a normal heading.

Mariel: …In order to sell it, because otherwise people won't look at your items. Because it's like other things, there is a lot of competition in a marketplace, so you need to market your items so they will stand out. There are so many items in here, you know, you need to, if you don't have a photo, you don't have a tagline that stands out, they will just disappear and no one will look at them. I have noticed that, after ones I have a very simple title and ones I have my flashy title, you know, those ones will have more views.

The participants were well aware of the clutter and competition of the online auction marketplace. Mariel thought that it was very important for sellers to think about the marketing of their items for sale in order to make both their items and their auctions stand out from the crowd. In her experience, compared with a normal and simple title, a flashy title could attract more views, and hence more bids from the bidders. Mariel explicitly believed that writing up an attractive heading could play a significant role in the marketing of her products in online auctions.

Barry's way of making the headings of his auctions different from others' was by using a little star (*) at the beginning of the heading (See Figure B). Describing this as a distinguishing figure, he believed it could make his auctions outstanding from others. He had used this tactic a few times, and had found that it actually worked.

Another effective way to use the heading to make the auction stand out from the others is to put a $1 reserve into the text. As Tom suggested, a $1 reserve was especially attractive for buyers who looked for good deals in online auctions:

Tom: But I always with the title, I always put the brand. So I always say $1 reserve Mosullo track-pan brand-new, you know. So that people… there are three things catching your eyes, that is $1 reserve, Mosullo is quite a good brand, and it's brand-new. So you kind of attract people. So for example, if somebody looks for things, like jacket and super-warm, people will get an association with it straight away, you know.

Putting a $1 reserve in the heading could attract more attention from potential buyers because most people who use TradeMe are usually looking for bargain. Therefore, a $1 reserve meant that they might get some good deals from the bidding process. In addition, Tom stated that brand names as well as the current condition of the auctioning item also played an important role in creating an attractive heading for an auction. A well known quality brand and a brand-new item would be the key considerations for buyers when they searched for an item. Moreover, Tom also believed that words used in the heading should be clear and descriptive, so that the buyers could easily relate the heading to the item that they were going to buy. Similar to Tom, Jase also stated that:

Jase: So I guess for my title, mainly I will try to get the key words that someone would be searching, put the brand first, then the model whatever it is, and then in this case, I got colour and the size of the shoes. Yeah, generally, it goes in order, brand, model, and then whatever else, size.

According to Jase, inserting key words into the title was very important for his auction items; sport goods in particular. Therefore, on the one hand, things that people might specifically search for, such as the brief description, the brand name, and $1 reserve, were very important. On the other hand, when browsing on TradeMe, flashy, descriptive and informative words in the headings also played an important role, because sometimes buyers just wanted to know exactly what they would get from the auction when they were browsing, especially when the photo in the gallery was not available.

Isabel: Yeah, I think they are very important, especially the title, because a lot of them I don't put the photo up, only if you go into it. So the title is the only thing that you get them

to go into it. Because it costs something to display a photo, you know when the search comes up, so I usually put the photo on that one. So I think the title is important.

As stated by Isabel, browsers and potential buyers could only see the heading of an auction and one of its photos in the gallery. If the seller did not want or was unable to put a photo in the gallery (due to the high costs of using the gallery tool), the heading was the only information available for the customers to make the decision as to whether or not they should go through and look at an auction. As such, the role of the auction heading became increasingly important, especially when the gallery was not used.

4.3.4.3.   The gallery

The gallery is another selling tool which assists the sellers by displaying a photo of the auctioning item on the front page of a product category. According to many participants, the gallery could help to attract more attention, especially when browsing items, and reduce the inconvenience of scrolling down and clicking through many times in order to locate and view the items.

Gail: And also because lots of people put stuff in the gallery thing, it is easier to flick through. I always if I'm searching for something, I always just go through the stuff in the gallery, even though not everyone puts their stuff in the gallery. I can't be bothered to go through the one that I have to click many times to find out, so it's more interesting. So it's just like small thing popped up, and it's just easier, you will be like, oh I'll click on that, instead of just like clicking many times.

In addition to reducing the inconvenience for buyers when browsing on TradeMe, the gallery also plays an important role in the marketing of goods. For instance, as Rosalie perceived when she and her mother wanted to get things sold better and faster, they would put some photos into the gallery. Because the picture of the item would appear on the front page, it might attract more attention from potential buyers. Similarly, Kei also stated that people had the tendency to click on the auctions at the early part of the page and with displayed photos, and they were less likely to click on the auctions without the displayed photos or scroll down the page. As a result, Kei concluded that it was necessary to put photos into the gallery, because it would strongly affect the success rate and prices of the auctions. This effect was

emphasised by her positive experiences as a buyer; she believed the seller might be at the greatest disadvantage if they did not use the gallery.

> *Kei: I never ever don't use gallery, like it's really important to gallery list your items if you are selling them. Because otherwise they just don't sell, because people don't bother clicking on it, when they don't see the tiny photo when they are searching it, because it could be something really crack and it could be wasting time to click on it and then click back. Although, that is where I get most of my bargain from when I'm buying my clothes. Bulk stuff, like I got 12 items of clothing for $1, because the woman didn't gallery list and I just… And you need to gallery list to be able to sell, and that's where I get my best things that I buy, no photo, and then yeah.*

Kei raised an interesting point that bargains could be found when someone did not list their photos or use the gallery. Some participants might take advantage of this and use this opportunity to buy bulk stock or items for personal use. Moreover, the gallery tool also functions similarly to the heading in the sense that it might play a more important role in informing the potential customers of the availability of the items.

However, according to some participants, the gallery tool might not be as important as the heading, because of its high costs and inefficiency, especially for particular product categories.

> *Lars: Yeah, it [the gallery] is effective. But because I'm selling strings and stuff, it doesn't matter, because only specific people are looking for that product and buy them. If it's a general product that you think a lot of people… you think that it would be suitable for a lot of people, different types of people with different interests, then you should use the gallery.*

As opposed to Sandy, Kei, Rosalie and Gail, Lars thought that although the gallery was effective to some extent for his trading items, it was not essential to use this tool because it was not really cost-effective. The nature of his sale items did not require much in the way of visual impressions at first sight, because people usually searched specifically for them, instead of making impulsive purchases when browsing.

The different ways of perceiving the effectiveness of the gallery tool is mainly related to the product categories. Sandy, Kei, Rosalie and Gail sold clothing and accessories, which required a visual image in order for buyers to obtain a first impression. As Rosalie discussed, although the heading said that the shirt was red, it was necessary to provide an image so that the buyers could appreciate the item better. On the other hand, since Lars was selling tennis racquets and strings, buyers could envisage the item when they read the series number or model in the heading. Therefore, an image on the listing page might not be that necessary.

As discussed by Isabel in the previous section, the high fee charged by TradeMe seemed to deter some participants from using the gallery tool. However, the price of the auctioning item did not seem to have any impact on the decision whether to use the gallery tool or not, as Lars' goods were much more expensive than the others.

4.3.4.4.   The description of the offered item

Similar to the other forms of advertising and promotion, the description of an auction plays an important role in conveying a message from the marketer to their potential customers. Therefore, the participants believed that it was important to have a very convincing and detailed message. For example, Daniel suggested that, similar to write up the heading of an auction, the description should also include persuasive and positive language in order to persuade customers to buy.

> *Daniel: So when you try to sell something, you might use persuasive English. So it's like "the fridge is in an excellent condition, I'm moving out so I can't take it with me". So I was trying to reassure people who were looking at it that it was a good fridge, I'm selling it because I can't move it with me. And just a few figures, just to let people know, so yeah, how big the fridge is, the freezer is, a few figures, a little start. Maybe changing the words a bit, maybe using the fridge looks great, and that kind of positive language.*

According to Daniel, the description of an auction should help to reassure the buyers about the condition and quality of the auctioning item by providing detailed information. Some facts about why the seller wanted to sell the item should also be included; these could help ascertain that he sold the item because he had to move house, not because it probably did not work anymore and he wanted to get a new one. In this case, Daniel tried to convince the buyer

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to purchase the item, as well as reduce any post-purchase conflict during the decision-making process.

Daniel also stated that descriptions should not only be detailed but also concise, so that bidders would find it easier to flick through offered items (See Figures C & D).

> *Daniel: You know, I think consumers, their behaviour pattern on here is that, a lot of people just click click, it's kind of quick, really quick, and so you have to make it kind of short, but really informative. The description itself would probably describe lots of information. Personally I would probably stop reading here (pointing at the middle of the description), and then I just like, "oh next".*

Daniel believed customers in online auctions did not have much time, so they might look quickly through an auction. Therefore, it was very important to provide them with informative but concise information. This behaviour discussed by Daniel is similar to that of individuals searching for information on the internet. Previous research on need-for-cognition has suggested that different individuals may have different favourable attitudes toward an advertisement (Jones & Vijayasarathy, 1998). For example, some people may be more interested in product-specific cues, and others may pay more attention to non-product cues. Since the internet provides users with an extensive opportunity to access to a wide range of information within a limited time-frame, it is favourable by high need-for-cognitive individuals (Haugtvedt & Petty, 1992; Inman, McAlister, & Hoyer, 1990; Jones & Vijayasarathy, 1998).

Similarly, Jase also believed that it was good to have a short and concise description. In addition, he also thought that the description should be honest about the current condition of the item, because apart from the photos, this was the only source of information about the product for consumers.

> *Jase: The description, I try to keep it short, yeah, I'll try to put as much required information as I can, and obviously, be as honest as I can, because I think that people appreciate if they know something is a little bit wrong with the product and ... rather than they are not gonna be happy knowing it before they actually get it, you know. There is a little crack or something like that. But yeah, just state the value of it, how much use it has,*

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or is it new? At the bottom, I'm pretty much just saying, come and find out, come to Palmy, people have a chance to come and see what they are buying.

According to Jase, it was important to be honest with his customers, because he wanted to live up to his customers' expectation. Previous research has suggested that the level of quality represented in advertisements and other communication tools would have a significant impact on customer expectations about quality which, in turn, influences the initial perception and acceptance of the product (Goering, 1985; Kopalle & Lehmann, 2006). Accordingly, it is even more important to satisfy customers by providing products and services that at least meet their expectations; otherwise dissatisfaction may occur and bad auction outcomes might be possible (Schiffman, Bednall, O'Cass, Paladino, & Kanuk, 2005). Moreover, by offering the buyers an opportunity to directly inspect the item, Jase reassured them of its quality and helped to reduce any pre-purchase uncertainty (Schiffman, Bednall, O'Cass, Paladino, & Kanuk, 2005).

Secondly, as well as using trendy words to attract customers' attention, some participants might use other techniques, such as putting a link to YouTube and Facebook, or putting the key figures at the end of the auction in order to encourage them to finish reading all the information provided in the description.

Walt: I put a lot of information about the guitar, and I wish that people read the whole ad. And I quite often put a link on there, so they can do the research on the internet. I put all the information about the guitar, and what it's made of and everything... Now to demonstrate an item, you can't demonstrate an item that you are selling apart from the description and the photos that you give, unless you put a YouTube link to a video or something. Sometimes, if I'm selling a product, I might put a link to YouTube. This is what a guitar sells, and I found a really good guitar player to play the guitar, he made the guitar sound really good. And I put a YouTube link on the auction, so people will copy and paste the link watch it, and they will go like, wow, this is a cool guitar.

A YouTube link could help to provide customers with a real-time situation in which the items were actually being used. In this case, Walt provided customers with visual images and stereo sound of the guitar that he was selling. This again could help to mitigate the lack of tactile experience in the online marketplace. Previous research has suggested that, apart from providing information about the products, advertising shows people how to use them as well (Miller & Berry, 1998; Wansink & Ray, 1996; Chitty, Barker, & Shimp, 2008). Walt's

comment reveals the fact that sellers could actually use advertising tools in online auctions and know how to exploit them effectively.

Another technique used by Kei was to put the auction link on Facebook. Since people on Facebook would be her friends, she could encourage them to click on the link to view her auctions. As a result, a greater number of hits might occur, and the auction might come up higher in the search list. Because most online consumers quickly scan the listing instead of going into the detail, being near the top of the list could increase the possibility that the item would be watched and sold.

> *Kei: And then the other thing for me is when I list stuff, I will post a link on my Facebook, and so any of my friends can click on my items, that means I will get more views on my items, so they will come up higher when someone is searching them.*

These quotes show how some participants integrated technology and different sites into their marketing strategy. For example, by providing a link on YouTube, bidders had an opportunity to learn about the products and how to use them appropriately.

4.3.4.5.   The photos of the offered item

Participants believed that photos also played an important role in conveying the message to customers. Paola suggested that it was better to provide customers with an idea of what they were going to buy, and how they were going to use it.

> *Paola: So I thought, by putting a necklace in, and I had close up of it, so it would give people… because it was a really nice top… it would give people an idea about what they might look like... So yeah, if you've got them on a hanger, you don't get an idea, but if you've got it there, oh, it looks really nice with necklaces. You know, so I've thought about marketing.*

As Paola suggested, by dressing up the dummy and putting appropriate jewellery onto it, Paola gave the buyers an idea of how the top could be worn (See Figure I), for what occasions, and which accessories were the best match. Markedly, Paola thought that preparing and displaying a good photo was also an excellent way to market her products. Additionally, many sellers stated that the photos in the auction were considerably more important than the description, as they could provide a visual image for the buyers.

> *Abby: They [photos and description] are both very important, because when you take the photos, so people can easily see it, with the photos, people don't need to read your words, they notice that it's the item and you don't need to explain more, so 1 photo is more than a thousand words.*

Accordingly, Abby believed that one photo could carry more meaning than a lot of words. While the words might allow the buyers to imagine the item, the photos could provide them with a clear overview of what the item looked like and could help to reassure the buyers when making bidding and purchasing decisions.

The participants also mentioned two key issues regarding photo-taking activities, including the number of photos, and the sources of the images. Firstly, the number of the photos would be decided in relation to the value of the items. According to the participants, the higher the value of the item, the more photos should be used to display the item.

> *Jase: Ah, normally I just use 1 photo. Or if I'm selling something really expensive, I just might put 3 photos. But yeah, on cheap items, I just give 1 photo.*

Commonly, due to the high fee charged by TradeMe for uploading extra photos, the participants would choose to put only one photo on the auction of a low-value item. Another reason would be related to the performance risk faced by buyers when purchasing high-value items. Additional photos would provide the buyers with a more detailed view of the item. As a result, they might be more willing and confident to bid on the item. However, Kei found a way to save money by combining three photos into one (See Figure E). Even though Paola did not explicitly mention the technique, photos of her items also illustrated this concern (See Figure F).

> *Kei: And so I just was not wearing them in the pictures but I got like 2 pictures in it. But I normally, just hate to show, but I normally don't put 2 pictures, because I'm too cheap, I don't want to pay another 10 cents for another photo. So yeah, I normally put it like 3, I edited so that I'm gonna put 3 pictures into 1.*

Secondly, whether the photos were taken by the participants or taken from other sources depended on the product categories and the product condition.

Paola: And some people are tricky too, because they sometimes may use the photos from magazines and ... because I always wonder how it works. But they might sell a skirt that might have been advertised in a magazine that they had bought and they might want to get rid of it and they actually used the model wearing it. But I guess it looks quite nice, doesn't it? If they use that.

Jase: Oh, yeah. Definitely it's good to have a good camera to get some good photos of like, are there any marks or something like that on there. And the auction I've got on at the moment, I don't have the actual photos, because my camera is broken so I got the photo from Google images. But yeah, if I can't get a real photo, I get a photo from Google images normally. But yeah, sometimes I just use Google images.

Since Jase's camera was broken at that time, it was impossible for him to take photos. Therefore, he justified the photo taken from a Google image (See Figure G). However, he also stated that, even if his camera had not been broken, he still used Google photos. The participants usually took photos from Google images if they were selling brand-new items. Also, according to Paola, if the items were well-known among buyers, with popular brand-names, it was also reasonable to take photos from magazines or the internet (See Figure H). However, if the item was second-hand it was impossible to show the real condition via images from the internet, so it would be better to provide self-taken photos of the item. Since the participants wanted to build good reputations on TradeMe, they believed that being honest was the key factor in creating trust and commitment relationships with customers.

4.3.4.6.   The questions and answers section

In addition to the photos and description, the questions and answers section also plays an important role in persuading people to come back and bid on an auction. There are two key issues related to this section, namely the content of the questions and the number of questions. Firstly, the participants perceived that people usually asked for more information which was not provided in the description.

Marc: Because sometimes people want to know more about the product that you didn't describe on the list. Let's say this one, my last selling item. That one also has a lot of questions. Oh, it's gone, when it ended, it's gone. Normally they will have 5 or 6 questions and I'll have to answer. Oh, this one is another trade. I'm thinking of buying it, this one.

> *And then I asked him a question, but he doesn't answer it, so maybe I don't bid on this one.*

Due to the lack of tactile experience, plus the poor quality of the photos and the description, bidders might be unsure about the item that they are bidding on. Therefore, the questions and answers section could be considered as a supporting tool for participants when marketing their items. Marc also stated that if he was a buyer and the seller did not response to his questions, he would not bid on that auction.

Unanswered questions might mean different things for different people, which could be why it is important for sellers to answer all of the questions. One of the most common reasons for answering questions was that unanswered questions gave a bad impression; bidders might wonder why the seller did not want to answer these questions and wonder if there was something wrong with the item.

> *Dave: It's important to respond, the thing is not only does that person gets the answer, but anyone else looking at it also gets the answer. So other people look at it and also get more information. They can also see whether or not people are interested. Because what happens sometimes is that people looking at it, and if no one has looked at it, he thinks it's not as good as it was. But when he see 3 or 4 people asking questions and who seem interested in it, he knows that it's interesting, so he will be more likely come to the buy-now.*

As mentioned by Dave, the number of questions that bidders asked was also a good indicator of the popularity of the auction. Dave said that the more questions that were asked in an auction, the more attractive the auction would be to bidders. This point reflects the classical social comparison theory, in which Festinger (1954) suggested that "individuals generally prefer objective information to evaluate their standing on a given attribute but will, when such information is not available, turn to others for social information" (Buunk & Gibbons, 2007, p.4).

In addition, according to Sandy, answering bidders' questions might help to persuade them to return to the auction.

> *Sandy: Yeah. Well, like when people are going to bid, they remember you. Like they ask a question and then they move on if they don't get the answer from you. They are not going to come back to you and bother about it, because they are gonna forget about you if you do not give what they want. So if you answer questions, and they get the replies, they think that they got a notification through email I guess. And then they get back to it, and then they are more likely to keep track of what you are selling.*

Because there were plenty of auctions out there, the bidders would check their auction, add a question and continue to browse for another auction. An answer to that question reminded the bidders that they actually had a special interest in this auction. This might reflect the way that the participants maintained the relationships with their customers, which will be discussed further in the next chapter.

4.3.5. The management of customer relationship in online auctions

According to Morgan and Hunt (1994, p. 22), "relationship marketing refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges". In practice, relationship marketing (RM) differs from other forms of marketing in that it recognises the long-term value of customer relationships and extends communication beyond intrusive advertising and promotional sales messages (Hunt, Arnett, & Madhavaram, 2006). According to the participants, RM in online auctions was believed not only to build long-term relationships with loyal customers through repeat purchases, but was also more likely to generate good reputations through the feedback system. The following sub-sections will discuss two key sub-themes emerging across the participants, namely the significance of regular buyers and the reputation of the sellers.

In regards to RM in online auctions, it is worthwhile further discussing the subject of regular or repeat buyers. According to the definition of RM, it is important for sellers to create and maintain long-term relationship with customers through repetitive purchases (Berry, 1983). However, most participants suggested that it was not particularly important to have regular buyers in online auctions. For example, Walt and Dave did not highly value return customers, for a number of reasons:

> *Walt: Like I'm selling all sorts of different stuff and nah, I don't think it's important, because there are too many people out there looking at your auctions. And also because*

the same person doesn't always want the things that I have got, because it's not like I'm selling heaps of stuff.

Dave: No, just putting stuff out there, and got new buyers every time. When I was selling car-parks, then you might have, not regular buyers from TradeMe, but when they pick the car-park, they will ask like, do you have anything else to sell? And then they might keep the number and then they might ring back later on.

Walt reasoned that since he was selling a variety of things on TradeMe and buyers just randomly searched and browsed for goods, there were new customers and buyers all the time. However, Dave argued that a large number of buyers in the online auction environment would lead to a new buyer coming across his auctions every time.

Dave also stated that, even though regular buyers did not appear to play a significant role in this new marketplace, they might be important in regards to maintaining offline relationships. The maintenance of these offline relationships was very important for those participants who were selling products within one particular product category and simultaneously maintaining their offline businesses. Similarly, Barry and Lars suggested that TradeMe was a good platform to gain a broad customer base for his personal business, as online auctions were considered to have a large pool of potential buyers across the country. Therefore, by accessing this marketplace, there is an ever-increasing opportunity to inform potential customers of the availability of items and auctions.

Barry: Oh definitely. I gave her, I gave her a discount now, because instead of setting them all up and going through TradeMe, they just talk to me through emails, so I don't have to pay the fees and stuff.

Lars: So like I have got requests from people, like do you want to import this or do you want to help me to import this or do you want to help me to get this thing? So in that way, I have got a few regular customers.

Accordingly, Barry stated that, by giving customers a discount for their purchases, there would be a greater possibility that the customers would return to buy from him again. However, he wanted to maintain his relationships with the customers without involving

TradeMe. As opposed to Barry, Lars wanted to maintain his strong relationships with customers via TradeMe.

Jose: Well, I think in business, it is. I mean, yeah. The thing, yeah, especially with the products, I have got people just buy stuff all the time, and they like the products, and they keep coming back and buying more. But the set of products that I'm selling there, I don't think there are too many places in NZ, they are gonna buy that, you know, there aren't too many people selling it.

In general, RM is important to the extent that both Barry and Jose stated that they spent considerable effort on generating and maintaining repeat customers, even though these trades were not necessarily occurring regularly in the online auction site. Quite differently from other participants, Barry, Lars and Jose considered their trading activities on TradeMe to be their personal businesses and they believed that it was important to spend significant effort in setting them up and building long-term relationships with their customers. In addition, the nature of their products allowed them to have regular trades with their loyal customers. While customers might buy from Walt and Dave only on one occasion, if Barry, Lars and Jose lived up to their customers' expectations then customers might continue to buy from them again and again

4.3.6. The management of sellers' reputation in online auctions

Customer relationships in online auctions is not simply about maintaining repeat purchases with particular buyers, but also about creating a good reputation, so that buyers will be more willing to trade with sellers in online auctions. Reputation, trust, positive word-of-mouth (WOM) and satisfaction appear to be key components of the feedback system. The feedback system provided by TradeMe is perceived by the participants to be a good way of evaluating their reputations.

Dave: And I didn't look at the feedback before I purchased it, because if I looked at the feedback, I would have never bought it from him. Yeah, he got a lot of bad feedback from a lot of people. And you know, it takes a long time to see it, and there is a risk that the product isn't good, so I was lucky because I had managed it, but there are so many people selling things, you don't need to buy something from someone that has a bad reputation. That was silly, why do I have to buy a watch from a person with a bad feedback? When I

can buy the watch from 8 out of 10 people with excellent feedback. Why do I have to take risk? And if someone got feedback, bad feedback, from the percentage that they sell or just risky, that's just the risk, you know, and you don't have to take the risk.

As Dave mentioned in the interviews, the online auction environment provides buyers with the choice to buy from any number of sellers. The participants stated that individuals usually looked at a trader's feedback before deciding to trade with that person as they believed that the feedback system was an excellent indication of a trader's reputation. Dave's comment illustrates the fact that the sellers really cared about their reputations on their auction sites. He believed that his reputation played a very important part in creating a competitive advantage, and had a significant impact on reducing the risk perceived by buyers. This finding is consistent with those in impression management literature, which addresses how people present themselves to others (Gardner & Martinko, 1988) or how a company presents itself to others (Carter & Deephouse, 1999; Carter & Dukerich, 1998). Good impression management is considered to have a positive impact on an organisation's reputation, identity and image (Dutton & Dukerich, 1991). In online auctions, most participants believed that it was very important to create and maintain a good reputation, and the feedback system was considered to be the best tool to evaluate the credibility and reliability of traders.

In addition, together with the TradeMe advertising and communications tools discussed above, the feedback system also plays a significant role in assisting the participants to successfully market their items and their auctions.

Dave: Good photos, good description, good answers to the questions, being very helpful, because someone wants to have more photos, pics or things like that, you just put them on. So, I generally try to get as much as helpful information as possible. And also too, people from other sites, they don't know you, but they can see that you are fairly honest. And plus my reputation on my sales is very good marketing as well. So there is a combination of these things, which I think help with your marketing.

As such, the inherent risk of purchasing online makes it more important for sellers to create a good reputation in order to reduce buyer insecurity and reluctance to purchase. In addition to photos, descriptions, and answers to questions, the feedback system was considered by Dave to be a useful tool for facilitating marketing activities through sellers' reputations. Moreover, it is worth noting that Dave explicitly perceived the importance of marketing when promoting

his online business. As discussed in the previous section, since Dave believed that it was not as important to have regular buyers, maintaining a good reputation was important to him in terms of attracting and generating new customers for his online business.

A comparison could be made between a seller's reputation in online auctions and the brand name of a company, which is built up over a long period of time and is based on the level of trust and loyalty of its customers. In the same manner, the number of positive feedbacks and the overall number of feedbacks were used to evaluate the reputation and trustworthiness of the sellers. Moreover, they were also negatively correlated to the level of risk perceived by the buyers. Lali, for example, specifically tries to generate positive feedback from her auctions by packaging her products nicely.

> *Dave: Because the money from the sale is no longer important, but it's very important that I keep that person very happy, and to keep my reputation up, because I could have… she could post a negative response. And then when I'm going to sell something else, someone sees some negative feedbacks, thinks I might not be a good trader, and then I don't make the sale. So yeah, I protect it quite fiercely.*

> *Lali: But selling, most of them are ok, because I know that customers don't trust people that much, but I want people to trust me. So every time I run an auction like a calculator or those things, I actually pack it very nicely. There is actually somebody, who put it down in the feedback and said that the calculator is nicely packed. You have to use bubbles, if someone just posts it to me in a box with bubbles, I possibly think that they actually really care … not only just money, but care about the products and customers.*

The participants specifically perceived that, although making a profit from the trade was important, it was even more important to focus on the product and the customers in order to protect their reputations. While Dave always strived to make his customers happy after the trades in order to maintain a good reputation, Lali cultivated her customers' trust by providing good service both during and after sales. Similar to both Dave and Lali, Paola also thought that post-sales service played an important role in maintaining good relationships with customers and generating good reputations.

Paola: I did get $40, but then I noticed it when I packed it, I noticed that there was a scar because I wore them for a couple of times on the heels, so I just popped $5 in with the box. So I don't like to be, you know, like I want to give a good value for money.

Accordingly, Paola wanted to make sure that the buyer would get good value out of what he or she purchased, as well as good packaging. Paola seemed at least to try to meet her customer's expectation about the quality of her product and service. Again, the fault might not be totally hers, but be partly due to the nature of the online auction environment, in which customers did not have the ability to directly inspect an item for sale.

However, traders in an online auction environment can be vulnerable as people can manipulate the feedback system if they choose. Many participants acknowledged this concern:

Daniel: Yeah… feedback is important in the way that it helps to create credibility within your trading. But I think a lot of people now understand that the feedback can be biased.

Isabel: I do and I don't. I do think that it is not important, but I said before, you can post bad feedback, and they can just explain or post bad feedback again on yours. So it's kind of defeated purpose that people always did. Because people post bad feedback on those, who posted bad feedback on them. You know, it's just like a war.

Although Daniel believed that the feedback system was important in terms of generating credibility between buyers and sellers, he also stated that it was not as reliable as it may have been previously. According to Daniel, some sellers or buyers may not trade in online auctions, but still upload feedback. Isabel highlighted how posting feedbacks in auctions could be like a war, in which an individual might fear receiving negative feedback if he or she gave one. Similar to this finding, Li (2008) found that the fear of retaliation may be an important motivation for traders not to leave negative feedback. However, while Li's study focused only on buyer behaviour, this study goes one step further by exploring sellers' fear of retaliation when posting feedbacks.

4.4. Chapter summary

This chapter discusses the interpretation of the findings in this present study. Five main themes have been identified, namely the learning process, marketing activities, the management of customer relationships, and the management of reputations in online auctions. Firstly, the findings reveal that, depending on the stage of the learning process and the experience of the sellers, different learning methods, namely social interaction, modelling and imitating, reward and punishment, and other sources of information, would be used accordingly. Secondly, it was believed that a variety of marketing activities and strategies were adopted by the sellers. Accordingly, the various skills and techniques were acquired by different learning methods, depending on the different stage of the learning process.

Thirdly, some participants believed that it was important to manage long-term relationships with customers, while others did not think that it was necessary to maintain these relationships. The difference is believed to relate mainly to the nature of the items being sold.

Finally, regardless of whether the participants thought that it was important to maintain loyal relationships with customers, they all believed that it was very important to generate and maintain a good reputation in online auctions. In particular, good feedback and good post-sales service were considered crucial to maintaining the good reputations of the participants.

## CHAPTER 5: CONCLUSIONS AND IMPLICATIONS

5.1. Introduction

This research fills a gap in marketing literature by exploring sellers' behaviour and experiences in the online auction environment. In particular, this study suggests that online auction sellers experience a learning curve through which they must progress in order to become experienced sellers. More specifically, the learning process can be used to explain how and what marketing and selling skills and knowledge are acquired. Findings from this study have achieved research objectives and answered the research questions indicated earlier.

This chapter focuses on the conclusions of the results detailed in the previous chapter; particularly the implications of the research and its contribution to the consumer behaviour discipline. The study's limitations and future research directions are also discussed.

5.2. Conclusions of the findings

The following sections will discuss the main conclusions of this study in regards to the two key research objectives and research questions. The development of the learning process model (refer to Figure 9) is based on the findings from this present study, so it cannot be generalised. The model was also inspired by Moschis and Churchill's (1978) consumer socialisation model. Accordingly, the learning process occurs very early on, even before the participants actually experience their first trade in online auctions. The process continues as the participants involve themselves with the trading process. More specifically, different marketing skills and tactics are acquired during the learning process in order for the traders to become professional sellers. Detailed discussion of this process was provided in Chapter 4.

Figure 9 - Sellers' process in the online auction environment
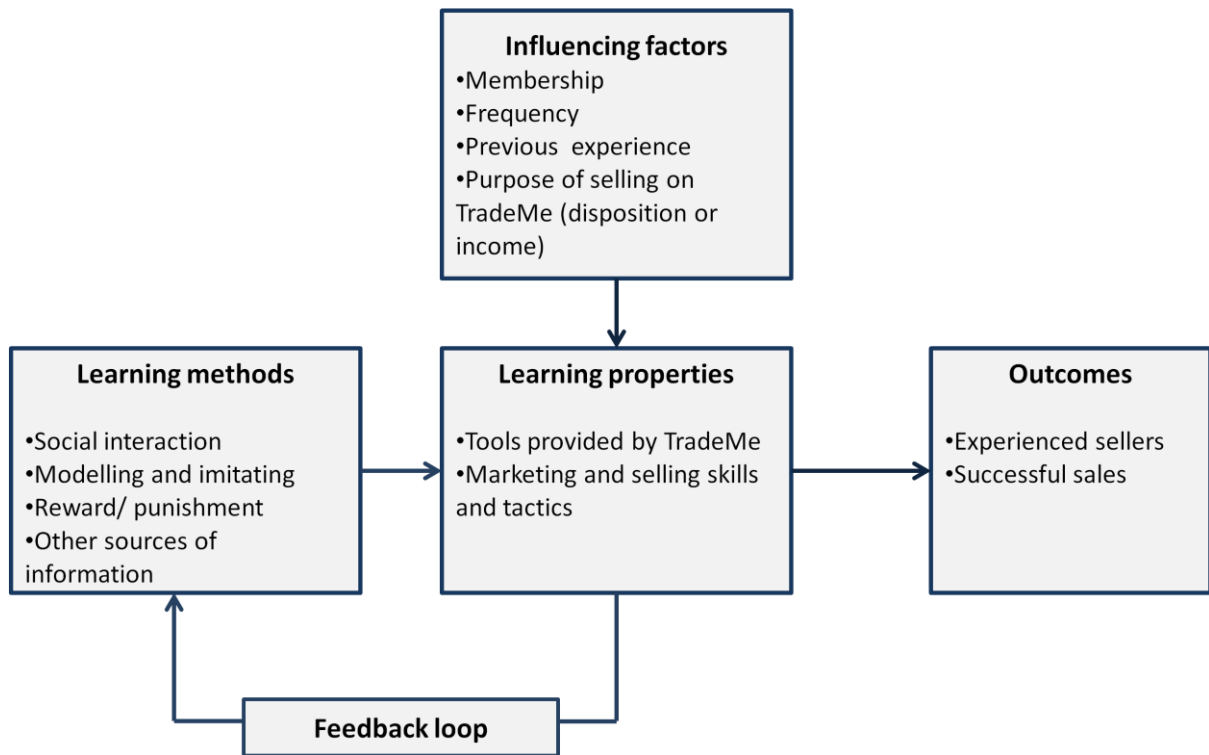
Since previous research has mentioned that trading on any online exchange forum is not an easy task and can take considerable time, it is worthwhile to further explore the learning process experienced by sellers in the C2C online auction environment. Therefore, the findings from this study were incorporated into the discussion in order to fulfil the following objectives:

Objective 1: To explore the learning process that individual sellers go through in the C2C online auction environment.

The knowledge acquisition in online auctions is considered a process through which sellers learn about the site and how to trade more effectively on TradeMe over time. Accordingly, being more experienced means being more successful in the C2C online auction environment. According to the participants, becoming more successful in this environment is not necessarily related to selling more items at higher prices, it is more likely related to whether the sellers can actually identify their potential customers and target them effectively.

RQ1: How do individuals learn to become experienced sellers in the online auction environment?

5.2.1.1. Learning methods, learning properties and outcomes

There are a number of ways that sellers can learn about the C2C online auction marketplace. As a consequence, participants have acquired marketing selling skills via four main learning methods, including social interaction, modelling and imitating, rewards and punishment, and other sources of information (refer to Figure 9). A number of additional factors also play a moderating role in the learning process. Findings from this study suggest that the stages of the learning process, previous experience and the reasons for trading in online auctions have had a significant impact on the learning methods adopted by the sellers. It is believed that the different learning methods can occur at different stages of the learning curve. At the early stages of the curve, sellers learn about TradeMe and how to confidently use the tools provided by TradeMe mostly from interacting with other people in both the online and offline environments. At the later stages, when sellers are familiar with the functions of the website, they begin to learn, and continue to learn, marketing and selling skills through modelling and imitating, rewards and punishments, and other sources of information.

Firstly, learning through social interaction is defined as learning activities involving direct contact between two parties; the learner and the sources of information. At the early stages of the learning curve, some sellers are often introduced to TradeMe by other people, whose positive experiences would have had a significant impact on the participants' decisions to also participate. For example, Abby stated that she only began to trade on TradeMe, when her friend recommended it as a good site. In addition, some sellers stated that they learnt how to use the TradeMe tools from their peers. However, these learning activities would only occur a few times at the very early stages, when the participants first started to use TradeMe. Later on, although some sellers acknowledged that they might learn marketing and selling skills from their peers, this did not apply to all sellers. For example, Walt acknowledged that he actually learnt trading skills from asking "old" people and other experts.

According to Moschis and Churchill (1978), consumer learning is viewed not only as a cognitive-psychological process of adjustment to one's environment but also as a social process. Accordingly, the participants in this study believed specifically that they learnt by directly interacting with family members, peers and experts, who were considered to be more reliable and trustworthy sources of information. This is consistent with the findings from previous studies, stating that interpersonal sources of information are considered to be reliable and unbiased (Arndt, 1967; Churchill & Moschis, 1979; Mourali et al., 2005). In addition,

Abby's recommendation also confirms the function of interpersonal information sources in clarification and providing immediate feedback.

The consumer socialisation theory was used to explain part of the learning process experienced by sellers in online auctions. However, past research has suggested that one of the limitations of this theory is that it focuses on childhood socialisation, recognising that not all learning takes place during this period of time, and that the impact of new roles may greatly alter patterns of earlier learning (Moschis & Churchill, 1978). This present study reveals that consumer socialisation, especially learning via social interaction, can be used to explain the consumer learning process of adults. Specifically, sellers were introduced to the TradeMe site, and initially learnt about TradeMe, by interacting with other people such as family members, friends, and peers.

Past studies have also concluded that the learning processes of newcomers is strongly influenced by the social interaction of individuals (Manski, 2004; Ashforth, Sluss, & Saks, 2007; Korte, 2009). However, the key subjects of these studies have been newcomers or new staff to an organisation. In particular, new sellers on TradeMe familiarised themselves with the new environment by learning the required skills and unique activities of the site. As they became more familiar with the auction site, their understanding and knowledge contributed to its establishment and stabilisation. However, in order for this learning to occur, sellers must have direct contact with the people from whom they want to acquire the information and knowledge.

Although learning by social interaction occurs early on in the learning process, learning by modelling and imitating is perceived to be the most popular learning method among the sellers. To some extent, learning by modelling and imitating involves both learning via direct contact and observing other people's behaviour. For the purpose of this study, this section will mainly focus on the role *observation* plays in the learning process. As opposed to the social interaction learning method, learning by modelling and imitating may not require direct contact with people; instead, observing and imitating are the key factors. Most of the participants suggested that observing and learning from other sellers' successes and failures could be a good way to learn marketing and selling skills. The participants usually looked for successful sellers in similar product categories, in order to learn the necessary skills and become similarly successful. For example, Lars believed those he observed and learnt from had outstanding ideas and were therefore very successful in their businesses. As well as

learning from the successes of other sellers, some participants stated that they alsolearnt from others' failures. In particular, Barry and Lars learnt by observing some unsuccessful auctions and endeavoured not to repeat those mistakes.

After acquiring knowledge by observing other sellers, the participants would usually imitate the beneficial activities and eliminate the failures. More specifically, they learnt by copying and pasting descriptions and photos into their own auctions, or imitating the techniques applied successfully by others, such as how to set up an auction, how to decide the price, and how to demonstrate an auctioning item. Imitated learning is quite common in online auctions; previous studies have suggested that popular products offered by internet-based auction sites share a number of features, includingeasily accessible productdescriptions and associated knowledge (Malone, Yates, & Benjamin, 1987; Beam & Segev, 1998). As many sellers offer similar items in online auctions, once individual sellers see the popularity of items on other auctions, they would imitate in order to obtain the same success.

The modelling and imitating learning method also demonstrates the transparent nature of the online auction environment, in which most of the information is disclosed publicly to both buyers and sellers. Online auctions are believed to be the most perfectly competitive marketplace, where both buyers and sellers are informed fairly and have equivalent roles in disclosing and obtaining information (Makowski & Ostroy, 2001; Rumpe, 2003; Walley & Fortin, 2005). As a result, because information in online auctions is publicly displayed and easily accessible, it is easier for the learning process to occur, and for sellers to acquire information and knowledge in this marketplace.

To some extent, the modelling and imitating learning method could be used effectively by new sellers who have recently joined the online auction environment, or by experienced sellers to learn new tactics which other sellers consider to be effective. However, in order to confirm the effectiveness of the new tactics, it was necessary for sellers to actually test it themselves. Therefore, the rewards and punishment learning method is a useful complement to the improvement of sellers' skills and knowledge. Hence, the participants believed that they learnt how to trade more successfully in online auctions as the trading process evolved. As a result, it is suggested that the longer the participants wereinvolved in online auctions, the more knowledge they acquired and practised. As stated by Abby (with 78 trades) and Dave (with 450 trades), their knowledge of trading on TradeMe increased with the length of time and the number of trades they had participated in as both buyers and sellers. Rewards or good

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outcomes from one trial would encourage sellers to continue using a specific tactic; while the punishments or unsuccessful outcomes would discourage them from using it again. Marketing tactics and skills will be discussed in detail in the marketing practices section.

Being a buyer before or at the same time as a seller could provide the participants with a better understanding of their customers. According to the data analysis, thinking from a buyer's perspective could assist the participants in setting up an auction more successfully, as they might understand what customers expected and might satisfy their needs better. For example, Daniel suggested that putting himself in the customer's shoes could help sellers in terms of persuading customers to bid and buy more effectively. Interestingly, while comments from most of the participants only implied this, Paola explicitlystated the importance of satisfying customers. She believed that it was important to think fromthe buyer's perspectives, andnot to impose her personal tasteson them. Although the participants did not provide explicit examples of the reward and punishment learning method, they clearly stated that rewards would occur if traders could act in consistence with the way their customers thought. As a result, their items and their auctions would become more appealing to their potential customers, which in turn would lead to more bids and higher winning prices. This finding also reflects the customer-focused or market-oriented perspective from a seller's point of view, as the sellers made more of an effort to understand and satisfy their customers' needs.

However, reward and punishment learning generally occurs when participants actively involve themselves in the selling process. Once participants become familiarwith the TradeMe site, in addition to learning via observation, they also explore the auction site by themselves as they become involved in the trading process. Most of the sellers specifically said that they learnt by repeating an action and making mistakes overtime. For example, Daniel explicitly stated that he learnt good tactics through trial and error, while Gail implicitly mentioned this learning method. For example, she usually initially sets the price a little higher, then lowers it over time until the buyers find it reasonable and start bidding on the item. However, the sellers' trials were not always successful; for example, Paola believed that bundling things into groups of different colours would be a successful technique. However, the second time she used this technique, it did not work. This finding is consistent with the definition of trial-and-error learning suggested by Young (2009, p. 626), by which "a person learns by trial and error if he occasionally tries out new strategies, rejecting choices that are erroneous in the sense that they do not lead to higher payoffs". This finding provides an

important contribution to the literature, as it reveals that rewards-and-punishments or trial-and-error learning methods are commonly used by sellers in order to acquire marketing skills and tactics in the online auction environment.

In addition, some participants suggested that they also acquired trading knowledge from other sources of information, such as textbooks, books in general, newspapers and magazines, and other online information sources. Several people stated that they had learnt many marketing skills at university. This is reasonable because many participants were recruited from universities, so some of them might have pursued marketing courses. Othersstated that they had also learnt from online sources and books. However, whilst the other learning methods discussed are of a practical nature, these sources of information provide theories for those who want to learn more about trading on TradeMe. This finding is consistent with the conclusion in Foster and Lin's study (2005), suggesting that the prior knowledge obtained from textbooks provides sellers with the analytical tools to understand the nature of their e-commerce experience. However, it was not considered a popular method as it was not cited by many participants as a useful way of learning the tactics and skills required to trade online.

The above discussion clearly provides a brief conclusion about the key learning methods for online sellers in the C2C online auction environment. However, it is believed that only two of these methods, namely learning by modelling and imitating, and rewards and punishments, contribute significantly to the acquisition of marketing and selling knowledge and skills. As opposed to social interaction learning, which requires direct communication between learning agents and the learners, for the purpose of this study, modelling-and-imitating learning does not require direct interaction between parties. Instead, the observation and imitation of successful and popularised auctions will occur. However, the effectiveness of these tactics would only be tested when the sellers are actively involved in the selling process. Finally, other sources of information, such as books, textbooks and online sources, play a supplementary role in sellers' knowledge, although this is not considered to be a key learning method.

5.2.1.2.   The learning process

The participants also acknowledged that the learning curve is an ongoing process, and that trading knowledge is accumulated over time. The participants believed that they must keep learning all the time because there were always new and useful things for them to learn. In

addition, since the online auction environment is a very dynamic marketplace, the participants needed to keep learning in order to remain up-to-date with the current situation. Consequently a feedback loop has been developed, as shown in the suggested model (refer to Figure 9).However, some participants with at least 120 trades on TradeMe stated that there was a threshold at which they had learnt most of their techniques and skills. By then they felt they knew everything already and they perceived themselves to be experienced sellers, although it must be noted that subconscious learning continually occurs. As a result, their level of knowledge had reached saturation point, and they did not want to actively learn anymore. Therefore, this learning activity is believed to be practiced more often by novice or semi-professional sellers in the online auction marketplace who possess a lower number of trades.For example, Lars said that there was always a limit, by which time he felt he knew everything there was to know. Consequently, it can be concluded that the longer the time and the higher the number of trades the seller has been participating in on TradeMe, the more knowledge about C2C online trading he/she has accumulated.

In addition, the findings also reveal that the learning process is not only related to the attainment of knowledge from sources of information, but also occurs implicitly within the sellers' perception. The sellers perceived that in addition to gaining knowledge about trading on TradeMe, they would also learn about the importance of marketing activities and how to be creative in applying these skills and techniques.

Objective 2: To find out what skills and techniques are commonly used by sellers and how these skills have been applied when marketing their products in the online auction environment.

The findings from this study illustrate the fact that the participants actually adopted marketing strategies into their online businesses. In particular, although they did not explicitly mention the 4Ps, they explicitly perceived the importance and implication of marketing strategies in supporting their online businesses. Most of the participants perceived trading on TradeMe as a small business, which is also reflected in this study. Some participants also mentioned that it was very important to manage good relationships with their customers. However, some of the participants did not think generating regular customers was important because there is a large pool of sellers and buyers in the online auction environment, though most of them perceived thatcreating and maintaining good reputations was crucial for success.

RQ2a: What types of selling strategies are adopted by the online sellers?

Findings from this study revealed that four elements of the marketing mix, namely place, price, product and promotion, were widely perceived and discussed by the sellers participating in the interviews. In addition, the analysis also demonstrated the fact that, although the participants did not explicitly mention that they marketed their products by applying the 4Ps into their business strategies, they understood their implications and effectiveness.

5.2.1.3. Place strategies

Place is one of the four elements of the marketing mix which is commonly used by most contemporary businesses and organisations. Place in the online auction environment can be considered as a virtual space, where the information and images of the selling items are displayed and sales are made. The findings from this study suggested that, although it was easier and more convenient to trade in online auctions, there were still some disadvantages perceived by the participants. Specifically, sellers understood the risks faced by the buyers due to the lack of tactile experience, miscommunication between traders and not receiving the items when full payment had been made. Therefore, they tried to eliminate these perceived risks by using supporting tools provided by TradeMe.

For example, Jase stated that people felt insecure when purchasing items on TradeMe because they could not physically see or touch them or try them on. Therefore, online trading is more suitable for items, which are believed to possess a lower level of financial and functional risk, although some expensive and functional items are sold on TradeMe. Similarly, Abbyimplied that it was difficult to create trust between buyers and sellers, because theymay have different experiencesof the items. Agreeing with Abby, Paola suggested that because it was impossible for buyers to have the same experience of the items as was in the retail stores, it was necessary to create some sort of tactile experience, so thatpeople might be more willing to buy in online auctions.

Findings from this study are consistent with those in previous studies, suggesting that since buyers in the online environment typically have no previous experience with a particular seller, cannot meet the seller face-to-face, cannot examine the product being sold, and must pay for the product before it is shipped to them, they might face a higher level of risk (Massad

& Tucker, 2000; Resnick & Zeckhauser, 2002; Finch, 2007). The nature of the online marketplace makes it impossible for buyers to have tactile experiences of the item before trading. Therefore, Park, Lennon and Stoel (2005) and McCorkle (1990) stated that because sensory attributes cannot be completely evaluated when people shop online, risk associated with online purchases may prevent consumers from purchasing. In this case, sellers can help to reduce the uncertainty by providing a clear, detailed and honest description of the product as well as photos. This present study supports existing research which states that one way of reducing the perceived risk associated with online purchasing is to provide clear and detailed pictures of the products for sale (Helander, 2000; Wolfinbarger & Gilly, 2001; Koehn, 2003). Although there is a lack of tactility in the online marketplace, these images make it easier for users to be confident when trading online.

Past research has investigated the risks perceived by buyers and sellers separately. Findings from this study reveal the fact that sellers actually understand the risks perceived by the buyers, and how these perceived risks could affect their personal online sales. Consequently, efforts to reduce risks perceived by the sellers could also help to assure the quality of the products and services, increase the credibility of the sellers, and maintain their reputations. Tools provided by TradeMe are used accordingly in order to support sellers' decisions and strategies.

5.2.1.4.   Pricing strategies

Three main pricing strategies have been used extensively by the participants in this study, namely the mark-up strategy, the auction-based strategy, and the emotional attachment to the product strategy.

Firstly, the mark-up pricing strategy is originated from cost-based pricing, which is the most commonly used approach to pricing in business (Noble & Gruca, 1999). One study found that 60 percent of the businesses surveyed used cost-based pricing as their primary basis for setting prices (Cressman, 1999). Interestingly, findings from this study illustrate that this pricing strategy is also considered to be a common approach used by most of the participants when deciding the prices for the offered items, because of its simplicity. In particular, the price of the auctioning item is set by adding the mark-up to the original cost of the item. For example, Jose decided the price for his offered item by doubling its original cost, so that the

price was sufficient to cover the packaging, labelling and other similar things, and also make a small profit.

The findings from the discussion section also illustrate the difference in the mark-up amount perceived by the different sellers. While Paola thought eight to twelve dollars would be a significant earning, Daniel and Marc thought a few hundred dollars would be considered a significant earning, depending on the value of the auctioning items. Therefore, the mark-up amounts were considered to be a percentage of the final selling prices, not a specific amount in addition to the original costs. However, although the mark-up approach was applied in various forms by the participants, a system was used to identify the most appropriate price. In order to sell the item, sellers should set the price consistent with or lower than the market price; otherwise buyers would not look at it. This finding is consistent with the fact that buyers visit online auctions in order to obtain a better deal (Nissanoff, 2006).

Nonetheless, this pricing approach ignores customers' willingness to pay for a higher level of product performance, and overlooks competitors' offerings relative to customer needs and price affordability (Best, 2009). Therefore, another pricing approach has been used, namely the auction-based method. This approach was perceived to be more suitable and applicable in the current market situation, especially in online auctions, where the prices were mainly determined by the buyers via the bidding process, as Gail and Isabel stated in their discussion. In addition, according to the economic theory, the online auction marketplace could be considered as the perfect competitive market, in which no participants are large enough to have the market power to set the price of a homogeneous product (Makowski & Ostroy, 2001). Accordingly, market demand can also have an impact on pricing decisions. As a result, the higher the market demand, the higher the price the participants can get. This can be simply explained by the fact that, as stated by Abby, the more popular the item is, the higher the number of bidders, and the higher the price. Moreover, according to game theory, the auction-based pricing approach also illustrates the excitement of sellers when watching the bidding process and getting their items sold.

Obviously, the mark-up pricing approach was perceived to be more suitable for the buy-now setting, where the sellers wanted to sell the item for a specific price. In this situation, since the participants wanted the buyers to pay the specific price of an item, they usually identified its price based on its original costs and the mark-up. In a reserve auction, the auction-based method was more likely to relate to the $1 reserve setting, in which the value of the

auctioning item was determined by the bidders and the market. Similar to the $1 reserve setting, where bidders could bid freely on an auction item, the auction-based pricing strategy allows bidders to bid on an auction in order to determine the most appropriate price for that auctioning items.

Together with these two rational pricing strategies, an emotional attachment to an auctioning item also played an important role in deciding the price for that item. Accordingly, a higher price would be set if the participants had a special connection with the selling item. As a result, fewer bidders would bid on the auction, which would therefore reduce the possibility that the auctioning item would be sold. Again, in this case, no reserve and no buy-now price would be used, because these two pricing tools usually increase the possibility that bidders would participate in the auction. In addition, this pricing strategy usually occurs when an individual sells their personal goods on TradeMe, as a strong attachment to an object is usually considered to be part of the extended self (Schultz, Kleine, & Kernan, 1989). Obviously, any emotional attachment is clearly illustrated by the reluctance to sell the personal items. For example, Gail decided to set the price slightly higher in order to discourage buyers from bidding on her auction. However, the financial situation of the participants might have a considerable impact on their decision to sell, as in the case of Kei. Even though she really loved her shoes and did not want to sell them, she was forced to because of financial issues.

Female participants seemed markedly more attached to their items for sale on TradeMe; none of the male participants mentioned their reluctance to sell their goods because of a personal and/or emotional attachment to them. Moreover, as discussed above in the product categories section, as opposed to male participants, who usually sold things on TradeMe as a hobby or a business, females usually sold on TradeMe to dispose of their personal items. Therefore, it was believed that there was a stronger emotional attachment between female participants and the selling item, compared with male participants and the item.

5.2.1.5.   Product strategies

Product could be considered another key issue regarding marketing decisions, as it was the item that sellers were trying to sell, and buyers were persuaded to bid on and purchase. Accordingly, product in this study carries a broader meaning, as it describes the whole

process through which the participants make the decision about what to sell, and how to prepare it.

➕ **The selection of offered items**

The selection of offered items is considered to be a process through which the participants set up the criteria to evaluate and select things to sell on TradeMe. Taking into account the various purposes for selling on TradeMe, including the disposition of unwanted goods and resale of goods, different criteria have been chosen in order to ascertain the value of the items.

Firstly, in terms of the disposition of unused goods, many participants stated that they wanted to dispose unwanted things around their homes in order to clear the space and receive some extra income. The findings from this study revealed that participants clearly understood there were a number of options available to them to choose from in order to dispose of unwanted items, including throwing away, donating or reselling it. Consistent with findings from a previous study, this present research suggests that in terms of permanently disposing of an item, there are four possible options for the sellers to choose from, namely throwing it away, giving it away, trading it and selling it (Neal et al., 2002). In addition, as perceived by most of the participants, only items in good condition were considered saleable on TradeMe, as buyers usually prefer to obtain good value for money.

The findings from this study also illustrate that the selection process is significantly related to the divestment ritual (Turner, 1969; Lastovicka & Fernandez, 2005). Many participants indicated that they would move unwanted items elsewhere in order to reduce their attachment to them. For example, in order to separate emotionally from her personal possessions before putting them up for sale, Abby decided to move things out of sight. This activity helped to reduce the self attached to the selling item, and was only meaningful when the participants wanted to dispose of their own items. The preparation process discussed in the next section will explain the meaning of the transferral process from personal self to public self.

Together with the rational perspective, the disposition process is also related to an emotional issue. Disposition is also viewed as "the process of detachment from self" (Young & Wallendorf, 1989, p. 33). Previous studies have suggested that emotional detachment could be used to explain the disposition process (Belk, 1988; Young & Wallendorf, 1989; Herrmann, 1997; Lastovicka & Fernandez, 2005). Since the disposition of an item is strongly related to

the detachment process of that item from the owner, a strong emotional attachment is believed to exist in the decision-making process. For example, Isabel felt happy when selling her personal items not because of the small amount of money that she could get, but because she knew that its value could be transferred to someone who would value it just as much. This concern is likely related to the divestment work[10] articulated in previous studies (Lastovicka & Fernandez, 2005; Denegri-Knott & Molesworth, 2009). In informal market literature, previous research has suggested that sellers may be happy to sell to someone who is really interested in the item, even if a lower price was set (Belk, 1988; Young & Wallendorf, 1989; Herrmann, 1997).

In contrast to the emotional attachment to the product, higher prices can aid the divestment and detachment process because prices are usually set higher to demonstrate a seller's reluctance to sell their possessions. This concern is explained by Belk's conclusion (1988), in which if consumers' meaningful possessions are part of their extended selves, when consumers sell such possessions, they symbolically divest extensions of themselves (Lastovicka & Fernandez, 2005). Therefore, Hermann (1997) found that finding a new owner at a garage sale, who could provide a good home for a possession, can be more important than the economic benefit obtained from selling the item.

Some participants stated that they sold items on TradeMe for extra income, and might buy things specifically to resell. Accordingly, a number of criteria have been used by the participants to select items to resell on TradeMe, including cheap sources of input, popular products, and unique items. Since TradeMe is considered by people to be a potential marketplace, it is reasonable for participants to believe that they can reach a significant number of potential buyers, and that those buyers want to obtain the items for lower prices than retail stores.

Since TradeMe is a competitive marketplace, both within and across marketplaces, it is necessary for participants to sell items that are not only different from other sellers, but also other trading environments such as retail stores or other online trading forms. In other words, the participants believed that they should create competitive advantages in order to compete successfully in the C2C online auction environment. Some participants suggested that lower

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[10]Divestment rituals refer to the management of "meaningful possessions' private and public meanings to facilitate satisfactory detachment from self and transfer to another"(Lastovicka & Fernandez, 2005, p. 814).

prices would be a good advantage. In this case, most participants would look for sources of low-priced goods in order to resell profitably on TradeMe. Other sellers believed that they would be more successful if they sold popular and trendy goods, as there might be more demand in the market. This concern is more likely related to clothing and jewellery, as was clearly illustrated by Paola and Abby, who love fashion and mainly sold clothes and accessories. Last but not least, according to Barry, selling unique items on TradeMe is also considered a competitive advantage.

As opposed to the disposition process, which involves more emotional attachment and emotional decisions, buying things to resell consists of more rational decisions. In particular, since the disposition process is more likely to be related to personal possessions which are part of 'self', sellers might be more reluctant to sell an item immediately. Therefore, moving them out of sight is a necessary process in order to sever the connection. In contrast, since buy-to-resell items are not personal possessions, less or no emotional attachment exists. Therefore, it is unnecessary for sellers to go through the divestment process.

♣ <u>**The preparation of goods for sale**</u>

After selecting items to sell, the participants moved to another stage, indicated by their attempt to add value to the auctioning items by way of mending, cleaning and packaging. Basically, most sellers in this study stated that since they usually sold second-hand goods on TradeMe, it was necessary for them to make the items look as nice and clean as possible in order to attract attention from potential customers. For example, Lars said that he normally cleaned up and fixed all damage on tennis racquets whenever he decided to sell on TradeMe. For some participants who sold many things at the same time, the sorting of goods into an organised system was also an important step in preparing stock for sales. The preparation process is also related to the time that the participants spend on arranging and taking photos of the offered items. It was believed by most sellers that in order to attract the attention of potential buyers, it was very important to spend a significant amount of time and effort on preparing stock for sale.

The conclusion that emerges from this study is comparable to that of previous studies in the retail environment, suggesting that the product design nature and store layout and design have a significant impact on purchase decisions (Ang & Leong, 1997; Janiszewski, 1998; Hsee & LeClerc, 1998; Ballantine, Jack, & Parsons, 2010). In particular, the products displayed in the

online auction pages could be compared with those displayed in the retail environment. Due to the lack of tactile experience in the online auction environment, as discussed in the place section, it was very important for sellers to create a product and environment experience for the buyers. Although the products are the key items for sale, the promotion, which will be discussed later in the promotion section, could be more important in terms of assisting the participants in displaying the items and attracting the attention of consumers.

Furthermore, similar to the selection process, the preparation process also played an important role in the divestment ritual (McCracken, 1986). While the selection process allows the participants to remove the personal self from the selling items, the preparation procedure also assists the sellers in transferring the personal self into the public self. This is illustrated by the cleaning, polishing, washing, ironing and organising of stock. This finding also reflects the process of letting go of one's *old self* by disposing of one's old clothes, then subsequently creating a *new self* by buying new clothes. As such, the ironing, cleaning, organising, and taking photos of the offered item would play an important role in removing the meaning created by the sellers (McCracken, 1986). Also, according to Rook (1985, p. 252), rituals refer to "a type of expressive, symbolic activity constructed of multiple behaviours that occur in a fixed, episodic sequence, and that tend to be repeated over time". Accordingly, the preparation process is considered to be a ritual process of selling, as it is built up through a number of activities, and occurs repeatedly in a pre-specified sequence whenever sellers are making sale decisions.

✚ Product categories

In terms of product categories, TradeMe provides the sellers with a clearly categorised system, within which they can easily choose their preferred product categories. According to the information provided by the participants, the sellers' gender could have a significant impact on the product categories in which they chose to trade. Specifically, most of the female participants were interested in selling items on TradeMe solely for the disposition of goods. They were usually selling their own clothes and accessories to obtain money, or to make new purchases on TradeMe. For example, while Mariel, Paola, Lali, and Isabel said that they wanted to sell some unwanted things on TradeMe for a little extra money; Abby stated that she tried to dispose of her old clothes in order to revitalise her wardrobe with new-season fashions. Therefore, female participants who had to sell their personal possessions for extra money are considered to have a stronger emotional attachment than those who sold for

rational reasons. However, the sellers also used TradeMe to renew one's self, so emotional or symbolic values played an important role in the buy-to-resell process. Alternatively, males are trading on TradeMe for many other reasons, such as making a profit, disposition of goods and for their own interest. They seemed to combine their interest and their business together, so they can earn money as well as satisfy their need for personal hobbies.

Another issue is related to the gender of the participants and their related hobbies. Findings from this study illustrate that males are perceived to trade mainly in the things that they are interested in as hobbies, such as guitars, tennis, cameras, DJ instruments, fishing equipment and so on. On the other hand, females mainly trade in clothing and cosmetics, which are considered to be common items for females. Female sellers, Abby ad Cara, understood this, since they mentioned that as they were females, they chose to trade feminine items on TradeMe, as that was what they were interested in. While the items that the female sellers chose to trade on TradeMe usually related to their gender, male sellers' items usually related to their hobbies. However, it is worth noting that clothing and cosmetics are considered to be hobbies for females. This is true, as previous research has also revealed that women are more involved in fashion and clothing than men (Tigert, Ring, & King, 1980; Bloch, 1982; Auty & Elliott, 1998; O'Cass, 2004). Also, research in the area of gender-typed hobbies has suggested that men prefer hobbies such as computers, fishing, car shows, home electronics, playing sports and video games, and watching thriller and action movies (Lippa, 1991; Aube & Koestner, 1992;Lippa, 2005). In contrast, women are more likely to prefer such hobbies as aerobics, clothes shopping, collecting, cooking, dancing, keeping up with new fashions, reading romance novels and watching romance movies. These gender-typed hobbies, as suggested by Lippa(2005), play a significant role in predicting masculinity and femininity.

5.2.1.6. Promotional strategies

Promotion is the last and most important element of the marketing mix. Findings from this study revealed that the model of major communication decisions (refer to Figure 10), developed by Kotler and his colleagues (2007) represented the marketing communication decisions of the sellers on TradeMe.

Figure 10 - Major communication decisions
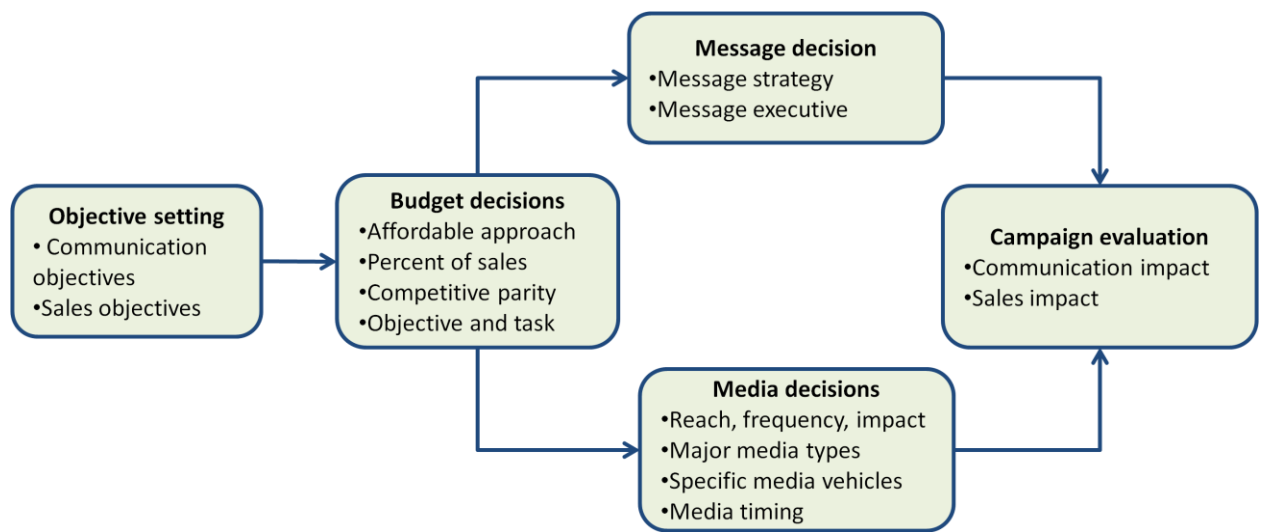
(Kotler, Brown, Adam, Burton, & Armstrong, 2007, p. 617)

According to this model, objectives would first be set in terms of communication and sales objectives. Findings from this study showed that sellers had set both communication and sales objectives when managing an auction. Sales objectives were usually set in terms of selling items for a specific price. At a higher level, communication objectives have also been set in accordance with whether the sellers want to inform, persuade or remind their potential customers about the auctioning items. In particular, tools provided by TradeMe would be used in accordance with the communication objectives. Moreover, promotional activities were also believed by the participants to play a significant role in attracting attention and creating some sort of artefacts illustrating tactile experience for bidders and buyers.

Information and comments from the participants demonstrated how important the tools provided by TradeMe were, and how they exploited these tools to assist their business activities. These tools include auction length and time, the heading, the gallery, the description, the photo display and the questions and answers section. Auction length and time is considered to be the amount of time that the auctions and the items are available for buyers to view and bid. While headings and gallery tools are used to provide information, persuade the potential bidders to bid on an auction, and increase their interest in buying the item, the question tool and post-sales services are exploited to encourage people to purchase and re-purchase from a seller. In addition, the fixed-price offer is also considered to be a good way to remind potential consumers to return and bid on the auction.

Message decisions, such as the title and the description, and media decisions, such as the auction length and time, the gallery, photos and innovative tools (YouTube and FaceBook), were based on the value and nature of the auctioning items. There are two concerns regarding budget decisions: one is the commission charged by TradeMe, which is not controllable, and the other is the additional fee for each tool used. In the latter cases, the sellers would have a chance to adjust the money spent on marketing activities, in relation to the value of the auctioning items and the product categories. Finally, the evaluation of marketing activities will be based on the success of the auctions and the reputation of the sellers.

5.2.1.7. The management of customer relationships

As part of the marketing activities undertaken by the participants as sellers, relationship marketing (RM) has been believed to be a more developed and suitable paradigm, compared with the original marketing mix (Gronroos, 1994). It is worth noting that the participants implicitly and explicitly perceived the importance and applied the concept of RM into their personal businesses in the C2C online auction environment. The two key themes which emerged during the data analysis process are regular buyers and reputations.

Firstly, the argument around whether it is important to maintain regular customers can be strongly related to the nature of the items and the sellers. On the one hand, according to most of the participants, who sold random items on TradeMe, it was unnecessary to maintain relationships with regular buyers in the online auction environment, for several reasons. Firstly, some sellers stated that because they were selling many different things, it was impossible for them to have regular customers. Secondly, some other sellers argued that, since TradeMe had a large pool of buyers, every time there was a great deal, a new buyer might jump in and bid for it. This reasoning is thoroughly explained by previous research, as online auctions are termed *two-sided markets*, in which the greater the number of buyers and sellers using the exchange platform, the more valuable the market (Brown & Morgan, 2006). As a result, buyers may have many options to choose from in a large pool of similar items offered by sellers, and sellers also have a greater chance of selling their items to a large number of buyers across the country. However, while the sellers are not interested in maintaining a relationship with only one customer, they still believe that it is important to have a good reputation among a large pool of potential customers.

On the other hand, participants who sold specific things within a particular product category, such as magazine subscriptions for Barry, tennis racquets and strings for Lars, furniture restoration for Jose, cycling equipment for Jase and guitars for Walt, perceived that it would be better to maintain regular relationships with their customers. For example, Barry said he would give his customers a discount in order to maintain constant and long-term relationships with them. However, he expected that these relationships should be pursued outside the TradeMe site, in order to reduce the extra fees charged by TradeMe. This conclusion is somewhat consistent with that in RM literature, suggesting that searching for new customers is less cost-effective than selling products to existing ones (Schneider, 1980; Lewis & Entwistle, 1990; Pressey & Mathews, 2000).

In general, depending on the product categories in which the sellers are trading, they may have differing perceptions of the importance of generating long-term relationships with loyal customers.

5.2.1.8. The management of reputation in online auctions

Regardless of whether the participants understood the importance of relationship marketing, they believed that generating good reputation through feedback ratings and feedback systems was very important in terms of developing their businesses. Since people do not have face-to-face contact in online auctions, sellers believe it is better to create trust with their customers by generating and maintaining a good feedback response (Brown & Morgan, 2006; Gupta, Su, & Walter, 2004). For example, Dave said that, as a buyer, he would not choose to buy from a seller with a bad feedback rating, because there were many other good sellers to choose from and it was not worth taking a risk. In addition, the feedback system can help to reduce the risk perceived by buyers who are security-conscious when purchasing online. Therefore, the feedback system can also play an important role in establishing relationships of trust among traders in online auctions.

This concern has been mentioned extensively in previous research; it has been suggested that an important reason for the success of online auction sites is the use of an online feedback mechanism as a reputation system which helps to sustain trust in online markets (Resnick & Zeckhauser, 2002; Dellarocas, 2005). Since buyers and sellers in online auctions are remote and anonymous, it is very important to create trust among traders in order to sustain successful trading (Li, 2010). Moreover, RM literature has also suggested that relationship

commitment and trust play an important role in generating long-term relationships and relational exchanges with loyal customers (Morgan & Hunt, 1994). Findings in impression management literature could also be used to explain the endeavours of the participants to create and maintain good reputations among traders in order to gain competitive advantages (Gardner & Martinko, 1988; Carter & Dukerich, 1998; Carter & Dukerich, 1998; Carter & Deephouse, 1999). Therefore, trust and commitment become indispensable factors in building and maintaining sellers' reputations in online auctions.

In recent times, however, the credibility of the feedback system has suffered as its trustworthiness has become corrupted. In other words, the feedback system is not always accurate or a true reflection of sellers' reputations. Previous research has consistently suggested that there are several problems with existing reputation systems, including abuse of the reputation system, traders changing identities, few incentives for providing feedback and bias toward positive feedback (Dellarocas & Wood, 2008; Li, 2010). Feedback received was also outside of participants' control, no matter how good it was. In addition, participants were reluctant to post negative feedback on others' pages, because of the fear of retaliation. Similarly, Li (2008) found that the fear of retaliation may be an important motivation for buyers not to leave negative feedback. This present study goes one step further in establishing that sellers also face the fear of retaliation. They are reluctant to post negative feedback on other traders' auction sites, because of the fear of receiving bad feedback in return.

Dellarocas and Wood (2008) suggested that most online feedback mechanisms rely on voluntary reporting of privately observed outcomes and reporting bias may severely distort the distribution of public feedback relative to the underlying distribution of private transaction outcomes and, thus, hamper the reliability of feedback mechanisms. More specifically, game theory could be used to explain this phenomenon, by which, due to the fear that other players might get a better payoff, they might fall into win-win or lose-lose situations. Similar to the eBay auction site, TradeMe traders are consistently presented with positive and negative reciprocation (Dellarocas & Wood, 2008). As a result, the feedback system may become less reliable in evaluating the trustworthiness of traders in online auctions.

RQ2b: What skills and techniques are commonly used by sellers when marketing their products in the C2C online auction environment and how do they apply them?

The ways that the sellers exploited tools provided by TradeMe and how they perceived their effectiveness will be used to answer this research question.

5.2.2.1. Pricing tools

Basically, three TradeMe pricing tools are commonly used by sellers to support their online businesses, namely the reserve price, the start-bidding price, and the buy-now price.

Firstly, whether the participants set the start price at $1 reserve or at a specific price depended on the nature or value of the items. With high-valued items in particular, the participants rarely set the start price at $1 reserve, due to the risk of not receiving the required price for the auctioning item. However, for low-valued items, when the participants do not have to worry too much about the pre-identified price, they might set a $1 reserve for the auction in order to enjoy the thrill of competition and the bidding war. It is worth noting that, apart from financial reasons, the thrill of the game is motivated by different things, such as the excitement of seeing the bidding war, or selling items. This phenomenon can be explained by the low level of financial risk perceived by the participants when selling low-ticket goods (Quain, 1999).

Findings from this study also revealed that, according to some participants, a $1 reserve setting could help to attract more views from potential customers. This finding is consistent with the conclusion from previous studies (Gupta & Bapna, 2001; Walley & Fortin, 2005), stating that having a $1 reserve price that is disclosed is the optimal strategy to adopt when selling goods in an online auction, if the goal of the seller is to maximise sale price and auction interest. In addition, according to Mariel, setting the start price at $1 reserve was also a good way to allow the market to decide the price for the item. The conclusion that emerges from this study is similar to that of the perfectly competitive marketplace, in which there are a large number of sellers and buyers, and none of them have the power to set the price for the market (Makowski & Ostroy, 2001). Furthermore, the $1 reserve pricing strategy could also bring desirable outcomes if the selling items were popular at the time with a higher relative demand.

Sometimes sellers might only be interested in setting the start-price similar to the reserve price. The participants understood that bidders might become annoyed when they kept bidding and did not meet the reserve. Previous research has focused on analysing the

influence that the reserve price has on bidding behaviour in online auctions (Vishwanath & Barnett, 2005; Walley & Fortin, 2005; Reynolds et al., 2009; Onur & Tomak, 2009). These studies suggested that the reserve price was positively related to the number of bids, bidders and the final bid price. However, according to most of the participants, setting the reserve price differently from the start price was not always a good strategy, as bidders dropped out of the auction. Similar to findings in Peng and Jan's study (2009), the reserve price might largely reduce the interest of bidding and hence reduce potential buyers' inclinations to bid.

The buy-now price is used when the seller knows the value of the item and wants to sell it as soon as possible. However, the findings reveal that this could eliminate the maximum price that bidders could bid up to for an auction. For example, Dave realised that bidders would never bid more than the buy-now price indicated by the seller. In addition, the buy-now price was perceived by some sellers to be a good indication of their offered items, as it illustrated how much the sellers expected to get from them. According to previous studies, this pricing option has been usually investigated in relation to the risk-types of the sellers in the online auction environment (Lucking-Reiley, 2000; Mathews, 2003; Mathews & Katzman, 2006). The findings from Mathews and Katzman's (2006) study found that the seller will usually choose a buy-now price high enough so that the option is never exercised. However, in some cases, a low buy-now price should not be used in conjunction with a $1 reserve, as the participants said that this pricing option might undervalue the items and create the wrong impression for buyers about the value and quality of the items.

In general, pricing tools would be chosen in accordance with the nature and value of the auctioning items. Since the $1 reserve tool is believed to be an effective way of attracting attention and bids from potential customers, it is usually used when the sellers do not know the value of the item, or its value is low and the sellers are more interested in watching the bidding process. On the other hand, due to the time involved in the bidding process, some sellers perceived that buyers preferred to have auctions with a start-price similar to the reserve price. Thus, they would not have to waste their time on bringing the bidding up in the auction. Similarly, the buy-now price would be used when sellers knew the value of the item and did not want to waste time on watching the bidding process.

5.2.2.2.   Auction length and time

Firstly, by definition, exposure simply means that "consumers come in contact with the marketer's message" (Chitty, Barker, & Shimp, 2008, p. 35). Although exposure is an essential preliminary step to subsequent stages of information processing, exposing consumers to MC only provides them with *an opportunity to see* the advertisement and the item. In online auctions, a maximum auction length and time are also considered to give the maximum exposure to the seller's message. Consistent with the conclusion from previous studies(Lucking-Reiley, 2000; Ariely & Simonson, 2003), most of the participants stated that the longer the auction length, the more views and bids the auction could get, the higher the final price would be for the auction. Obviously, a seven-day length was the most common choice among sellers, as it was the longest free choice provided by TradeMe. Together with auction length, auction start- and end-time also play an important role in obtaining audience exposure. According to the personal experience that buyers and sellers acquired during the learning process, the auction should end at the busiest time, between 7 and9 o'clock at night. That is the time when people are getting home from work and relaxing after the working day. In addition, Wednesdays or Thursdays are also considered to be good choices, as people are often paid on those days.

In general, findings from this study suggested that non-professional sellers are becoming very marketing savvy and strategic. They seemed to spend significant time not only selecting and preparing goods for sales, but also observing and taking in any important occurrences in online auctions. By carefully observing this phenomenon over a long period, the sellers in this study could learn and better understand consumer behaviour in the online marketplace. A better understanding of customers and the marketplace, such as the times that the seller should put on an auction, for example, could consequently result in more desirable outcomes.

5.2.2.3.   The heading

While auction length and time measure the extent to which an auction and a product are exposed to potential buyers, auction headings and gallery photos inform the buyers of the availability of the item and attract their attention. Due to the types of items offered, different decisions might be made in relation to the content of the heading.

On the one hand, in order to attract potential buyers to the auctions when they were browsing, the participants believed that it was necessary to have an attractive heading with catchy and flashy words. Due to the fact that, in online auctions, people usually do not have direct contact with the product that they are interested in buying, the heading and the photos in the gallery convey the first impression of the product for the potential buyers (Kauffman & Wang, 2001; Kauffman & Wood, 2006). According to Barry, in order to stand out from the crowd in the highly competitive conditions of the online auction environment, the heading should be used effectively to make the auction different from others. The data from the interviews demonstrated that words and phrases that were appealing to the buyers included *$1 reserve*, the *brand name*, *descriptive adjectives*, and *little tricks* like the *start (*) mark*. Advertising clutter can have a strong impact on the exposure and acceptance of advertisements, as consumers are exposed to hundreds of advertisements in a week (Hammer, Riebe, & Kennedy, 2009), particularly in the online environment (Ha & McCann, 2008). The sellers in this present study well understood this issue, and their promotional activities reflected their efforts to mitigate it.

On the other hand, for particular items that buyers used a search engine to find, it was important to put the key words into the heading. As a result, it would be easier for buyers to find the items that they really wanted, and for the sellers to reach the potential buyers. However, it is worth noting that regardless of the nature of the selling items, browsing or searching, it is always important to include essential and descriptive information about the items in the heading. In other words, no matter what the item is, the buyers always want to know exactly what they are looking at before bidding on the auction.

5.2.2.4.   The gallery

Similar to the heading, the gallery tool also has the function of attracting the attention of potential buyers, and providing potential customers with an attractive first impression. There were some contradictory perceptions around the effectiveness of the gallery tool. Some participants believed that the gallery was an effective tool, as bargains could be found if the participants did not put photos in the gallery. Other participants stated that the gallery was not a cost-effective tool for them to invest in further.

According to the personal experiences of the sellers, image displays could help to reduce the bother of having to scroll down the page to look for an appealing item. Although it is believed

that past research in online auction literature has not involved the information search costs for buyers when they are looking for an item, some studies have been done in relation to search costs when designing a web-page. The empirical study of Hoque and Lohse (1999) supports this conclusion, by confirming that consumers using electronic directories would be more likely to choose the business near the beginning of the electronic listing than those using traditional paper directories. In addition, previous research has also suggested that the ease of design of a shopping website and the completeness of the information provided by the site are vital factors in attracting customers to return to the site (Tarafdar & Zhang, 2007/2008; Zhou, Lu, & Wang, 2009; Fan & Tsai, 2010). Noticeably, auctions with photos in the gallery are displayed at the top of the page, compared with ones without photos in the gallery, which are displayed further down. As a result, the auctions with photos could get more hits and bids from potential customers.

It is assumed that the nature of the offered items could have a significant impact on whether to use the gallery tool. It was important to put photos in the gallery for clothing and uncommon items, because people did not usually intend to buy these things until browsing and viewing them. The nature of these products necessitates the provision of visual images, because headings and descriptions cannot describe the items as effectively as an image. For example, Sandy, Kei, Rosalie and Gail all stated that the gallery tool was very important and if the costs were not too high, they would definitely use it all the time.

On the other hand, it was unnecessary and not cost-effective to use the gallery tool for special products which buyers usually found by using key words in a search engine. These concerns are clearly illustrated by Lars, as he is selling tennis racquets and strings, which can be searched for by customers via a search engine. With items such as tennis racquets, guitars, sports equipment, and DJ equipment, which were sold by the participants in this study, potential buyers may already know what the products looks like by their model or series numbers. As a result, because of the systematisation of those items, it is easier for buyers to imagine the products without seeing their images, although it is still important to have photos in order to display the full detail of the auctioning items.

5.2.2.5. The description and photos

Playing a similar role as the heading and gallery tools, the description and photos also provide buyers with detailed information and help to persuade them to buy the auctioning items. There

are a number of interesting findings with regards to the description of an auction. In general, the description of an offered item could be considered the central route to persuasion that sellers use to convince potential consumers to buy high-involvement items, while the photos of the offered item could be the peripheral route to persuasion that sellers use to convince buyers to purchase low-involvement items (Petty & Cacioppo, 1979; Cacioppo, Petty, & Morris, 1983; Hoyer, 1984; Miniard, Dickson, & Lord, 1988). In the online auction environment, gallery photos play an important role in attracting and persuading customers to buy common items which they may not necessarily have intended to buy. However, when buyers specifically search for items, photos and product descriptions are also important in convincing buyers to purchase those items.

According to the participants, due to the lack of tactile experience in the online auction marketplace, the detailed information provided in the description would help to reduce the risks faced by buyers, and in turn, reduce their reluctance to bid on the auction and buy the item. This issue has been discussed in previous studies (Kauffman & Wang, 2001; Bland, Black, & Lawrimore, 2007), but mainly from the buyer's perspective. This study reveals that the sellers were aware of this risk faced by buyers, and were trying to reduce it by using the description tools provided by TradeMe. Many participants stated that the information in the description should clearly describe the items and their functions. As the description is, in effect, an advertisement conveying information to the target audience, it should be precise and provide comprehensive information about the product and how it would be used. Literature reveals that advertising shows people how to use products (Wansink & Ray, 1996; Miller & Berry, 1998; Chitty, Barker, & Shimp, 2008). Wansink and Ray (1996) developed a framework suggesting that situation comparison ads favourably affect usage attitudes. In this study, as well as using standard messages to describe an item and its functions, and persuade customers to bid on an auction, some participants used special tactics to get more hits and attract more attention. For example, while Walt used YouTube to demonstrate the sound of a guitar, Kei put a link to her auction on her Facebook page, so that her friends could click on the link and increase the number of hits for her auctions. In these cases, both Walt and Kei were very innovative in their attempts to market their items in a very cheap but cost-effective way by creatively using tools provided by TradeMe.

Similar to the description, photos of the item in an auction have a specific function, which is to increase the online purchase experience and mitigate the lack of tactile experience

(Kauffman & Wang, 2001; Kauffman & Wood, 2006; Bland, Black, & Lawrimore, 2007). As opposed to purchasing in retail stores where people can have direct contact with the items that they are going to purchase, purchasing in online auctions does not allow the buyers to see, touch or taste the products directly. Therefore, pictures of the items can help to provide the buyers with an overview of the items that they are going to bid on and purchase. Although the effect of display photos has been studied broadly in online auction literature, most of them are quantitative works and focus on the buyers' point of view (Kauffman & Wang, 2001; Kauffman & Wood, 2006; Bland, Black, & Lawrimore, 2007). This exploratory study provides a deeper understanding of the effectiveness of display photos from the perception of sellers. Many participants said that the visual images of the items were perceived by buyers to be significantly more important than the description. This fact is clearly illustrated by Abby, when she said "*one photo is more than a thousand words*". As perceived by the participants, because the display photos were so important, it was vital that they thought carefully before deciding whether to take photos themselves or use internet photos, how many photos should be put up, and how to take a good photo.

5.2.2.6.   The questions and answers section

Last but not least, the questions and answers section also played a significant role in providing necessary information and persuading potential customers to come back. Most of the participants perceived its importance and believed that it was necessary to respond to all of the questions accurately and honestly. The reason for this was that it was considered to be not only the supplementary tool for the above key tools, but also a direct way for buyers and sellers to communicate –making it different from other forms of marketing. Through this channel, sellers could directly and quickly respond to buyers' requests. A quick response from a seller could increase their credibility with their current customers, as it would show that the seller was very keen to sell the item and respond to his/her customers. In addition, it would also show that the seller is reliable and buyers can trust him/her. As such, buyers might think that a quick response to their questions could also mean a quick transaction response, and that they can rely on this seller.

In addition, the way in which sellers respond to questions is not only important for the buyers who ask the question, but also relates to the reputation of the sellers, as people might read unanswered questions when they brows the auction. According to the classical social comparison theory (Festinger, 1954; Buunk & Gibbons, 2007), potential buyers might look to

other buyers to observe what their responses were, and would respond accordingly. As such, if they saw that many buyers were interested in it by asking a lot of questions, they might also pay more attention to that auction.

5.3. Theoretical contributions

This study contributes to the existing online auction literature because it provides a greater understanding of C2C sellers' behaviour and experiences in the online auction environment. This research has drawn from a number of studies, including online auction literature, the consumer disposition area, and learning theories, in order to develop a comprehensive understanding of sellers in the online auction marketplace. In particular, this study provides three key contributions to the C2C online auction literature and related areas.

Firstly, a considerable amount of research in online auction literature has focused on investigating auction mechanisms and buyer behaviour (Ariely & Simonson, 2003; Dittmar et al., 2004; Rauniar et al., 2009). Previous studies relating to sellers behaviour can be found mainly within three streams of research, namely informal markets (Soiffer & Herrmann, 1987; Belk et al., 1988; Bruin & Dupuis, 2000; Tiemann, 2004; Pryor & Grossbart, 2005; Laibman, 2006), retailing literature (Smith, 1975;Cannon & Perreault, 1999; Pulins et al., 2000; Baker & Song, 2008; Dant & Brown, 2008), and consumer disposition behaviour(Lastovicka & Fernandez, 2005; Denegri-Knott & Molesworth, 2009). However, few attempts have been made to investigate the behaviour of individual sellers in the C2C online marketplace. This study combined these three studies and suggests that, similar to the behaviour of sellers in informal marketplace and the retailing environment, individual sellers in the C2C online auction environment also make a significant effort to promote their items and communicate with their customers. Although some of them do not explicitly perceive that they are employing the 4Ps in promoting their businesses, most of them appear to be very marketing savvy and strategic.

Secondly, most of the sellers believed that the selection and preparation of goods prior to the auction also played an important marketing role. The selection and preparation of goods for sale clearly illustrates that the disposition of goods in online auctions is strongly related to the divestment or emotional detachment ritual. In addition, this study also discovered that the emotional attachment to a possession has a strong influence on marketing decisions. For

example, the seller's emotional attachment to goods can influence pricing strategy. In particular, high prices could aid the disposition and detachment processes.

Thirdly, the findings from this study also illustrated the fact that individual sellers in the online auction environment implicitly and explicitly perceived the importance of the marketing strategy and applied it in their business. More specifically, the significance of relationship marketing was clearly understood by the sellers. To the researcher's knowledge, there is no research to date which investigates the marketing activities of sellers in the online auction marketplace in relation to the marketing mix and relationship marketing. Therefore, this information is considered to be the key contribution of this present study to the literature, because the research focuses on exploring sellers' behaviour and experience in the online auction environment.

The last and most important contribution is related to the learning process of the sellers. Most previous research has focused on investigating the theoretical learning process acquired by buyers in online auctions (Kagel, Harstad, & Levin, 1987; Wilcox, 2000;Foucault & Scheufele, 2002; Clark & Ward, 2008; Wang &Hu, 2009), but only a few studies have focused on the knowledge acquaintance process of sellers (Foster & Lin, 2005). This study is advanced in the way that it explores the learning process acquired by sellers in online auctions. The model proposes that sellers experience different stages of the learning process, from the time that they first begin selling on TradeMe until they become very familiar with it and thoroughly professional in their online businesses. At different stages of the learning process, sellers might have various ways of approaching and acquiring the knowledge.

Remarkably, no research to date has focused on the learning process of sellers in the online auction environment. This present study contributes significantly to the literature by proposing a learning curve which sellers go through in order to become experienced in online auctions. This study also suggests that social interaction and modelling and imitating are not enough, and the tactics and skills learnt by observing other people needed to be tested before sellers could acknowledge their effectiveness. In other words, while consumer socialisation theory mainly focuses on the external factors which have influence on the knowledge acquisition process, the proposed model suggests that personal practices also play an important role in the learning process of sellers in the online auction environment (Refer to Figure 9).

5.4. Methodological contributions

Methodologically, the present study utilised techniques that have not been commonly used within the online auction environment; previous researchers have tended to use face-to-face interviews (Denegri-Knott & Molesworth, 2009) and in-person observation techniques (Lin et al., 2006). This study employed netnographic techniques, e.g. Skype interviews were conducted, online behaviour was observed (e.g. in this case past and current sales behaviour on TradeMe), and archival documents were collected. Netnographic techniques provide a more comprehensive picture of sellers' activities and experiences in online auctions through various sources of data, including interviews (both face-to-face and via Skype), and archival documents (display photos and screen shots of auction sites).

By using netnographic techniques, the researcher had an opportunity to observe sellers' sites rather than just interview them. However, there are some limitations with the netnographic method, which other researchers should be aware of in order to improve the quality of future research. Firstly, three interviews were carried out using Skype, which led to a low quality of voice recording. Thus, a good voice recorder should be used to improve the quality of the interviews. Secondly, it was difficult for interviewees to trust the interviewer due to the lack of face-to-face contacts. Providing the interviewees with prior information about the interviewer could help to reduce their insecurity when sharing their personal knowledge and information. Thirdly, although the netnographic method is very cost-effective in its ability to reach participants from diverse geographic areas, it is limited by the difficulty in following and managing the participants, because the nature of this study required the researcher to have direct observation of their TradeMe sites. In order to reduce this limitation, the participants should be advised to send the documents required before the actual interview, so that it could proceed more smoothly.

5.5. Managerial implications

Managerially, there are several implications. Understanding sellers' behaviour in the C2C marketplace, particularly the background activities undertaken by sellers before, during and after the auctions, will allow auctioneers to develop more effective marketing campaigns to engage sellers in the auction sites. Thus, by providing sellers with more convenient tools to facilitate their personal businesses and their promotion activities, auctioneers will benefit because they will be able to attract more sellers. Interestingly, more interactive and attractive

mechanisms may attract not only sellers but also buyers to online auctions (Chu & Liao, 2007).

Firstly, the managerial implications for auction managers are:

- As sellers have to learn how to effectively use the tools provided by TradeMe from when they first start, it would be useful for auction managers to provide clear instructions on how to use them step-by-step.
- Most of the participants in this study complained about the fees charged by TradeMe, such as uploading extra photos, the gallery tool and the $1 reserve auction. The high fees might discourage sellers from exploiting all the functions of the tools to assist their businesses. It would be better if TradeMe reduced the costs charged per extra tool used, especially when they receive a commission after each successful trade. For example, some participants actually stated that if there was a lower cost for the gallery tool, they would always use it and might even sell more.
- As suggested by the sellers in this study, the feedback system has been corrupted. The feedback system is the only tool that traders can use to assess their trading partners in this high-risk marketplace. Therefore, in order to reduce the perceived risks by both buyers and sellers, TradeMe should improve the credibility and trustworthiness of its feedback system. In order to do that, a blacklist tool should be used to prevent bad traders from corrupting the online auction environment. A list of bad traders should also be announced publicly, so that other traders will not have to deal with them again.

Secondly, there are some helpful managerial implications from this study for sellers in online auctions. There are a number of marketing skills and techniques which would be helpful for sellers to learn and apply. Sellers should exploit the tools provided by TradeMe more effectively in order to mitigate the negative effect of lacking tactile experience with sale items in the C2C online auction environment.

- With regards to price, since online auctions are considered to be a marketplace where special deals can be obtained, it is necessary for sellers to set prices lower than the recommended retail prices. In order to decide on an appropriate price for an auctioning item, sellers should consider a number of factors, including thenature of the item, the original purchase cost, the additional mark-up and particularly the market price. If the seller wants to sell an item for a pre-specified price, a mark-up approach should be

specifically employed, together with the buy-now auction setting. However, if the seller does not know the real value of the auctioning item and wants to enjoy the thrill of watching other people bidding, an auction-based pricing approach should be used by employing the $1 reserve tool.

- The nature of the trading products will have a significant impact on promotional decisions. Whether the products have a browsing or searching nature will affect the way sellers construct the heading, the gallery, the description and the photos. Firstly, for clothing and accessories, which are offered extensively by many sellers in the market and require visual images, sellers should use the gallery tool, flashy and attractive headings, and a few photos if possible. Secondly, for specific items with clear designs, models and series numbers, it is important for sellers to have an eloquent and informative heading and description. If possible, more photos could be used in order to provide a full overview of the auctioning item. A combination of several photos could be used to reduce the costs.

- Regardless of product category, the heading and the description of an itemmust always provide buyers with essential information. In terms of the heading, it should include such information as the brand name, size, colour, $1 reserve and brand-new. In terms of the description, providing honest and correct information is also a good way of building a good reputation and long-term relationships with customers. However, although it is necessary to provide detailed information about the items, the content should always be concise. Since there are many similar items being sold on TradeMe and buyers have many options to choose from as they browse the site, it is very important to include short but informative information in the description.

- With regards to the questions and answers section, it was necessary for the sellers to answer all of the questions in an honest and friendly manner in order to generate a good reputation and avoid negative word-of-mouth feedback. For example, in Sandy's case, once she endeavoured to answer a question from a customer properly, that customer actually came back and bought the item from her.

5.6. Limitations

By applying the adapted market-oriented ethnography method, this research has provided a different and more in-depth view of the behaviour and experience of sellers in the online auction environment. Consequently, 19 in-depth interviews with sellers trading on TradeMe were undertaken and data was analysed by using thematic analysis. Therefore, the findings of

the research are exploratory in nature and require further empirical testing and confirmation from a larger sample of participants.

Secondly, the study might be limited by the lack of diversity in the sample, as the recruitment announcement was posted at Victoria University, so most of the participants were students. As a result, the age range was limited, even though a number of the interviewees were people outside the university. Further research with a larger number of participants with extensive networks and multiple starting points will successfully exploit the advantages of the snow-balling selecting technique and increase the reliability and credibility of the results.

Lastly, since only a cross-sectional rather than a longitudinal study was undertaken, the information provided is only in relation to the memories and experiences of the participants. As a result, it might not provide a comprehensive understanding of the learning process of sellers in online auctions.

5.7. Future directions

Firstly, although theoretical saturation in the collected and analysed data has been reached, the findings from this study highlight the need to do further research. Therefore, it is suggested that a quantitative research should be done in order to validate the findings and the proposed learning model from this study and also broaden demographics required (Cavana, Delahaye, & Sekaran, 2001).

Secondly, since a cross-sectional study cannot fully explain the nature of the learning process, a longitudinal approach could be used to effectively explore the learning curve experienced by novice sellers as they become more experienced.

Thirdly, since this present study investigated the learning process and marketing knowledge of sellers who had various levels of knowledge, future research should focus on one group of sellers in order to get a deeper understanding of their behaviour and experiences in online auctions. In addition, comparing the difference between two groups of sellers with different levels of knowledge might also have valuable results. These two groups could be either male and female sellers, or professional and non-professional sellers.

Lastly, as there are currently a number of online auction sites available, it would be worthwhile to investigate the behaviour and experience of sellers in those sites and make a cross-comparison with TradeMe.

5.8. Chapter summary

At the present time, the development of technology and the high speed of technological innovation adoption among people have encouraged the mushrooming of online businesses (Nissanoff, 2006). In addition, the explosion of e-commerce also makes it easier for individual sellers to participate in online businesses. More specifically, online auctions are one of the most popular online business forms of these individual sellers. This present study addresses a gap and contributes significantly to the literature by stating that sellers have experienced a learning process to become professional sellers in the online auction environment. In addition, it also illustrates that the marketing mix and building good reputation are wholly applicable for individual sellers in the online auction environment.

In understanding the behaviour and learning process experienced by sellers, auction managers can develop their auction sites in order to serve their customers more successfully. In terms of a methodological approach, this study was based on market-oriented ethnography, more specifically netnography, which has been used only rarely to investigate the behaviour of users in online auctions. Although limitations still exist, this study has contributed significantly to the literature, not only methodologically and theoretically, but also managerially.

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APPENDIX 1: ARCHIVAL PHOTOS USED IN THE DATA ANALYSIS CHAPTER

Figure A:

Figure B:

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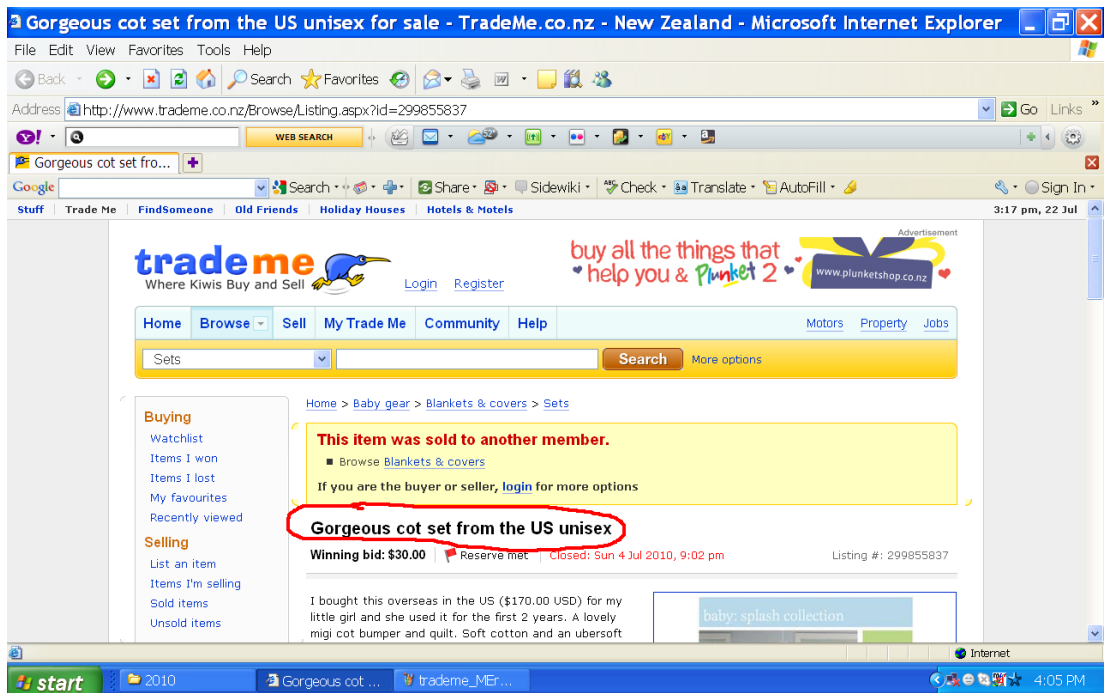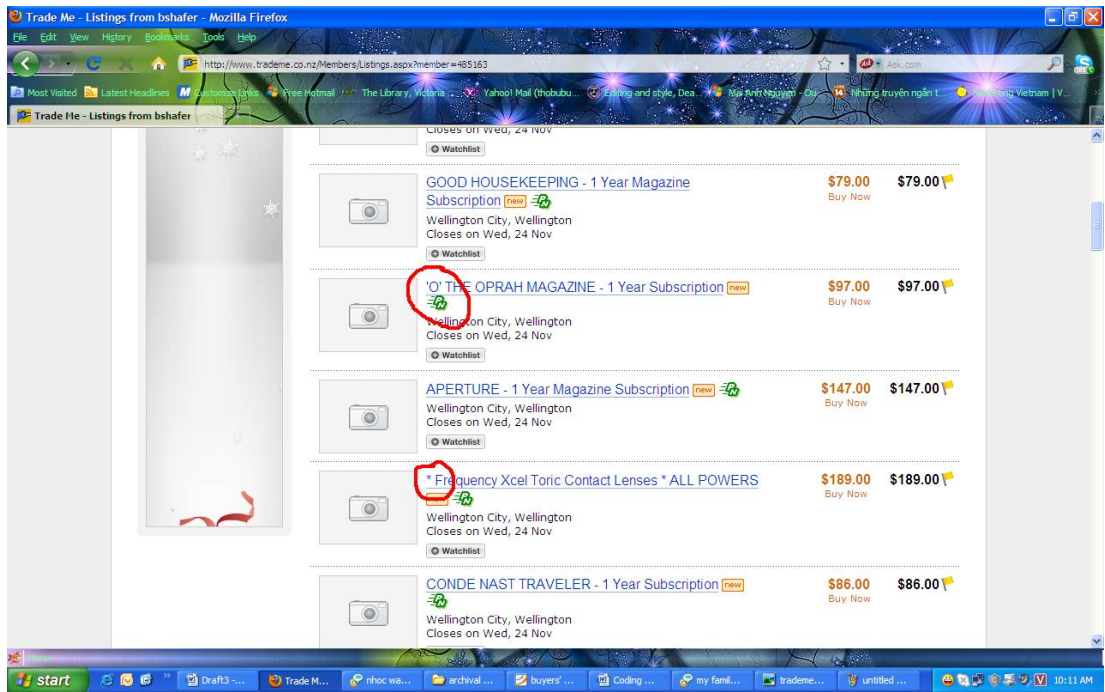
Figure C:

Figure D:

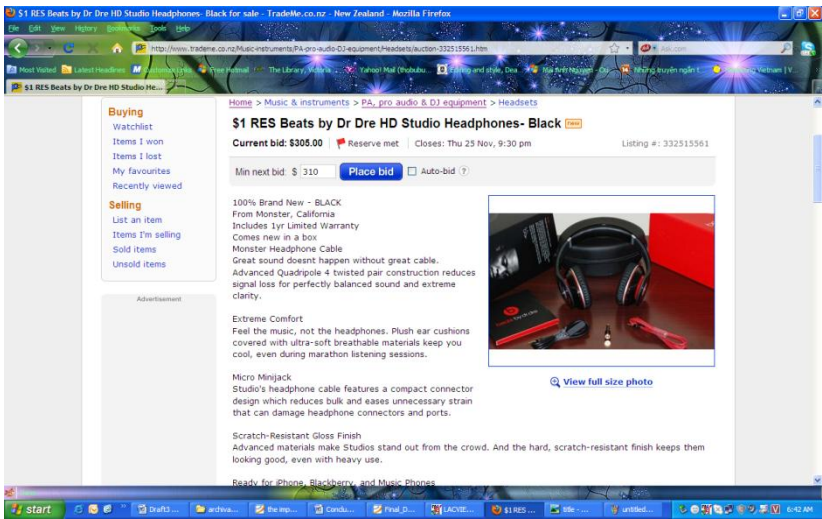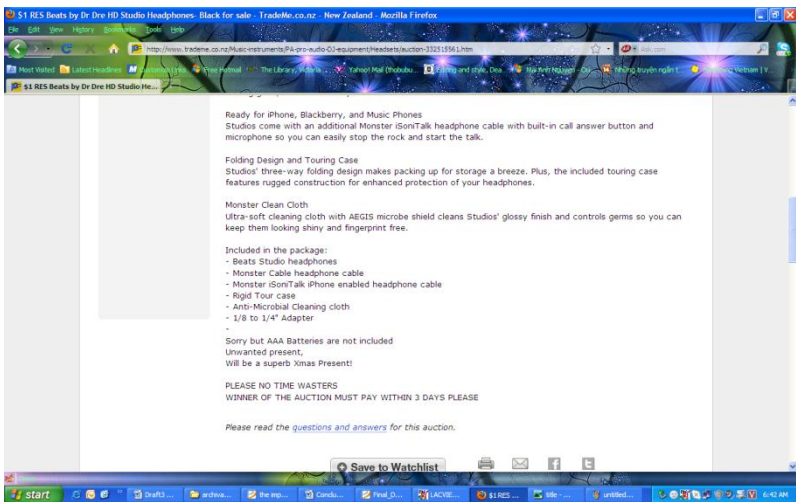Figure E: Figure F:

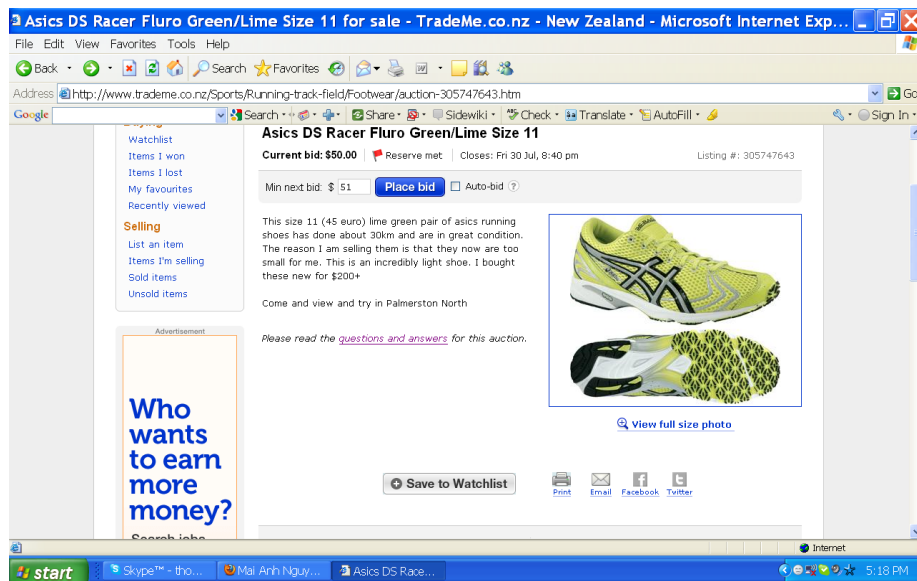Mai Anh Nguyen 30015023

Figure G:

Figure H:

APPENDIX 2: PARTICIPANT INFORMATION SHEET

VICTORIA UNIVERSITY OF WELLINGTON
Te Whare Wānanga o te Ūpoko o te Ika a Māui

School of Marketing and International Business

PARTICIPANT INFORMATION SHEET

Exploring sellers' experiences in the C2C online auction environment

Masters Student: Mai Anh Nguyen

Supervisor: Micael-Lee Johnstone

You are being invited to participate in a research study conducted by Mai Anh Nguyen because you fall within the sampling frame desired for this research. In order to decide whether or not you want to be part of this research study, you should understand what is involved. This form gives detailed information about the research study, which will be discussed with you.

WHAT IS THIS FORM?

This study has been approved by Victoria University's Human Ethics Committee. This form is to respect and acknowledge your rights, and to inform you of what the research is about.

WHY IS THIS RESEARCH BEING DONE?

This research is being conducted as part of a Master's degree in Marketing at Victoria University of Wellington. It will be compiled into a thesis which will be presented to the University.

WHAT IS THE PURPOSE OF THIS STUDY?

The purpose of this study is to explore sellers' experiences in the online auction environment.

WHAT WILL MY ROLES AND RESPONSIBILITIES BE IF I TAKE PART IN THE STUDY?

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Participation from you would involve being interviewed by me once, at a time that would be convenient to you. The audio-taped interview would take approximately 60 to 90 minutes but will only begin with your consent, and it can be terminated at any time, no questions asked.

WHAT WILL HAPPEN TO THE INFORMATION I GIVE?

This research is completely confidential. Your name will not be used in the study and any information traceable to you will be excluded from every analysis. The voice recordings will be reviewed by the researcher and the supervisor for the sole purpose of this research, and will be securely stored in a locked cabinet. You can also discontinue or withdraw from the study at any stage, no questions asked, within the first 4 weeks of completing the interview. Any information traceable to you would be destroyed or returned to you, and confidentiality would be maintained at all times.

WHAT ARE THE POSSIBLE BENEFITS FOR ME?

You will be given a $10 gift voucher at the end of the interview. However, you will be pleased to know that your participation will also assist me with my university studies.

The raw data will be kept for 2 years upon the completion of the thesis before being destroyed. The results may be published in academic journals, and/or conference papers but your name will have been changed, and no identifiable information which is traceable to you will be included. In addition, the thesis will be stored in the Victoria University library and the School of Marketing & International Business library. If you would like a written summary of the study at the end of the project, please provide your contact details on the consent form. However, you can be reassured that the written summary would not contain any information that is traceable to you or any of the other participants.

IF I HAVE ANY QUESTIONS OR PROBLEMS, WHOM CAN I CONTACT?

STUDENT:
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SUPERVISOR:
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CONSENT TO PARTICIPATE IN RESEARCH

Please tick all the boxes before signing

☐ "I have been provided with adequate information relating to the nature and objectives of this research project,"

☐ "I have understood this information and have been given the opportunity to seek further clarification or explanations,"

☐ "I understand that I can withdraw from the study at any time from the 1st to 31st of July, no questions asked,"

☐ "I understand that I will be participating in a taped interview",

☐ "I understand that any information or opinions I provide will be kept confidential and reported only in a non-attributable form,"

☐ "I understand that the supervisor has access to the raw data",

☐ "I understand that when this research is completed the raw data will be kept for 2 years upon the completion of the dissertation before being destroyed,"

☐ "I understand that the results may be published in academic journals, and/or conference papers, and the thesis will be stored in the Victoria University and the SMIB library, but my name will have been changed, and no identifiable information which is traceable to me will be included,"

☐ "I give permission for the photos to be used in the study but I understand that no identifiable information which is traceable to me will be included,"

☐ "I would like a written summary of the study at the end of the project." My contact details are:

_____
_

 (Please write your email address or postal address)

Participant's Name   **Participant's signature**

_____   _____

APPENDIX 4: INTERVIEW GUIDE

INTERVIEW GUIDE

(PROMPTS FOR THE INTERVIEWER)

1. **Introduction:**
Brief introduction (as the researcher)

Discuss purpose of research

Recording, tapes, confidentiality, reporting of findings

Give participant a chance to read information and consent form

Provide participant with the opportunity to ask questions

Collect the signed consent form or receive email confirmation

2. **Warm-up:**
- Tell me something about yourself and your experience at TradeMe.
- How long have you been a member of TradeMe?
- Why did you join this site?
- How often do you visit this site?
  - What days of the week?
  - What times of the day?
  - Where are you (home, work, uni or mobile) when you check the TradeMe site?
  - Why do you visit TradeMe this often?
- Are you selling as well as buying on TradeMe?
  - Which activity is involved more often? Selling or buying?
  - How long have you been selling at TradeMe?
  - What makes it (either buying or selling) more enjoyable?
  - How many trades have you participated in? Both buying and selling.
- What product categorises that you usually trade in?
  - Why do you choose these categories?
- If the participant has provided permission to use photographs and review their trademe site – ask the participant to give the interviewer a tour of their site. Ask them to discuss the process they go through when listing a product.
  - Discuss the photographs they use
  - Discuss the descriptions they provide
  - Discuss the prices that been set
  - Discuss how they respond to buyers' questions
  - Discuss the post-sales process, e.g., the packaging and postage phase, and buyers' reviews
3. **Discussion:**
- ❖ **Sellers' perception and expectations about selling and marketing techniques used and auction mechanisms provided by TradeMe:**

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- What do you think about the support tools that are currently provided by TradeMe?
  - Do you think that they are helpful?
- What are your expectations from the support tools provided by TradeMe?
  - Are there things that could make it more effective for sellers on TradeMe?
- What is the process you go through in preparing, listing and managing an auction?
  - Choosing products? Do you sell your used products? Or do you go to actual off-shops to buy things and sell them on TradeMe?
  - Evaluating and deciding the prices? Start-bidding price, reserve price and buy-it-now price.
  - When do you think is the best time to put things on auction? What time/ day?
  - How long do you schedule your auction? Why?
  - What do you do to demonstrate an auctioned item? Pictures/ process?
  - Do you keep a record of your transactions?
- Perceived risks:
  - Have you ever experienced any problems on TradeMe?
  - Do you always trust the one you are trading with?
- Perceived selling experts:
  - Would you consider yourself to be an experienced seller on TradeMe?
  - Why do you think that?
- Relationship marketing and customer satisfaction:
  - Do you have regular buyers?
- ❖ **Sellers' motivations to participate in online auctions, especially TradeMe site:**
- What do you like about TradeMe?
- What kinds of experiences do you have on TradeMe as a seller (negative vs. positive experiences)?
- What attracted you to TradeMe? Got you started?
  a) Rational motives:
- Is it because it is convenient or easy to trade?
- What kinds of products do you think are best suited to TradeMe?
  b) Emotional motives:
- How do you feel before, during and after the auction?
- Are you interested in browsing and bargaining?
  c) Social motives:
- Do you belong to any TradeMe communities? Are you aware of any communities related to TradeMe?
- Does the presence of other sellers affect what you are doing? E.g. you might try to do things better.
  - ❖ **The learning process:**
- **Sources of information:**
  - **Repeated practices:**
    - Do you think that you have learnt how to become more successful in online auctions? Can you provide and describe examples?
    - What have you learnt from these lessons?
  - **Observation and imitation:**
    - Do you also learn by observing other sellers? Can you provide and describe examples?

- ▪ What have you learn from these lessons?
  - ○ **Social interaction with other sellers in the discussion board:**
    - ▪ Have you ever posted questions on the message board on TradeMe or other unofficial sites? If yes, when, what, how and why?
    - ▪ Do you think that it was helpful?
  - ○ **Offline environment:**
    - ▪ Other sources of information?
    - ▪ Have you asked your friends?
    - ▪ Have you got information from books, newspapers and other sources?
- **The perceived changes over the period of time:**
  - ○ Do you see the differences between how you sell today compared to when you first started?
  - ○ What are the differences?
  - ○ Did it take long for you to get familiar with the auction sites? Are there things that could make it easier for users? Suggestions for TradeMe.
  - ❖ **Income-related questions:**
- Do you trade on TradeMe to supplement your income? Or is this your main source of income?
- What have you sold in the last month? How much did you get paid for it? Did you feel happy with the trading and the price?
- How much on average do you sell per week? Or month?
- How much on average do you earn per item?
- Do you have to pay taxes for your earnings from trading on TradeMe?
  - 4. **Wrap-up:**

Any final comments? Questions?

Thanks for coming and participating in the interview.