

## Exploring Consumer Resale Behavior in C2C Online Auctions: Taxonomy and Influences on Consumer Decisions

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### EXECUTIVE SUMMARY

Thanks to the Internet, an increasing number of consumers not only purchase but also resell merchandise through C2C websites. Resellable goods no longer seem to indicate unrecoverable costs but are considered to be liquid assets or an alternative cash account to consumers who master online resale. The value or benefit of a product would be deemed differently when the owners are contemplating reselling such goods. The role of a consumer as a reseller is a relatively new concept. Studies of consumer behavior with regard to selling goals, knowledge, and skills differ tremendously from those of the traditional consumer buying and consumption behavior. Why and how consumers learn to be resellers is an interesting issue in C2C e-commerce research. Unfortunately, the behavior of consumer online resale has not been studied in-depth. This specific kind of consumer resale behavior differs from the behavior of retailers and cannot be analyzed from a retailer's perspective. In the present study, we focus on C2C consumer resale behavior instead of the bidding behavior of buyers by looking at the interaction between online and offline behavior rather than treating them as different boundaries. Further, we examine consumer disposition behavior and the linkage between the disposition and acquisition phases, rather than focusing on only one part.

This exploratory study conducted in Taiwan and China aims to define and categorize consumer online resale behavior in order to provide a framework for further research. We use participant observations and consumer interviews to explore the background of consumer online resale situations in order to elucidate our research questions for the nature and representation of consumer resale behavior in C2C secondary markets and the possible implications for researchers and marketers. After collecting interview data consisting of 131 online resale transactions reported by 25 consumers from Taiwan and China, we discuss issues related to consumer online resale by conceptually defining and specifying types of consumer online resale behavior with a taxonomy. Then we present a conceptual model of consumer online resale behavior and develop corresponding research propositions from the preliminary findings of an exploratory qualitative study. The conceptual model introduces the possible relationships between types of consumer online resale behavior and their impacts on purchase and online resale decisions. Finally, we provide the conclusions and managerial implications of the study, as well as outline directions for further research.

We define "consumer online resale" as *an online resale in which the products being resold were purchased mainly for self-use, not for resale*. According to the aforementioned definition, all resellers in C2C online auctions can be categorized into three types: professional resellers, mixed-role resellers, and consumer resellers. In our study, we completely exclude "professional resellers" and only focus on consumer online resale performed by "consumer resellers" or "mixed-role resellers". The taxonomy of consumer online resale behavior developed in this study describes consumer resale behavior using the dimensions of "planned" or "unplanned resell" and "used" or "unused products" in order to examine the rela-

relationship between consumers' reselling and purchasing behavior. We define the first dimension, "planned resell", as the condition when consumers, before purchase, consider that they can and have the intention to resell the target product after using it for a period of time. Consumers will receive compensation in the future if the product is successfully resold through an online auction site. The second dimension we propose is whether the products consumers sell are "unused" or "used". The behavior of reselling used or unused goods is regarded to be different. Reselling unused products is more similar to the behavior of retailers, while reselling used goods is more similar to traditional consumer disposition behavior. The motivation to dispose of used and unwanted goods is clear; however, the reasons for consumers to resell unused products are unknown. Here, the dimension of "unused product" refers to the condition of the item that is kept intact after being acquired by consumers until it is sold, whereas the products themselves may have been new or second-hand when purchased. "Used product" is defined as the condition when the product is used by consumers before it is sold, yet the product itself may already have been used when the consumer purchased it.

We classify the four consumer online reselling types as follows: (1) resale of extra purchase, (2) resale after temporary ownership, (3) unintentional resale, and (4) disposition. In the "resale of extra purchase" situation, consumers sell unused goods, where the resale is a planned behavior. This occurs when consumers buy extra units of the same product over and above those purchased for self use with the intention of reselling the extra for profit or personal enjoyment. The "resale after temporary ownership" type of consumer seller has plentiful experience in reselling used goods through online auction sites. In their minds, products are liquid assets which can be easily traded in exchange for cash at a low transaction cost. In "unintentional resale," consumers use the Internet to resell unused goods they had no initial intention to resell when buying or receiving the products. Unintentional resale is made mostly as a result of impulse buying, mis-purchases, and the reception of unwanted gifts. The "disposition" type behavior is a better understood behavior in the existing literature as consumers dispose of their used products in secondary markets.

Online resale intentions may influence the purchasing decisions of consumers in many aspects. In the pre-purchase phase, consumers with the intention to resell online may more easily arouse a need because they may perceive a lower product price; therefore, more brands and products become affordable. Furthermore, they may search for different information and have different evaluations of market preferences, such as brands providing a longer guarantee period. In the post-purchase phase, consumer satisfaction with a brand may be heavily altered by the resale result. Consumers may also be less likely to purchase a new product if, on the one hand, they cannot make "complete use" of it and, on the other hand, cannot resell it.

Our study provides comprehensive definitions, introduces systematic tools for analyzing consumer online resale behavior, and offers some interesting insights with regard to consumer online resale phenomena. By scrutinizing each type of consumer online resale in the taxonomy, we are able to sketch a more complete picture of online consumer behavior, not only in relation to acquiring products but also as it relates to disposing of products with the help of information technology. The present study has generated three major findings. First, C2C e-commerce has changed consumer behavior by enabling consumers to resell in the secondary market. Second, 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, both online and offline. Finally, the concept of products, evaluation of product value, purchase decision making, and consumer satisfaction with online resale may change when consumers simultaneously enact the roles of reseller and consumer.

**Keywords:** Consumer Online Resale, Disposition, Secondary Market, C2C E-commerce

# **Exploring Consumer Resale Behavior in C2C Online Auctions: Taxonomy and Influences on Consumer Decisions**

## **BACKGROUND**

Consumer-to-consumer (C2C) e-commerce is a revolutionary and popular model of e-commerce, where consumers form a market to sell and buy products online. The largest and most popular C2C company running online auctions, eBay, has 233 million registered users worldwide, with 114 million users in the U.S. and 118 million users in international markets (eBay news release, 2007). If eBay were a country, it would be the fifth most populous country in the world following China, India, the United States, and Indonesia. In the first quarter of 2007, the gross merchandise volume, or total value of all successfully closed items on eBay's trading platform, was US\$14.3 billion internationally (eBay news release, 2007). Approximately 1.3 million online sellers have utilized eBay as a primary or secondary source of personal income according to A.C. Nielsen's 2006 International Research. In the U.S., consumer online auction sales will reach \$65 billion by 2010, accounting for nearly one-fifth of all online retail sales (Forrester Research, 2005).

Consumers as resellers of used products have been around for a long time in physical markets. However, electronic exchanges alter the scale and scope of what is possible with regard to the sale of used products, and information technology has increased efficiency for buyers and sellers in locating and trading products (Bajari and Hortacsu, 2004; Ghose, Anindya, Telang and Krishnan, 2005). Consumer resellers can sell goods quickly and easily, with low search costs and sometimes higher prices (Halstead and Becherer, 2003). The impact of consumer online resale on traditional secondary markets is evident. In the United States, the US\$9 million in annual sales resulting from traditional garage sales is dwarfed by the \$19 billion in sales through annual C2C online auctions (Dykema, 1999; Herrmann, 1997). It is inferable from the large number of online sellers and the sales figures that a great deal of current consumer behavior differs from traditional consumer behavior. Though product disposition is a part of consumer activities and has been studied in consumer research for a long time, it has taken on new forms and in different magnitude with the advent of the Internet. The Internet not only changes business models but also dramatically changes consumer purchase and consumption behavior. Durable goods are no longer considered to be unrecoverable costs, but rather can be considered as liquid assets or acceptable accounts for consumers who have mastered reselling on C2C online auction sites.

While many prior C2C studies have concentrated on online buying behavior or auction mechanisms such as bidding strategies and web assurance (e.g., Ariely and Simonson, 2003; Brown and Morgan, 2006; Jap, 2003; Liu, Fang, Dixon and Murphy, 2002), we aim to extend consumer online buying behavior to consumer online resale behavior by investigating another pivotal function of the C2C secondary market as a channel to sell unwanted goods, and the underlying resale behavior in a Chinese context covering the markets of Taiwan and China. Past studies related to consumer resale behavior can mainly be found in three streams of research: (1) consumer disposition behavior (Hanson, 1980; Harrelland, and McConocha, 1992; Jacoby, Berning and Dietvorst, 1977; Paden and Stell, 2005; Young and Wallendorf, 1989); (2) informal markets such as farmers' markets (Heisley, McGrath, and Sherry, 1991; Pyle, 1971; Sommer, Margaret, and Aitkens, 1980), garage sales (Herrmann, 1996, 1997, 2004, 2006; Herrmann and Soffer, 1984), and flea markets (Belk, Sherry, and Wallendorf, 1988; Bruin, 2000; Sherry, 1990); and (3) consumers' extended selves related to physical belongings (Belk, 1988; Lastovicka and Fernandez, 2005, 2007; Price, Arnould, and Curasi, 2000). Although scholars have studied market phenomena related to consumers acting as resellers, to our knowledge, most prior studies have been conducted in a Western culture context. Moreover, few have focused on consumer online resale behavior, which makes knowledge on the specificity and meaning of various types of consumer online resale remain primitive. Research on the formation of consumer online resale motivations and their backward influence on offline purchase plans and decision-making when consumers intend to resell at the time of purchase are particularly scant. For instance, consumers may feel more comfortable financially and be more willing to purchase high-priced products if they have skills in using online auctions to recover part of the product costs. In view of the prosperity of C2C e-commerce, it is crucial to scrutinize the behavior of C2C resellers in order to explain the consumer resale phenomenon more completely.

## CONSUMER DISPOSITION AND RESALE

The “disposition phase” refers to what consumers do with a product once they have completed using it (Mowen, 1995). However, consumers may resell unused goods or partially used goods in order to recover part of the acquisition cost. Much of the research on consumer behavior has focused on the acquisition phase; hence, the disposition process has received relatively less attention (Mowen, 1995; Lastovicka and Fernandez, 2005; Rassuli and Harrell, 1990). In an early study on consumer disposition, Jacoby and his colleagues (1977) developed a conceptual taxonomy to describe consumer disposition behavior. Following this research, Hanson (1980) developed an explanatory model of three salient factors—situation, object, and person—involved in the disposition decision process. Later, Harrell and McConocha (1992) conducted a field study to determine how consumer characteristics are related to the selection of disposition options. These studies all made reference to the consumer resale of unwanted goods in venues such as flea markets or garage sales, in addition to giving or throwing products away.

Several studies have focused on the social embeddedness of consumption, marketplace ambience, and comparisons of flea markets and garage sales to traditional retail stores (Belk et al., 1988; Sherry, 1990; Wallendorf and Arnould, 1988). Sellers at flea markets and garage sales display a wide range of styles and motivations, from periodic housecleaning and socializing to making a profit and generating cash (Herrmann and Soiffer, 1984). In contrast to retailers’ profit-making motivations, consumer 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 sellers’ and buyers’ participation in such sales events. Herrmann (1997) argued that garage sales in the U.S. frequently function as a social gathering where some personal belongings are traded like gifts between sellers and buyers. These trades encompass more values of socializing than making a good deal economically. Herrmann explained that participants of different races and classes can transmit 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 (Herrmann, 1997). Jacoby et al. (1977) suggested a promising direction for future research on consumer disposition patterns, that is, the reasons why consumers dispose of something which still functions satisfactorily and how disposition is associated with the acquisition process (p.27). They also argued that consumer disposition would vary over time. Therefore, the prediction and explanation of how and in which beneficial ways disposition behavior can be changed are an important research agenda. The Internet, as one of the most influential and important emerging disposition channels by offering a convenient platform of online auction and resale, seems to best serve the role of change agent.

Buyers may need more information when buying products in the secondary market because the preservation condition, quality, price, and after-sale service of used goods vary dramatically across transactions. The information search and opportunity costs restrict the development of the physical secondary markets due to the lack of an efficient solution to solve such problems. Belk et al. (1988) commented that informal markets, such as farmers’ markets, garage sales, and flea markets, may be seen as modern anachronisms in which smaller scale, more direct, and often less efficient exchange mechanisms have partly supplanted newer, less costly, larger scale exchange institutions. However, the inefficiency has somewhat been redressed by the information revolution in C2C online auctions, which can greatly decrease costs in the searching of buyers, sellers, and products, and allow goods to be sold in a timely manner at more reasonable prices.

## CONSUMER RESALE MOTIVATIONS

Herrmann and Soiffer (1984) classified sellers at garage sales into ten types. In addition to the types of professional resellers, “dabblers” are sellers who try out the garage sale experience for the first time. These dabblers view reselling unwanted items at a garage sale as a fun event and enjoy the social contacts it creates. “Regulars” are those who have internalized the notion that they will regularly dispose of unneeded household items in this way. The largest group of sellers is the so-called “housecleaners” who dispose of unwanted items from the home. In addition to “housecleaners,” Herrmann and Soiffer also categorized “spring housecleaners” as individuals with growing children who need to create

space, and “life-passage sellers” as those who dispose of items in order to mark a particular life passage, such as the growth of their youngest children. In flea market research, Belk et al. (1988) pointed out that, aside from full-time professional resellers, amateurs sell excess personal goods to clear out space at home and make a small amount of money at the same time.

In addition to economic and house-cleaning reasons, numerous consumers resell for emotional and social motivations rather than to make a profit, which is very different from the motivations of professional resellers. The possible emotional motivations are as follows: avoidance of wasting (Herrmann and Soiffer, 1984; Jacoby et al., 1977; Okada 2001; Purohit, 1995), environmental protection (Herrmann and Soiffer, 1984), socializing (Belk, 1988; Cameron and Galloway, 2005; Herrmann, 2006; Herrmann and Soiffer, 1984; Sherry, 1990), and achievement and entertainment (Herrmann and Soiffer, 1984). Understanding these motivations helps to explain why consumer resale need not involve sophisticated profit-and-loss calculations. In sum, consumers resell to make a profit or clean the house, as well as for emotional reasons such as environmental protection, avoidance of waste, socializing, achievement, or simply for fun.

## RESEARCH METHODS

This exploratory study aims to first investigate the consumer online resale phenomenon in Taiwan and China, and then define and categorize consumer online resale behavior in such a cultural context in order to provide a framework for further research. The research questions of this study are as follows:

RQ1: What are the meanings of consumer online resale? What is the difference between consumer online resale and professional online resale?

RQ2: Why do consumers resell online?

RQ3: What are the types and properties of consumer online resale behavior?

RQ4: What is the impact of consumer online resale on consumer decisions?

To explore the phenomenon of consumer online resale, two types of data collection were used in this study: (1) participant observations and (2) consumer interviews. The purpose of using observations is to develop an understanding of the phenomenon under study. Therefore, the researchers must invest sufficient time to adequately capture what is happening in the situation of interest (Denzin and Lincoln, 2003; Patton, 2002). This understanding is essential when the aim of a study is to have a holistic perspective of the phenomenon under investigation. In the current study, participation observations involve the researchers' participation in online resale as buyers and resellers simultaneously in order to closely observe online C2C transactions. Field notes were taken when discovering the main issues and important parameters in each transaction (Patton, 2002). These observations lead to a better understanding of the mechanisms, terminology, and environment of online C2C auctions, which help to identify relevant and critical research directions for the in-depth interviews.

### Participant Observation

We registered as members of Yahoo Auction Taiwan, eBay Taiwan, eBay China, Taobao China, and eBay U.S.A. in November 2004. These sites are major online auctions players in Taiwan, China, and around the world. We acted as buyers, purchasing several goods on these websites, in order to understand more about the sellers' behavior. We searched, compared products among different sellers, and negotiated with them about the payment, price discount, shipping, guarantee, return condition, and other transaction issues. From November 2004 to July 2007, we purchased over 100 items from the websites mentioned above, including luxury bags, basketball shoes, computer components, printers, software, books, CDs, pet food, computer speakers, perfume, chocolate, and military medals. Sellers of new and used goods were under consideration for each purchase, and we searched and compared at least ten sellers in every purchase. Acting as buyers, we gathered valuable information by viewing product descriptions and participating in online conversations during transactions. For instance, sellers may explain why they sell a product at a lower price on online auction pages in order to convince buyers that their products are not inferior or counterfeit. We can also learn about sellers' supply sources by asking if they can sell more of a specific good.

We also resold products via the same online auction sites. Acting as a seller helps in developing an understanding of the process of conducting a resale from a seller's perspective, including tasks such as identifying unwanted items for resale, pricing, photo shooting, listing, choosing payment methods, packaging and shipping, giving feedback, filing complaints, negotiating with buyers, and operating auction tools on these platforms. From November 2004 to July 2007, we sold over 50 items, including used books, bikes, toys, CDs, tableware, and a laptop computer. By participating in and observing the online resale process, we acquired the knowledge needed to have conversations with sellers in interviews. In the research process, we did not stop participating in online resale after starting consumer interviews, but continued to participate in reselling to acquire more insights to supplement the interviews.

### Consumer Interviews

We conducted consumer interviews to collect information on possible consumer purchase decisions and online resale behavior. Through a snowballing process, a purposeful sample of 25 participants in Taiwan and China who had successful experience in selling a number of products online took part in this study. One author of the study, who is very familiar with C2C auction mechanisms in Taiwan and China, participated in online resale as an observer and interviewed the participants in this study. To enhance the generalizability of our findings, we gathered data in Taiwan and China and supplemented the interview findings with consumer online resale examples from Western countries (e.g., Adler, 2002; Nissanoff, 2006). In our study, interviewees ranged in age from 19 to 42, with an average age of 28. Novice users, those with only one resale transaction experience, and veteran users, those with 17,637 resale transaction experiences, were included in the interviews (see Table 1). All names in the table were altered for participants' privacy. To collect consumer online resale data in Taiwan and China, two phases of interviews were implemented. From April to December 2006, we launched the first phase interview in Taiwan by inviting 80 students who enrolled in an undergraduate marketing class to participate in the interview. Five students with online resale experience volunteered to join the interview. Before the formal interview, we first asked several questions to check the qualifications of these participants, and one professional retailer who only sold computer components online was screened out. At the end of each interview, we asked participants to nominate qualified candidates among their friends or relatives for our next interviews. We also requested that participants contact the candidates they nominated to question their willingness for an interview in advance. We purposively avoided including more students in our study in order to expand our sample variety. Through the snowballing process, a total sample of 15 participants in Taiwan joined the interview. We then started the second phase interview in February 2007 to study consumer online resale in China. Likewise, we first asked 15 interviewees in Taiwan to invite qualified consumer resellers in China they are acquainted with, and requested that they get permission from their friends by phone or email prior to the face-to-face interviews. After contacting 15 candidates, we selected 10 consumer resellers who had performed consumer resale on China's C2C auction websites, now located in Shanghai and Shenzhen, two of the biggest cities in China. We restricted our interviews to participants in these two cities to reduce travel costs. Although the participants from China at the time of our interview resided in China's major cities, half relocated from less developed inland cities, and may have shared information on online resale experience in smaller cities of China. The author, the same interviewer in Taiwan, traveled to China to interview the 10 participants from June to August 2007.

Patton (2002) identified three basic types of qualitative interviews for research or evaluation: informal conversational interview, interview guide approach, and standardized open-ended interview. We employed the interview guide approach considering that the main purposes of the study are clear, and we already had enough information to develop guidelines for interviews. Intensive interviews were conducted using a conversational, unstructured, exploratory interview style guided by an outline in order to explore resellers' resale motivations, product supply source, product condition, pricing strategy, resale goals, and resale satisfaction. Resellers can sell different products for different reasons, so we asked each participant to give several examples of successful online resale transactions. We collected 131 resale transaction cases from the 25 participants, with each participant providing 5 resale examples, on average. One advantage of investigating online resale is that all transaction records are kept in the auction system for two years, including the messages between sellers and buyers. Interview participants were encouraged to log on to their account to view the records of their resale if they did not remember the details of the transaction during the interviews, which helped to improve the accuracy of the information.

All interviews were recorded for further analysis and interpretation (Spiggle, 1994). During the qualitative research process, the data collection and analyses were processed simultaneously, and results of any data analysis led to further data collection (Glaser, 1992; Spiggle, 1994, Strauss and Cobin, 1990). We continued the interviews until we no longer distinguished significant resale patterns from newer interviewees. Patton (2002) noted that the sampling size of a qualitative study depends on the research questions of interest, how the research results are to be used, and the resources of the researchers. In our study, one hundred and thirty-one resale cases from the 25 interview participants provided sufficient information to achieve the current research goals, that is, to identify critical dimensions for categorizing consumer online resale behavior and distill implications for managers and further research.

**TABLE 1**  
**Summary of Participants' Information**

Number	Name	Place	Gender	Age	Occupation	Resale Frequency
1	Kevin	Taiwan	M	32	Marketing Planner	62
2	Ivy	Taiwan	F	25	Realtor	148
3	Ann	Taiwan	F	23	Elementary School Teacher	51
4	Alex	Taiwan	M	40	Track Driver	12
5	Chen	Taiwan	M	35	MIS Engineer	3
6	Wang	Taiwan	M	26	Telemarketing Sales	213
7	Vicky	Taiwan	F	32	Nurse	55
8	Lisa	Taiwan	F	23	Graduate Student	62
9	Tony	Taiwan	M	22	College Student	5
10	Yang	Taiwan	M	22	College Student	34
11	Ying	Taiwan	F	22	College Student	4
12	Howard	Taiwan	M	22	College Student	24
13	Annie	Taiwan	F	29	Secretary	52
14	Sherry	Taiwan	F	32	Housewife	34
15	Kelly	Taiwan	F	42	Housewife	43
16	Mary	China	F	21	College Student	138
17	Poly	China	F	27	Housewife	125
18	Linda	China	F	31	Sales	249
19	Wu	China	F	35	Public Officer	22
20	Candy	China	F	26	Unemployment	414
21	Tom	China	M	19	College Student	1
22	Mandy	China	F	24	Factory Worker	35
23	Susan	China	F	23	Graduate Student	17,637
24	Eric	China	M	36	Engineer	57
25	April	China	F	25	Housewife	354

**DEFINING CONSUMER ONLINE RESALE**

Like flea markets and garage sales, a variety of sellers participate in C2C online resale. An important task in the current study is to distinguish “consumer online resale” from “professional online resale”. As noted before, a reseller can conduct different types of transactions. One can repetitively sell the same products in bulk as a retailer and post used DVDs on the same webpage as a consumer disposing of unwanted items. Under this situation, selling the specific products constantly can be seen as “professional resale”, while the sale of second-hand DVDs of self use is a “consumer resale”. Belk et al.

(1988) compared full-time professional sellers in flea markets to amateurs, and found that the personal inventories of used goods held by amateurs were the primary supply source. Some of these amateur resellers may be frequent sellers at flea markets or garage sales, but lack the time, money, or commitment to develop better sources of supply and display facilities (Belk et al., 1988). Thus, we define consumer online resale as *an online resale in which the products being resold are purchased mainly for self-use, not for resale*. According to the aforementioned definition, all resellers on C2C online auctions can be categorized into three types: professional resellers, mixed-role resellers, and consumer resellers (see Table 2). In our study, we completely exclude “professional resellers” and only focus on consumer online resale performed either by “consumer resellers” or “mixed-role resellers”.

In professional online resale, sellers will repetitively sell the same products with a constant supply, and will manage items and inventory to maximize profit. Self-use is not a sourcing criterion for a professional reseller. On the contrary, in consumer online resale, sellers do not source for resale and their resale products are limited to personal use items, both in variety and quantity. Even if consumer resellers are satisfied with the resale, they will not repurchase the same items for resale in order to pursue more profit. Here, we do not categorize online resale by the seller’s resale experience or frequency, but by the motivation of selling in each resale. Consumer resellers might have more resale experience than professional sellers, but still act as consumers because their motive is not maximizing profit. Consumer online resellers’ attitudes and behaviors can be very different from professional online sellers. For example, consumer online resellers have no commitment to take the risk of holding inventory and product depreciation; therefore, they only purchase self-use items in small quantities. On the whole, consumer resellers care less about the failure of a resale since they can still make use of the unsold items themselves. One thing we must clarify is that consumer resellers are distributors, not manufacturers. Sellers offering home-made cookies on eBay are actually professional sellers by our definition.

**TABLE 2**  
**Definitions of C2C Online Resellers**

C2C Online Reseller Type	Definition
Professional Resellers	Resellers only perform “professional resale” in C2C online auctions.
Mixed-Role Resellers	Resellers perform “professional resale” and “consumer resale” simultaneously in C2C online auctions.
Consumer Resellers	Resellers only perform “consumer resale” in C2C online auctions.

**A TAXONOMY OF CONSUMER ONLINE RESALE BEHAVIOR**

Our goal was to classify consumer online resale into a taxonomy on the basis of our exploration and understanding of consumer online resale behavior from the observations, interviews, and existing literature. “Categorization is a process of classifying or labeling units of data and naming instances of the phenomenon found in these data” (Siggle, 1994, p. 493). After excluding professional resellers on auction sites, we classified the online resale behavior of consumers into four categories based on the first dimension of “planned resale” or “unplanned resale” and the second dimension of “reselling unused products” or “reselling used products” in order to study the essence of the behavior for each resale. The taxonomy is mutually exclusive and collectively exhaustive. The dimension of unused products refers to the condition of the item that is kept intact after being acquired by consumers until it is sold, whereas the products themselves may be new or sec-

ond-hand. A used product is defined as when the product is used by the consumer before it is sold, yet the product itself may have already been used or new when the consumer purchased it.

The original buyer and reseller of resold goods need not to be the same person. For example, the original buyer could be the father of a family, but his son may list the products online to resell. Likewise, someone may help a friend to resell products on eBay. All consumers who are involved in the resale process are sellers, but may also be the buyers, users, or persons responsible for listing on an auction site, and their behaviors all influence the resale. Reselling unused products is similar to the behavior of retailers, while reselling used goods is more like traditional consumer disposition behavior. The motivation to dispose of used and unwanted goods is clear; however, the reasons for consumers to resell unused products have not been examined in previous studies. Using the resale plan and product usage conditions as our classification scheme, we identified four different types of resale behavior, each with a unique meaning. Table 3 presents the four types of consumer online resale behavior followed by a detailed discussion and research propositions for each type of online resale in the taxonomy.

**TABLE 3**  
**Taxonomy of Consumer Online Resale Behavior**

	<b>Unused Products</b>	<b>Used Products</b>
<b>Planned Resale</b>	Resale of Extra Purchase	Resale After Temporary Ownership
<b>Unplanned Resale</b>	Unintentional Resale	Disposition

**PLANNED ONLINE RESALE**

We define the first dimension, “planned resale”, as the condition where, prior to purchase, consumers consider that they can and have the intention to resell the target product after possessing it for a period of time. Consumers receive compensation in the future if the product is successfully resold through an online auction site. Once consumers intend to resell the products, how the products can be resold for a profit may become a major concern, which predetermines consumers’ evaluation and willingness to buy. Without the aid of the Internet, consumers have much more difficulties in reselling a product and, therefore, are less likely to plan to resell a product prior to purchase, except for products with high value. Scholars have pointed out that consumers take the resale price as an important attribute when buying houses (Anglin, 1997; Cronin, 1982) and cars (Wiseman, 1971; Green, Tull, and Albaum, 1988). However, consumers who have mastered the online resale process may plan to resell clothes or electronics prior to purchase once they see the feasibility of successfully reselling the targeted items online. In other words, even for products with low prices, reselling online may still be worth the effort considering the low selling cost. Without the Internet, the phenomenon of “planned resale” would not be significant enough to draw our attention. A thought-provoking book written by Nissanoff (2006), also reviewed in Harvard Business Review (Buchaman, 2006), promotes a new concept of “temporary ownership of products”:

*My friend Charlotte is a consumer who has embraced the auction culture lifestyle. One day she decided to sell a classic monogrammed Louis Vuitton sixty-inch Keepall 60 duffle bag that she had bought the previous year for \$820. It’s still a great bag, but after using it for a while, she longed for the special edition, a multicolored, Murakami-designed handbag version. She wanted to feel the rush of the shopping experience,*

*and to update her look with the latest style. She's a die-hard LV junkie and just can't help herself, but she also knew she couldn't afford to buy a new bag if she didn't recoup at least some of the value of her old one. So Charlotte headed over to a local dropshop with her classic bag, and a few days later it appeared on eBay. Charlotte's classical duffel sold for \$560. After fees and commissions to both eBay and the dropshop, she pocketed a cool \$400 to put towards her new purchase (Nissanoff, 2006, p.139).*

Obviously, Charlotte is not a one-time buyer of Louis Vuitton (LV) products. She continuously buys and resells LV products to generate cash for newer models. The planned resale is easy, convenient, and a good deal for Charlotte, and she loves the “temporary ownership of LV bags”. However, if the resale price is only US \$150 or it takes an unreasonably long time to sell the product, Charlotte may not consider selling it, and the LV bag may end up being stored in her closet. Thus, the efficiency of C2C online auctions is the main factor driving consumers to perform planned resale. Thus, we propose the following.

*P1: Compared to traditional secondary markets, more “planned resale” is performed in C2C online auctions for higher transaction efficiencies.*

### **Resale of Extra Purchase**

In the “resale of extra purchase” situation, consumers buy extra units of the same product over and above those purchased for self-use with the intention of reselling the extra for profit or personal enjoyment. Travelers may go abroad and buy products at lower prices than those found in the domestic market, possibly buying one for self-use and buying extra to list on online auction sites in order to make a profit. Consumer resellers of “extra resale” will not purchase products they do not use themselves or a bulky quantity they cannot consume; therefore, their behavior is different from that of professional resellers. Their risks and profits are relatively limited compared to professional resellers. Below is an example:

*Take the case of Brian, a sixteen-year-old high school student who is more than happy to wait in line at a store for three hours to buy the new \$150 Nintendo DS gaming system. The store limits each customer to one unit because of the enormous demand, but Brian isn't buying for himself- he feels confident he can sell it on eBay for \$300, leaving him a profit of \$150 (Nissanoff, 2006, p.136).*

It is not certain that Brian is a professional “scalper”, but he is more like a teenager who loves playing video games and acknowledges that the products will be hot on eBay. Therefore, he can either enjoy the latest game himself or sell it on eBay to make a profit. More examples of consumers making extra purchases were found in our interviews:

*Each time when visiting the U.S., I buy lots of vitamins if my baggage is not full, some for my family, some for listing on online auctions. Prices of imported vitamins here are three times higher than in the U.S. (Mary, China, 21, No. 16)*

*My company sells some products at special low prices to employees. Sometimes I purchase extra to resell on eBay. (Wang, Taiwan, 26, No. 6)*

*Since I get a 30% discount if I purchase five hotel certificates, I purchase five and resell three online. That can save my cost and I can even make a profit because lots of buyers don't know the promotion. (Kevin, Taiwan, 32, No. 1)*

In “extra purchase” resale, consumer resellers make a profit by reselling products acquired at a lower price. Mary sources a lower price for vitamins when traveling abroad. Wang enjoys more price discounts from his company as an employee benefit. Also, Kevin receives quantity discounts when buying bulk hotel tickets. Products of the same or similar kind may have different prices in different channels for several reasons. International brand pricing strategy or tax issues related to importation are one of the common reasons for price differences (Maier, 2005), but even in the same country, prices for the identical model of a brand may differ due to market competition (Black, Ostlund, and Westbrook, 1985). When the

price gap is sufficiently large from store to store, consumers may take notice and purchase extra beyond the level which they demand for self use in order to resell if they have resale skills. The “resale of extra purchase” may thus be a way consumers transform themselves into professional resellers. By taking advantage of price arbitrage, consumer resellers of this type tend to be more profit-driven than other three types of online resellers in our taxonomy, and their resale behavior is closer to that of a professional reseller. Therefore, we propose the following.

*P2: Products with higher price discrepancies among channels are more likely to be resold online under the “resale of extra purchase”.*

### **Resale after temporary ownership**

Consumer sellers conducting “resale after temporary ownership” are usually sophisticated consumers and heavy auction site users who are savvy and have plentiful experience in reselling used goods on online auction sites. Products are thought of as liquid assets which can be easily traded in exchange for cash at low transaction costs. Having expertise to resell, these individuals are knowledgeable on the possible resale price as well as the risk if they cannot successfully resell the goods online. Besides the example of Louis Vuitton bags in Nissanoff’s (2006) book, we found similar cases in our interviews:

*I am a lover of electronic products and always use the newest models of digital cameras, TV games, PDAs, and computers. Because electronic products are quickly replaced by new models and normally I can’t afford all these items, I deal with this problem by reselling old models. I always retain entire packaging, receipts, and guarantee certificates to support my resale. Once I start using new products, I list them on Yahoo auctions at the same time. Therefore, I have enough time and a higher chance of selling them at a high price. Usually, I can resell them within three months at 95% of my original price. It’s a good deal for me so that I can enjoy using the latest models at a very low cost and risk. Of course, sometimes I will buy a new model before reselling the old one. (Howard, Taiwan, 22, No. 12)*

*I love fashion but I am not rich. Now I plan to wear new shoes or clothes only for a while and sell them on eBay when I do not like them anymore. Sometimes I even list a pair of shoes on eBay before owning them. If someone starts bidding on this item, I will go buy it immediately and wear it for a few days before selling it to the next buyer. That is a brilliant way to enjoy fashion because someone else pays for me. (Susan, China, 23, No. 23)*

Sharing the common characteristic of a constant desire for upgraded products, “temporary ownership” resellers are better able to afford newer products after recovering part of the purchase cost by reselling older versions of the products online. As indicated in the interviews, Howard pursues the latest electronic gadgets and Susan loves wearing fashionable clothes. They both recover some of the cost by reselling their used products online. Holak (1988) pointed out that consumer traits and product attributes are two key factors that influence purchase intentions for innovative products in the “New Product Adoption Model”. Therefore, we propose that personality and product factors are two important factors which may contribute most to this specific kind of resale. Innovators and early adopters who constantly pursue the latest products (Joseph and Vyas, 1984; Rogers, 1983) may have stronger motivations to resell the old versions. By reselling possessed old products, they can recover part of the economic cost to purchase newer products, which are usually sold at higher prices (Kolter, 1991). Emotionally, they prefer to write off the old product’s book value before purchasing a new product in order to avoid the feeling of wasting (Purohit, 1995; Okada, 2001). On the other hand, the product factor that causes products of a shorter life cycle to become targets of this specific type of resale due to innovation and fashion is greatly demonstrated by the competition phenomenon of new product development. Newer products with upgraded functions or new designs are launched regularly with intensive promotion (Kolter, 1991), making consumers vulnerable to the temptation of new product promotions and arousing a need to resell to get rid of old products (Purohit, 1995; Okada, 2001). In addition, consumers who look for quicker innovation or fashion speed products can easily foresee the coming of newer models and are motivated to practice this kind of planned resale. Hence, we deduce the following propositions from this discussion.

*P3a: Consumers who are inclined to constantly update product models are more likely to perform “resale after temporary ownership”.*

*P3b: Products with quicker innovation or fashion speed are more likely to be resold under “resale after temporary ownership”.*

### UNPLANNED ONLINE RESALE

Unplanned resale refers to scenarios where consumers incidentally intend to resell a product only after acquiring it, not before purchase. Oftentimes, unplanned resale occurs due to unexpected situations that induce consumers to dispose of certain products. A temporary or short-term circumstance is a situation where a product has fulfilled its designated function and is no longer of use to consumers (Hanson, 1980; Jacoby et al., 1977; Paden and Stell, 2005). A consumer might want to resell his/her old cell phone after receiving a new one as a gift, or might wish to resell an electronic device bought in a country where the electric voltage is different from that used domestically. Adler (2002) also provided the following example:

*Jeanene, 28, who recently gave up dancing to become a choreographer with North Carolina Dance Theater, has been emptying her attic of the new and used shoes she bought, cheap, as a student with the Bolshoi Ballet in Moscow. Listing them at first for a dollar, she was delighted when one pair was bid as high as \$32 (Adler, 2002).*

Jeanene, not a retailer, resold several ballet shoes unexpectedly because when she bought her ballet shoes in Russia, she never knew she would give up dancing. Her resale goal is not to make profit but just to recover her costs and get rid of things she no longer uses. This scenario frequently happens to consumers since humans have bounded rationality and cannot perfectly forecast everything when buying products. Every consumer who possesses durable goods may at some point need to dispose of unwanted goods due to unexpected circumstances. Before the popularity of C2C online auctions, many durable goods in good condition were discarded; however, consumers often prefer to avoid the feeling of wasting (Herrmann and Soiffer, 1984; Jacoby et al., 1977; Okada 2001). With the rise of the Internet, C2C online auctions have filled the gap in the demand for unwanted goods and allow for the disposal of unwanted goods in a better way. It is more responsive and easier for consumers to perform an unplanned resale than a planned resale. When she was a ballet dancer, Jeanene spent lots of money on ballet shoes, so it is reasonable for Jeanene to begin her online resale experience by reselling ballet shoes rather than by sourcing new products to resell. However, after acquiring adequate online resale experience, Jeanene may learn to “plan” a resale before a purchase. Most of the time, a planned resale is assisted by cumulative resale experience, as a planned resale requires more online and offline buying and selling expertise than an unplanned one.

The ability to perform product-related buying and selling tasks successfully is associated with consumer expertise (Alba and Hutchinson, 1987). Consumer online resale is a string of product-related selling tasks in which consumer resellers with better expertise may act differently from novices in related decision making and performance (Bettman and Park, 1980; Park and Lessig, 1981; Mitchell and Dacin, 1996). We argue a planned resale involves an entrepreneurial expenditure, while the expenses of an unplanned one are largely sunk costs, and any money gained from an unplanned resale could be mostly regarded as pure profit, since the expected return was initially zero. Without adequate planning expertise, however, it is more difficult for consumers to generate online resale intentions prior to a purchase. Thus, we propose the following:

*P4: Consumers who are novices at C2C online auctions will perform “unplanned resale” more than “planned resale”.*

#### Unintentional Resale

“Unintentional resale” is a behavior by which consumers resell a new product online that they had no intention of reselling upon purchase of the product. These conditions generally occur when products lose the desired function or consumers

suddenly no longer need the products due to unintentional reasons. An interesting example is a newly married couple who had lived together and already owned furniture, and thus returned their extra wedding gifts to stores in exchange for store credit. They then resold the store credit on eBay at an 80% transfer rate, which transformed their US\$15,000 worth of gifts to US\$12,000 in cash. This couple was thrilled and satisfied with the result, and then began to resell unwanted goods constantly after that experience (Nissanoff, 2006). C2C e-commerce buyers sometimes receive very good deals when consumer resellers conduct unintentional resale in which the buyers can acquire brand new, quality products at a much lower price. Unintentional resale is made mostly as a situational result of impulse buying, mis-purchased items, and the reception of unwanted gifts. Below are some examples of “unintentional resale”:

*When shopping, I cannot help purchasing lots of clothes by impulse. After arriving home, I come back to rationality and find a handful of clothes that just don't fit my style, then I will resell them if I can't return these clothes. (Kelly, Taiwan, 42, No. 15)*

*I sold unfitted ink cartridges of my Epson printer because I can't return them due to losing the receipt. The ink is so expensive and it's a waste to throw them away or give to others. (Eric, China, 36, No. 24)*

*I earned \$1,500 U.S. dollars by selling a plasma TV I won from my company's lottery in the annual party. I am happier to receive gifts after learning how to resell unwanted goods online. If receiving a gift I dislike, I list it online for resale. An unwanted gift actually means cash to me now. (Alex, Taiwan, 40, No. 4)*

Interviewees reported that “unintentional resale” occurs because of unexpected situations. Kelly purchased too many products out of impulse, Eric mistakenly purchased the wrong type of ink cartridge, and Alex received unneeded gifts. All of these situations make products lose their original value and online reselling becomes a better choice for consumers than throwing them away if returning for a refund is not possible. Gift-giving is also one of the situations in which products may easily lose their value for receivers when the gifts are disliked. Clothing tops the list of failed gifts, followed by decorative household objects (Rucker, Balch, Higham and Schenter, 1991). The most frequent complaint about these gifts is that they are the wrong style, followed by wrong color and by clothing that does not fit. In Asian culture, it is considered impolite to open the gift box in front of the giver and express an opinion about the gift. It is also inappropriate for the gift receiver to provide hints in advance about what may be suitable. Therefore, there are fewer effective ways to avoid giving and receiving unfit gifts. In addition, gift givers usually will not enclose receipts or purchase information to gift receivers in Asian culture; therefore, receivers have less chance to return unneeded gifts. For consumer resellers, however, gifts are ideal goods to list on eBay for newness, higher values, and complete packaging, and can thus be sold at an attractive price. Thus, we propose the following:

*P5: The higher the likelihood of having unexpected situations of product consumption, the more likely consumers will perform “unintentional resale” online.*

### **Disposition**

“Disposition” in our taxonomy describes the behavior of consumers forming the resale intention after using the products and then resell the used goods online. “Disposition” type behavior is a phenomenon which has been described in the existing literature (Hanson, 1980; Harrelland and McConocha, 1992; Jacoby et al., 1977; Paden and Stell, 2005). Although “sell it” has been identified as one of the disposition categories in disposition studies, the ease and intensity of online disposition resale in our study indicates a revolutionary difference from what was proposed by Jacoby and his colleagues. Comparing the popularity of traditional and IT-based secondary markets, the disposing scale is much larger than it was before the Internet era. Prior research on consumer resale indicates that consumer sellers have a wide range of resale styles and motivations, from periodic housecleaning to socializing, profit making, and entertainment (Herrmann and Soiffer, 1984). Similar reasons of disposition can be better illustrated in our interviews:

*I realized that the huge amount of unwanted goods in the storage room is no longer trash. It's another bank account for me-- if I sell them, I can get cash for lots of new stuff I desire. It's a waste to throw these items away. (Lisa, Taiwan, 23, No. 8)*

*I sell all unwanted goods by Taobao auction site in China because I do not have enough room to keep my children's clothes, toys, and baby care items. Reselling these items can make lots of money and create more space in my house. (Poly, China, 27, No. 17)*

*I sold lots of old books and magazines for free. I am happy to see somebody who needs them can have these books. (Wu, China, 35, No. 19)*

*A buyer who purchased my comic books expressed his gratification to me because he had tried to find these comic books for several years. We talked happily about comic books online with email and MSN and later became good friends. (Ann, Taiwan, 23, No.3)*

*Reselling on an auction site is like playing a game because every time you sell a thing successfully, you receive positive feedback. Some friendly buyers even leave very sweet and encouraging comments that always make me feel happy and thankful. (Ying, Taiwan, 22, No. 11)*

Conforming to the literature, we found from the interviews that consumers resell for a variety of reasons, but profit is probably the last concern (Herrmann and Soiffer, 1984). Lisa and Poly resell because they want to clean their house, Wu loves to sell products for recycling and reuse, Ann enjoys socializing with people who also pursue the same hobby, and Ying considers that online reselling is fun. In a "disposition" resale, products may have been used for a period of time; therefore, consumers may resell for motives other than profit since product value is most depreciated and thus profit is deemed hard to come by. Hence, we propose the following:

*P6: When consumers perform online "disposition resale", making a profit is not the primary motivation.*

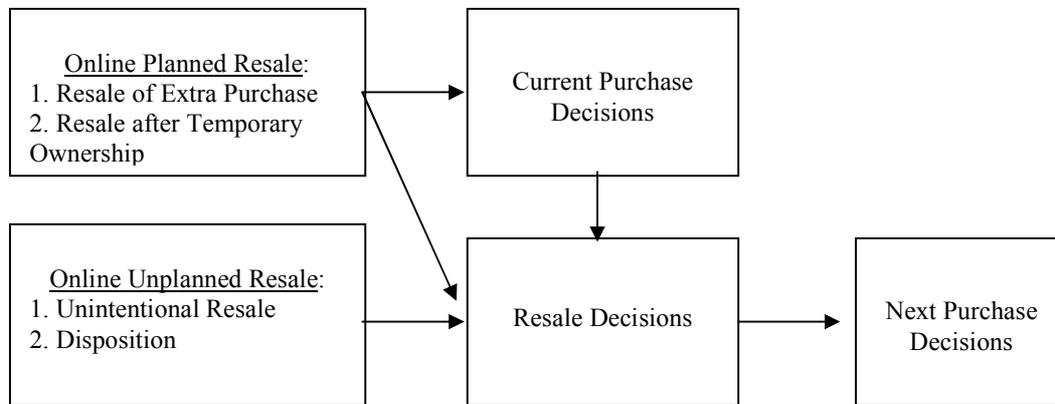
## INFLUENCE OF CONSUMER ONLINE RESALE ON DECISION MAKING

We applied the proposed taxonomy to develop a conceptual model of consumer online resale and its possible consequences. The model takes advantage of the specific meanings of each type of resale and enlightens us to the idea that consumers conducting online resale today are no longer conventional consumers. The facets of consumer purchase decisions have evolved and changed after the proliferation of online auctions and individual experiences with online resale. In particular, resale decisions may emerge as an important aspect of consumer decision-making in addition to purchase decisions. Figure 1 presents the possible relationship between online resale behavior and the consequences, and is discussed more in the following section.

### Online Planned Resale and Current Purchase Decisions

Consumers with the intention to resell online may more easily arouse a demand to buy, as they perceive themselves to be more comfortable financially by imagining the upcoming disposable cash from a future resale. This imagination alleviates a consumer's price sensitivity toward the current purchase and thus enhances buying intention. Therefore, more brands and products become affordable under a possible resale plan. Furthermore, consumers with a plan to resell may search more for brand information (e.g., brand origins, longer guarantee periods, or authenticity) and make product evaluations by market preferences and not just their own tastes. These consumers with the intention to resell online also perceive a lower risk of purchase than those only with the intention to buy, and are more willing to purchase goods they formerly hesitated to buy, provided that they can resell goods they find unsatisfactory. Moreover, consumers' online resale price knowledge of the secondary market can also directly affect their attitudes toward, and perceived value of, a brand, regard-

less of any intention to resell. A brand with a better resale price facilitates the first buy. Some evidence of this aspect was found in our interviews:



**FIGURE 1**  
**Consumer Online Resale Types and Consequences**

*When I purchase a high-priced product, I consider buying one with a better resale price. For example, limited edition models usually have a better resale price. (Linda, China, 31, No. 18)*

*I prefer luxury goods that provide authentic certificates and longer guarantee period because that could help me to resell it for a higher price. In addition, before making each purchase decision, I will definitely check online auctions first to know which one has better seconded-hand price. (Ivy, Taiwan, 25, No. 2)*

*I am more likely to try a new product, because I can sell it if it doesn't meet my expectation. With my expertise, sometimes I can recoup cash even higher than my cost, because those buyers would pay more for some brands don't have outlets in their city. (April, China, 25, No. 25)*

*I do not really 'spend' the money if I can recoup the cost by reselling in the future. That is truth, because almost all my clothes can be sold via online auctions. I save lots of money by reselling. (Susan, China, 23, No. 23)*

*It's more like renting a book than owning a book to me. I purchase new books and CDs and enjoy them. When I don't like them anymore, I can resell them easily at a remarkable price. I think it is smart to manage my stuff because I can keep my room neat and tidy by getting rid of these unwanted items and save money at the same time. (Lisa, Taiwan, 23, No. 8)*

The results of our interviews revealed that at least two aspects of consumer purchase decisions are influenced by online resale intentions: product preference and purchase intention. Linda and Ivy prefer to purchase new products with better online resale potential. April is more willing to buy new products of uncertainty, which is supported and justified by her assessment of purchase risk being offset by online resale as a back-up outlet. In turn, to April, products become more affordable when there is a possibility for monetary return from a future online resale. Likewise, Susan and Lisa believe that purchasing now is like “renting” when online reselling is easy and convenient to regain money. They even consider that the money paid for new products is not actually spent since it is partly refundable through future online resale. Therefore, we offer the following propositions:

*P7a: Consumers who intend to resell a product online prior to its purchase will prefer products with a better resale price than those who do not have resale intentions before purchase.*

*P7b: Consumers who intend to resell a product online prior to its purchase will be more likely to buy than those who without resale intentions.*

### **Online Resale Types and Resale Decisions**

Consumers with different motivations to resell will have different goals and resale strategies. As noted earlier, compared to professional dealers, consumers resell online not only for profit, but also because of emotional factors which heavily influence their resale decisions. Belk et al. (1988) found that amateur sellers often offer a better price and are more willing to bargain with buyers in flea markets, while Lastovicka and Fernandez (2007) reported that consumer resellers on eBay are more willing to accept a 30-day payment extension than professional sellers if they detect a shared-self with buyers. Since consumer resellers are not professional retailers, it is interesting to know their resale strategies and how different motivations will influence their resale decisions. For example, how do consumer resellers decide what should be sold, which resale price should be set, what the resale goal is, and the expectations and satisfaction of each online resale? Our study indicates that consumer resale strategies are strongly associated with the seller's resale motivations and the corresponding resale behavior.

*I only sell extra purchased items I am familiar with, because I know their price. Usually, I set prices 20% higher than my costs if there are other competitors. If I am the only seller, I will set a higher price. Sometimes I don't sell well, but it's no problem for me, because I will use it by myself or give it to my friends. (Candy, China, 26, No. 20)*

*I set a specific resale price for my luxury bags when I purchase them. I know the price is reasonable because I have compared prices before buying them. I will keep waiting until I successfully sell them at my target price instead of lowering the price. (Linda, China, 31, No. 18)*

*I usually sell used books at 20% lower than the normal price. Regarding used clothes and shoes, it depends on the brand and product situation. It's not difficult to decide the price because you could know the average price of the same products online by checking your competitors. (Vicky, Taiwan, 32, No. 7)*

*It costs me more to keep these children's clothes because space is valuable to me. Since I don't need these clothes, it's acceptable if the resale price is low. (Sherry, Taiwan, 32, No. 14)*

*I don't know how much I can get by reselling old text books. I list them for bidding from US\$1. It is acceptable because they are useless for me. (Tom, China, 19, No. 21)*

In a planned online resale, such as in the cases of Candy, Linda, and Vicky, consumers have a chance to gather resale information and to contemplate reselling before purchasing. If a good resale result is not obtainable for the planned-to-buy product, consumers can decline the purchase beforehand and buy an alternative. On the contrary, in an unplanned resale (e.g., the cases of Sherry and Tom), consumers initiate an online resale only after acquiring or using the products. Since the acquisition of products is not based on a forecast of market demand and the conditions of goods after use might vary, chances for a high resale price would be lower than those of a planned online resale. The results of our consumer interviews indicated that, when making a profit is the most important motive (e.g., the cases of Candy and Linda), consumers often perform an "extra purchase" online resale, setting a resale price higher than the purchase cost and a resale goal to acquire the highest possible profit. On the other hand, consumers conducting an unplanned resale to discard unwanted items tend to resell at a lower price than the price being paid so they can get rid of unneeded products as quickly as possible. Under this disposition circumstance, profit is secondary to clearing out unneeded clutter. Therefore, we propose the following.

*P8: Consumers who perform online “planned resale” will set a resale price higher than those performing “unplanned resale”.*

### **Online Resale Decisions and Next Purchase Decisions**

Consumer satisfaction is an evaluative mental state as a result of the consumer’s comparison of expectations prior to a purchase with performance perceptions after a purchase (Oliver, 1980, 1993; Westbrook, 1987; Westbrook and Oliver, 1991). Previous studies of consumer satisfaction have focused on perceived product performance or quality, but in the extension of consumer behavior from purchase to resale, consumer satisfaction and repurchase intentions may also be determined by the resale outcome, and not limited to product performance. In interviews with online consumer resellers, we found that consumers with resale intentions may hold an expectation toward the resale results, such as an ideal resale price or the time taken to sell the goods. If the resale outcome fails to meet the expectations, consumers may feel discouraged and will not repurchase the brands with undesirable resale performance. Similarly, consumers may hold negative attitudes toward brands with a low resale value. On the other hand, a surprisingly good resale result may also positively change consumer satisfaction with certain brands. The resale performance of a brand may be deemed as an indicator of product value, indicated by the secondary market responses. Thus, the resale result might interplay with the perception of product performance to affect consumer satisfaction with a brand. Examples of consumer satisfaction with the resale outcome are found in our interviews:

*After selling a cell phone at a very low price, I wondered about the reason and considered not buying the same brand next time. (Chen, Taiwan, 35, No.5)*

*I love products of Louis Vuitton and Chanel, not just the brands themselves, but they also have better resale prices than Gucci and Prada on eBay. When not liking a LV purse any more, I can sell it on eBay in a week to get 70%-80% money back. A real luxury good should have a better preservation value. (Mary, China, 21, No.16)*

The above results indicate that online resale consumers are very concerned with resale outcomes and, therefore, their subsequent purchase decisions are affected by earlier online resale outcomes. Chen reported avoiding purchasing the same brand again when his reselling effort brought an unsatisfactory price outcome. Mary deeply believes that a true prestigious brand can generate a higher resale price offer, which is a very important attribute when purchasing luxury brands. A substantial implication which can be derived from the above examples is that consumer satisfaction with a specific brand comes not only from the consumption experience with that brand but also from the brand’s online resale outcome. A poor and painful result of the online resale of a particular brand against expectations might create a bad memory for that brand and meanwhile incur a negative disconfirmation (Oliver, 1980; Spreng, MacKenzie, and Olshavsky, 1996). The effects of online resale outcome on brand valuation identified in our study call for more attention and may contribute to the enrichment of the theory of consumer satisfaction and product evaluation. We therefore propose that:

*P 9: The higher the positive (negative) discrepancy between resale expectations and the actual outcome, the higher (lower) the repurchase intentions regarding a certain brand.*

From our study, we found that consumer resale intention may interestingly influence each consumer decision phase in the consumer decision process model, as presented in Table 4. We summarize the possible influences of online resale intentions, including planned and unplanned resale, on each phase of the consumer decision process in a typical buying decision-making model for illustrative purposes (e.g., Engel, Blackwell and Miniard, 1986). Given the preliminary nature of the current study, the possible influences of the online resale intention at each stage of consumer decision making require further empirical examination.

**TABLE 4**  
**Influences of Online Resale Intentions on the Purchase Decision-Making Process**

Decision-Making Process	Possible Influences of Online Resale Intention
Recognition of Need	Easier to arouse a demand
Information Search	1.Less product information searching 2.More information needed related to online resale
Alternative Evaluation	1.Preferring products with a higher second-hand price 2.Preferring products that are easier to resell
Purchase	1.Higher intention to “try” new goods 2.Keeping original package and certificate of authenticity 3.More careful preservation of products
After-Purchase Evaluation	1.Comparing value of a resale and continuously possessing a product 2.Activating a resale once the resale value is higher 3.Negative attitude if dissatisfied with the resale product

**ONLINE RESALE AND ONLINE/OFFLINE PURCHASE**

Figure 1 in the preceding section has illustrated that consumers’ intentions and plans for future online resale may change their current purchase decisions. Furthermore, the outcomes of previous online resale experiences may have a subsequent effect on the next purchase. Consumer buying as both an antecedent and consequence of online resale is likely to happen online and offline, which seem to be intertwined and interlinked. To unveil this, the present study suggests a need to examine the interaction between online and offline behavior instead of treating the two as separate behaviors, since consumers consider online shopping to be one of the channels to purchase as well as to search for information about goods. An online purchase may actually be influenced by offline experiences. Scholars found that consumers tend to use online and offline channels as complements to each other (e.g., Nicholson, Clarke, and Blakemore 2002; Verhoef, Neslin, and Vroomen, 2007). Verhoef et al. (2007) named consumers who survey a product in one channel (e.g., the Internet) and then purchase it through another channel (e.g., the store) “research shoppers”. One major reason contributing to this phenomenon is that websites can serve both transactional and informational functions (Hoffman and Novak, 1996; Teo and Pian, 2004). A study conducted by Forrester Research showed that most Internet users conduct research online before buying offline (e.g., Kelley, Delhagen and Denton, 2002; Mendelsohn, Johnson and Meyer, 2006). This may explain why e-commerce transactions have grown rapidly; but the amount of total online sales is still relatively small when compared to total national retail sales. In the United States, e-commerce sales made up only 2.3% of total retail sales (United States Department of Commerce, 2003), although the U.S.’s Internet penetration rate was one of the highest in the world, at 68% (Internetworldstats, 2006).

Searching for information online and making the purchase offline occurs when buying products that have search attributes (Alba et al, 1997; Citrin, Stem, Spangenberg, and Clark, 2003) or when consumers are under technology anxiety or trust concerns (Hoffman, Novak, and Peralta, 1999; Meuter Ostrom, Bitner, and Roundtree, 2003; Roy and Ghose, 2006). The activities related to searching in one channel and purchasing in another may provide consumers with more price informa-

tion, which allows them to get a better deal in the store through negotiation or better informed choices (Bakos, 1997; Morton, Zettelmeyer, and Silva Russo, 2001; Verhoef, Neslin, and Vroomen, 2007). According to Nunes and Cespedes (2003), as many as half of customers now shop for information using one channel, then switch from that channel to another when it comes time for money to change hands. In another study, Brown and Goolsbee (2002) investigated the impact of Internet comparison shopping on the offline life insurance market and reported that the growth of online comparison sites has reduced life insurance prices by 8% to 15%. Further, in a real-life case in Taiwan, five imported cosmetic brands were forced to decrease their prices by 30% in response to requests from consumers after they found they could purchase the same products at much cheaper prices from parallel importers selling goods on the Web (ET Today News, 2006).

These examples do not necessarily predict how prevalent online shopping could be, but they do illustrate how consumers can connect both online and offline vehicles to optimize their shopping and reselling experiences. Becker (1965) noted that consumers may allocate optimal amounts of time and money income on a series of household activities to achieve a maximum level of utility. By the same token, the behavior of a consumer to choose one distribution channel over another after online and offline comparison is similar to the behavior of optimizing consumption satisfaction (Reardon and McCorkle, 2002). Therefore, consumers' intentions to purchase or resell online is likely to depend on the conditions they experience offline. In the preceding examples related to the resale of an extra purchase, consumers are motivated to resell online when they can acquire lower-priced goods offline (e.g., the instances of Brian, Mary, and Wang). Examples of the use of online and offline information for purchasing and reselling goods can further be found in our interviews:

*Before buying high price electronic products, I go online first to check product information and user comments in online communities to identify ideal products. Then I visit stores to feel and test the products personally. After deciding which model I like, I compare price and service conditions to decide where I should buy. I have no specific preference for online or offline outlets, that depends on the information I receive. (Tony, Taiwan, 22, No.9)*

*I like comparing price before buying things online or offline. I feel excited to purchase products at low price and sometimes buy extra offline to resell for a profit online. (Ivy, Taiwan, 25, No. 2)*

*I bought a Calvin Klein (CK) jacket in a department store for about US\$105. I felt like an idiot after my friend showed me exactly the same jacket on a U.S. online mall for only US\$65. From that day, I never went to CK outlets in Taiwan again. Now, we regularly log onto U.S. websites to buy CK and other American brands together because we can save big money and share shipping costs. (Yang, Taiwan, 22, No. 10)*

*I have experience in reselling my used mobile phone, shoes and PC monitors on the Internet in order to cover a shortage of US\$300 needed for a new laptop computer I saw in a department store. (Howard, Taiwan, 22, No. 12)*

*I tell all my friends that I can make junk into cash by reselling online. They all feel excited and want to learn reselling from me because they have more unwanted items than me. Now, online resale has become a topic among us and we love to discuss the resale experience and skill. We found that prices on online auction sites are much cheaper than offline stores and I now buy more products from there. (Linda, China, 31, No. 18)*

*I love to buy products on 'books.com.tw' because the price is 20% less than traditional bookstores and I can pay cash directly to the Seven-Eleven stores in my neighborhood when receiving the products there. Usually, 'books.com.tw' sends a message to my phone to notify me that the products have arrived in the Seven-Eleven stores in three days. It is no risk to me by this service. But if I need something urgently, I can't wait three days and have to go to offline outlets to get the products. For me, time is an important factor deciding where to purchase and I like online stores which provide service of paying in convenience stores. (Vicky, Taiwan, 32, No. 7)*

For shopping goods, consumers are inclined to obtain information online or offline to optimize their purchase and resale decisions (Becker, 1965; Nicholson, Clarke and Blakemore 2002; Verhoef, Neslin and Vroomen, 2007). Our interviews indicate that consumers simultaneously use online and offline channels to gather information, but have no obvious online or offline channel preferences for purchase. Tony, Ivy, and Yang compare prices between online and offline channels to search for the best deal. Howard takes advantage of reselling online to cover a cash shortage from another offline purchase. Linda is more aware of price differences after some online resale and buying experiences. Being a more practiced reseller, Linda learns to compare the price of competitors and become involved with product pricing. Vicky loves to shop from those online retailers who also provide delivery and payment services in their affiliated brick-and-mortar stores. These examples are more or less directed at the simultaneous online and offline activities associated with purchase and resale, and this kind of “mixed-channel and interlinked online and offline behavior” has not been well addressed in previous consumer studies, which tend to separate online and offline behavior as two disconnected aspects. As recommended by Neslin et al. (2006), more research about the contribution of various channels and interaction is needed. In sum, a final purchase from a website does not necessarily indicate a “pure” online behavior detached from the offline shopping environment. Similarly, an offline purchase decision may actually have gone through a long process of online searching and comparison. In a study, American multi-channel retailers reported that the Web has increased their in-store sales by 20 percent (Forrester Research, 2005). With greater accessibility of the Internet worldwide, the Internet has become a part of life for more consumers and an important venue for both online and offline decision-making. Therefore, it is highly suggested that the conjunction of online and offline consumer behavior is worth further investigation. Hence, we propose that:

*P 10a: Consumers will prefer gathering product information from online and offline sources simultaneously versus gathering information from a single source.*

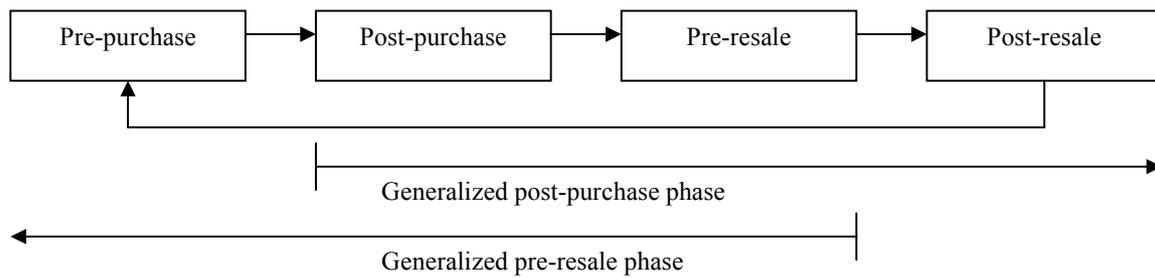
*P 10b: Consumers who simultaneously gather product information from online and offline sources will purchase products at a lower price than those who gather product information from a single source.*

*P 10c: Consumers who simultaneously gather resale information from online and offline sources can resell products of the same quality at a higher price than those who gather resale information from a single source.*

## DISCUSSION AND CONCLUSIONS

The current study has provided comprehensive definitions, introduced systematic tools for analyzing consumer online resale behavior, and offered some interesting insights regarding consumer online resale phenomena. By scrutinizing each type of consumer online resale in the taxonomy, we are able to sketch a more complete picture of online consumer behavior, not only in regards to acquiring products but also as it relates to disposing of products with the help of information technology. The present study has generated three major findings. First, C2C e-commerce has changed consumer behavior by enabling consumers to resell in the secondary market. Second, 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, both online and offline. 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.

By adding consumer resale notions to the traditional consumer behavior perspective, we expand the consumer decision process to include the resale stages in a conceptual model, as shown in Figure 2, which presents the proposed relationship between purchase and resale. Note that all consumers with online resale intentions do not necessarily go through this process. As presented in Figure 2, we propose that the generalized post-purchase phase should include pre- and post-resale phases. This generates the prospective research potential to further examine consumer post-purchase behavior in a broader perspective. Similarly, when studying consumer resale behavior, it is well-advised to examine both aspects of pre-purchase and post-purchase interlinks.



**FIGURE 2**  
**Expanded Consumer Decision Process Model**

**MANAGERIAL IMPLICATIONS**

Marketers should be aware of the changes that the online secondary market has brought for the potential link between the new product and secondary markets (Purohit, 1992; Zhao and Jagpal, 2006). While the speculated cannibalization effect predicts that the C2C online auction market may steal some sales from retailers, online auction sites that resell consumers’ unwanted goods may actually carry over and lead to more new product sales from retailers (Paden and Stell, 2005). In the “resale of extra purchase” type of reselling, those who shop in stores can pass on and sell extra units of products to those who prefer to shop online. The other three types of consumer online resale can also bring consumers the cash to recover part of the original purchase payment, which could encourage consumers to buy more new products from retailers, in turn enhancing retail sales (Paden and Stell, 2005). Moreover, “unintentional resale” and “resale after temporary ownership” types of online resale might act as useful vehicles by which some buyers reduce their purchase risks, allowing consumers to spend less time evaluating product information and, therefore, to purchase more new goods. Thus, we suggest marketers should look favorably upon and enact strategies to exploit secondary markets (Nissanoff, 2006).

When more and more consumers sell used goods, it becomes easier for other consumers to purchase secondhand goods. A new consumer segment made up of those who prefer to purchase lower-priced used goods may form, if it has not already formed. Marketers must examine the differences and correspondent roles between the used goods segment and new product purchasers. In our taxonomy, consumers who resell after temporary ownership may be in the segment of consumers who always purchase the newest and latest style of products, reselling them later in the online secondary market. Another pool of consumers—those who always purchase secondhand products online for economic reasons—may have discovered the online resale market, which has expanded the avenues for purchase beyond the corner thrift shop. Marketers should pay special attention to these two groups of consumers because developing new products or implementing different strategies for each segment may create more sales than focusing only on new product markets (Zhao and Jagpal, 2006). For new product marketers, claims in advertisements that products have better secondary resale potential may attract consumers who plan to resell after owning the product a while, thereby boosting new product sales. Similarly, providing new products with longer guarantee periods or an additional service following the resale may also appeal to consumers.

Our study offers several reasons why the online secondary market business model is successful and has a promising future for companies in the secondary market. For instance, companies in the online secondary market can educate prospective consumers on the benefits of reselling unwanted goods online and offer the concept of temporary ownership to attract more sellers and products into the market. Online C2C platform providers may attract more users by advocating C2C e-commerce’s efficiency and ease of use, while traditional secondary middlemen may act as consignment stores, providing resale services for non-Internet users in trading these goods via online C2C platforms. One of our findings indicates that consumer online resale may be driven by non-monetary reasons such as fun or a sense of achievement, so online C2C websites can design more interactive and attractive mechanisms in order to maintain user loyalty.

### FUTURE RESEARCH DIRECTION

The taxonomy and conceptual model developed in this study is a first step toward developing an understanding of consumer online resale behavior. Clearly, future research can start with the empirical examination of the taxonomy and propositions. A survey is needed to examine how prevalent each kind of online resale is. Also, consumer resale motivations in each resale type need empirical study due to limited samples in the current study. Further, the statistical fluctuation of each online resale type may indicate that consumers' resale patterns are changing. It is possible that more consumers are involved in planned resale because they have gained more resale expertise. Many consumers have become professional online C2C resellers. Why they transform roles and how they learn resale expertise would be interesting research topics. Full-time online professional resellers who were transformed from consumers may have a different strategy than conventional retailers, who view e-commerce as a new channel. Another research suggestion is that, although many consumers have started reselling online, a large portion of online C2C buyers never resell. There must be reasons which deter these experienced users from using familiar tools to resell, since all consumers have the need to dispose of unwanted goods. In addition, the consequent factors in our conceptual model such as purchase decisions and resale strategy factors indicate that there are potentially immediate impacts on the existing retail market. Thus, it is also worthwhile to examine what influence, and the extent of that influence, online resale has on new product markets when large amounts of second-hand goods are disposed of. Finally, the current study focuses on the Chinese context, thus, it calls for future study to investigate consumer online resale behavior under a different context. The comparison of consumer online resale behavior among cultures and markets will certainly produce a deeper understanding of this subject.

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