Consumers as Resellers: Exploring the Entrepreneurial Mind of North American Consumers Reselling Online

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ABSTRACT
The use of the internet has dramatically changed not only the way consumers buy products, but also the way consumers resell products by allowing them to reach an international customer base that rivals that of the largest retailers. With the developments and improvements in the ability to resell, consumers are learning and cultivating their own strategies for online resale. This changing marketplace puts consumers head-to-head with retailers, and many of them are embracing the challenge and letting their entrepreneurial skills shine through. In this study, a geographically diverse group of 22 online consumer resellers throughout North America participated in in-depth interviews to help shed light on how North American consumers resell online. The paper discusses resale types, motivations, and strategies and develops the groundwork for further inquiry into the latest phenomenon of the online resale marketplace.

Keywords: Online resale, C2C e-commerce, entrepreneurship, consumer reviews
1. INTRODUCTION

As was the case with use of the internet, online resale has increased rapidly and exponentially over the last decade. The recent economic recession has especially bolstered the number of sellers and items listed on the popular online resale sites such as Craigslist.org and Tagsellit.com (Athavaley, 2009). More people are eager to generate income by posting online to resell their possessions or unwanted personal goods. eBay is seemingly the largest company in this online resale market (Bunnell and Luecke, 2000; Walczak et al., 2006). According to recent figures (eBay Fast Facts, December 31, 2008), there are now approximately 86.3 million active eBay marketplace users in the world. These eBay users are selling and trading in more than 50,000 categories, and approximately 7.1 million listings are added every day. Since its founding in September 1995, eBay has developed a global presence in 39 different markets. In the fourth quarter of 2008 alone, the gross value of successfully traded merchandise in eBay’s marketplaces reached $13.6 billion. The U.S. market accounted for 45% of that amount, and international markets made up the remaining 55%. In view of eBay’s marketplace development, online resale has grown enormously and has changed not only the way people all over the world are doing business, but also the way consumers are reselling their personal items.

The online market is continually growing and changing the way people buy products, the way resellers sell, and the way retailers market and sell their products (Sotgiu and Ancarani, 2005) as well. Yet, until now, the research into online selling strategies has been at its early stage (Stafford and Stern, 2002), and some have called for an extensive investigation of the pervasive impact of this growing phenomenon (Song and Baker, 2007). Even more specifically, the inquiry into online consumer reseller strategies is very limited. Past studies on C2C e-commerce mostly center on bidder behavior [e.g., Anwar, McMillian, and Zheng, 2006; Walley and Forlin, 2005], seller’s trustworthiness [e.g., Camp, 2000; Strader and Ramaswami, 2002], reputation and feedback [e.g., Finch, 2007; Lin et al., 2006; Weinberg and Davis, 2005; Yang, Hu, and Zhang, 2007], virtual market structure [e.g., Li, Li, and Lin, 2008; Lin, Li, Janamanchi, and Huang, 2006], search engine match-making systems [e.g., Alanazi, Mouhoub, Mohammed, 2012; Skoutas et al., 2010], and specific strategic auction pricing choice [e.g., Gerding et al., 2007; Gopal et al., 2006; Reynolds, Gilkeson, and Niedrich, 2009].

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In the few previous studies [e.g., Reiley et al., 2007; Walczak et al., 2006] where online sellers are the research focus, they are studied in the online auction context, but there is no specific focus on online resale. As a part of the online resale market, online auction sites provide an interactive environment in which bidders submit bids for products with dynamic pricing, whereas, on the non-auction online resale sites such as Craigslist, sellers normally list items at a fixed price. Both auction and non-auction sites are part of the online resale marketplace.

Since most of the previous research focuses on bidder behavior, trust, reputation and feedback, or strategic pricing, why and how consumers become entrepreneurial in the online resale area remains somewhat of a mystery. Chu and Liao [2007; 2008] first tapped into this rising trend, but confined their investigation to the Chinese context. This leaves a possibility of research inquiries into the same subject with different geographic and cultural contexts and motivates the present study to explore the online resale market in North America.

North America was selected for a number of reasons. First, this specific geographic area has the fastest growing population participating in online resale activity [eBay Fast Facts, December 31, 2008] and thus warrants research focusing on the motivations and strategies with which North Americans resell online. Second, North America was chosen so that similarities with, and differences from, the Chinese context can be made. Third, the North American online resale market also competes with a very developed traditional resale market and is therefore a good choice for comparing reseller behavior in traditional markets and online markets. Fourth, research is needed in this area to help online resellers and retailers, as well as traditional resellers and retailers, understand the market around them and the strategies competing against them.

The main purpose of this study is to gain insight into the North American online resale market. This study aims to obtain information from a diverse group of consumer resellers in order to obtain a holistic view of online resale types and the motivations and strategies of online resellers. This study also intends to inspire future research in the direction of resellers in the C2C e-commerce markets throughout the world. As suggested by Chu and Liao [2007, p. 22], “a comparison of consumer online resale behavior among cultures and markets” is needed. The specific research goals of the present study are as follows:
1. Determine and classify the types of online resale in the North American online market
2. Specify motivations of resellers in the North American online market
3. Explore and identify strategies of resellers in the North American online market
4. Compare the Chinese context with the North American context
5. Compare the traditional secondary market with the online secondary market
6. Identify areas for future investigation and study

2. LITERATURE REVIEW

There have been traditional resale markets such as physical auctions, flea markets, and yard sales for a long time in the North American resale market. People use these markets for both selling and reselling goods. Online markets have changed the way people and businesses sell and resell by giving them access to a larger number of customers and a very easy and convenient platform for selling. As pointed out by Walczak et al. [2006, p. 200], “Sellers are being drawn to Internet auctions due to significantly lower entry costs, lower transaction costs, and an extremely large customer base.” On the other hand, Becherer and Halstead [2004] suggested that different sizes of sellers in the online market should be studied to determine their strategies. Thus, in this section, the focus is on consumer disposition methods, online resale motivations, and strategies for online resale.

2.1. Consumer Disposition

Consumers may choose to dispose of products in a variety of ways after they have finished using them. Jacoby et al. [1977] developed taxonomy for various consumer disposition decisions. They proposed that consumers have three general choices when they no longer need a product – “keep it,” “get rid of it permanently,” or “get rid of it temporarily” [Jacoby et al., 1977]. These choices embed with many sub-choices, including reselling the item, renting or lending the item, giving it away, and throwing it away.

Later research also focused on how consumers make the decision to dispose of the item and how they choose what action to take for disposal. Specifically, Lastovicka and Fernandez [2005] researched how owners dispose of their
meaningful items. There are three possible venues whereby meaningful possessions are transferred from current owners to new owners [Lastovicka and Fernandez, 2005]. These venues are used for disposal of “positively charged” and “negatively charged” items and provide some insight into the motivations and methods owners use to dispose of their possessions.

2.2. Online Resale Motivations and Strategy

Consumer resale motivations and strategies have been evaluated in traditional markets. Herrmann and Soiffer [1984] described novice sellers at garage sales as “dabbler” who experience a garage sale for the first time and enjoy it for its social interaction. They described “regulars” as those who regularly dispose of unneeded household items by reselling them at garage sales, and “housecleaners” as people who dispose of unwanted items from home. Among the housecleaners, “spring housecleaners” are the specific individuals who need and clean space for growing children by reselling household items. Paden and Stell [2005] found that, among the factors that trigger individuals to resell, four primary reasons led to product disposal to the secondary market; namely, knowledge and experience with redistribution, availability and access of redistribution channels, perceived costs and benefits of redistribution, and social norms and referent influence.

Why do people resell possessions online? So far, there is little research into online resale motivations and online resale strategies. After a detailed literature review of 76 articles directly focusing on online auctions, Wood [2004] remarked that seller behavior and seller strategies were areas where research and discussion were lacking. Other areas that he identified as missing from academic research include the choice between online auction and traditional markets and the effect of online auction competition [Wood, 2004]. Chu and Liao [2008] proposed that economic motives, sense of thriftiness, environment protection, emotional factors, and social motives may motivate individuals to resell online.

Becherer and Halstead [2004] have collected and outlined some reasons that micro-businesses and corporate sellers have given for using online auctions; namely, (1) to unload discontinued, returned, damaged, or overstocked goods, (2) to test prices in order to see what the market will bear, (3) to keep customer acquisition costs low, (4) to sell quality designer goods at a discount, appealing to the ‘price-only’ shoppers, (5) to generate excitement about an online site and to involve customers in an interactive sense, (6) to connect with buyers in real time,
(7) to acquire new customers, (8) to enhance the value of a store by using auctions as a complement to a traditional brick-and-mortar business, and (9) to give seasonal products a broader year-round appeal. Although some of these reasons and motivations may also apply to the occasional online reseller, they were stated as reasons that corporate sellers and micro-businesses have given for using online auctions. Therefore, more research is needed to determine the motivations of resellers of different sizes.

As for resale strategy, Anderson et al. [2004] found that one strategy of highly rated sellers or those with a large amount of positive feedback is that they are likely to provide more detailed information on the product compared with newer or less frequent sellers and are also more likely to provide secure methods of payment. Anderson et al. [2007] showed how retailers with a large volume of sales use the “buy it now” option and a low starting price to encourage a lot of bidding, but also cater to buyers who wish to purchase the items immediately. The strategy allows them to sell to the impatient shopper quickly while still obtaining many bids on the items being sold. In their study, Anderson et al. [2007] also concluded that less frequent sellers are not following the same selling strategies as high-volume retailers. They stated that the strategy choices are linked to the experience of sellers who are still experimenting with their selling strategies. They concluded that less frequent sellers have fewer reasons to develop their strategy because of a lower volume of products sold, whereas higher-volume retailers have a greater incentive and motivation to change and develop their selling strategies.

Becherer and Halstead [2004] stated that, of the 75 respondents in their study, 71% gained a majority of their sales volume from internet auction sales. From their study, we see that many online sellers are using the internet auction format to sell a large amount of their products. Their study, however, mainly focused on “experienced” eBay sellers. They used three criteria to distinguish between occasional and experienced sellers. The eBay sellers were chosen only if they (1) had at least 200 feedback comments, (2) accepted credit cards for payment, and (3) had some special graphic or standard marketing copy for their eBay listing (Becherer and Halstead, 2004). These criteria limited their study to experienced sellers; hence, the results may not apply to all sellers in the resale market. A look at less experienced sellers and also those who are specifically online resellers might lead to some new and different information about their...
motivations and strategies. Becherer and Halstead [2004] suggested online market sellers of different sizes should be studied to determine their strategies.

Chu and Liao [2007] found that “consumer online resale is multi-faceted, with each type of consumer online resale formed by different motivations and resulting in various impacts on consumer purchase and resale decisions.” Their study provides much insight into consumer online resale in the Chinese context. In particular, Chu and Liao showed two ways a consumer’s purchase decisions can be affected when they intend to resell products online. First, consumers who intend, prior to purchase of a product, to resell that product online will prefer products with a better resale price than those who do not have resale intentions before purchase. Second, consumers who intend, prior to the purchase of a product, to resell that product online will be more likely to buy than those without resale intentions. Chu and Liao [2007] provided more details about how resale motivations and resale behaviors are related to resale strategies, especially among those “planning” their resale before the purchase. They pointed out, “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.”

3. METHODOLOGY

The method used to achieve the goals of this study was in-depth consumer interviews. This qualitative method of research was chosen because the objective of this study is to find information that has not been studied extensively in the past and to find valuable new information and insights [Maxwell, 1996]. The aim is to develop a greater understanding of the area and give suggestions for future directions of study [Mann and Stewart, 2000]. Qualitative research was chosen rather than quantitative research because a specific problem for research had not been identified, but rather an area of interest that still has mysteries to be resolved. A qualitative approach and, in particular, an in-depth interview provide the method and opportunities to explore the social setting and let the important areas of focus emerge [Holliday, 2002].

We followed the interview guide approach suggested by Patton [2002], considering that the main purposes of the study are clear and that the study has sufficient information to develop a guideline for interviews. We conducted consumer interviews using a conversational, unstructured, exploratory style
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guided by an outline of questions. Length of the in-depth interviews ranged from 20 minutes to 90 minutes. Individuals taking part in the study included close friends, people referred by friends, and people found on the internet through a snowballing process. The interviewees were found through a variety of methods. Emails soliciting participation in our study were sent to friends and family members as well as members of eBay groups and social networking sites (e.g. Facebook, MySpace and Yuwie). Posts were also added to eBay discussion groups in an effort to find more suitable participants for the in-depth interviews.

In the end, a group of 22 consumer resellers with experience selling products online participated in this study. The participants came from different geographical areas throughout the United States and Canada. Those participating in the interview were a diverse group, consisting of people from different backgrounds, different age groups, different ethnicities, different locations, and different education levels. The purpose in recruiting participants of diverse backgrounds is to gain sample heterogeneity and thus a better external generalizability of the research findings.

The in-depth interviews followed the basic layout of the interview outline (Appendix A). Some different follow-up questions were asked when necessary in order to gain a deeper understanding of the different experiences of each of the participants. No time limit or minimum time was set and interviews ranged in length from 20 minutes to 90 minutes. The interviews took place between March 2008 and May 2008. They were conducted through Skype voice conversations, MSN chat conversations, email conversations, and in-person conversations with consumer resellers in the American and Canadian online market. One interview was conducted in person, and the others were online interviews. PowerGramo software was used to record the interviews over Skype and a voice recorder was used as back-up. The voice recorder was the only method for recording the personal interview. Before the formal interviews proceeded, pilot studies were conducted using Skype and the PowerGramo recording device with the voice recorder to make sure the instruments were functioning properly.

3.1. Profile of Interviewees

The 22 participants in the in-depth interviews included 13 female and 9 male resellers. For each of the participants, Appendix B provides detailed information about location, age, occupation, education level, ethnicity, online
years of experience, total number of sales, and online resale dollar amount collected. The names have been changed for confidentiality and privacy. Some spaces in the chart are marked with “not disclosed” when the interviewee chose not to reveal or did not have a response.

Interviewees ranged in age from 21 to 61 years, with an average age of 37. Participants included those with a high school diploma, those with some college, some currently enrolled students, some with a bachelor’s degree, and some with a master’s degree. Individuals participating in the study were from the northern, southern, mid-western, and western United States, and one participant was from Canada. Their online resale experience ranged from those who had not yet completed a sale to those with more than 5,000 sales, and from those with less than $200 in total sales to those with more than $45,000 (Canadian). The following sections continue with in-depth findings showing the consumer online reselling practices used by the interviewees, including types of online resale, sources of merchandise, online reselling motivations, and online reselling strategy.

3.2. Types of Online Resale

The types of resale completed by the online resellers participating in this study are grouped into seven categories:

3.2.1. Disposition resale
3.2.2. Unplanned resale
3.2.3. Planned resale after temporary use
3.2.4. Planned resale from secondary market
3.2.5. Planned resale from manufacturer/wholesaler
3.2.6. Resale using drop shippers
3.2.7. Resale as selling assistant

Most resellers used more than one type of resale in their online activities. In the sections that follow, we present examples of the types of online resale that the research participants have completed.

3.2.1. Disposition resale

Resellers who participate in disposition resale are easy to find. Most of the participants had, at one time or another, sold their old and unwanted products in this way. These types of resellers stated that they no longer had the
space for storage or had no use for the item anymore. The following two sellers were primarily or solely involved in disposition resale. Most online resellers are at least occasionally involved in disposition resale.

(My) main reason for selling was to just get rid of it. I don't have room to store things, so if they are of no use to me, they would be given away or sold. (Jane, Missouri, 28, No. 6)

It is not a hobby, just a way to get rid of un-needed things.
(Chad, New Jersey, 39, No. 10)

3.2.2. Unplanned resale
The unplanned reseller purchased a product and then sold it when they could not use it or were unable to use it. The items sold are largely brand new or only slightly used and are likely to be items that are not easily returned for a refund. Some items that could often fall into this category are those purchased during a store sale or promotion or tickets for a specific event. Chris, a college student, shows two good examples of unplanned resale. He recently sold on line a hard drive for a computer and a ski-lift ticket. Both products were initially purchased for personal use.

I bought the hard drive for myself on Black Friday, but then I found that I didn’t really need it and I could sell it for a higher price on eBay, so I decided to sell it. I got the lift ticket for myself too, but it turned out I didn’t have time to go, so I sold it on eBay as well. (Chris, California, 22, No. 4)

Each of these items represents products that are difficult to return. The ski-lift tickets were non-refundable, and Chris became too busy to use them during the season. The hard drive was purchased on sale and therefore could not be returned to the store for a refund. Initially, the products were purchased for personal use, but when Chris was unable to use them, or found he did not need them, he decided to resell them online.

3.2.3. Planned resale after temporary use
Planned resale after temporary use is when the reseller purchases the item with a plan to sell it in the future to recoup most or a portion of the original purchase price. These resellers seem more interested in using the product
on a trial basis or to have the latest and most up-to-date products than in gaining a profit from the resale.

*I like eBay. I like selling things, and I like gadgets, so it really helps me out with my 'experimentation' of toys! ...and my wife hates IT! I go through about 6-10 cell phones a year. I've had every gaming device and gadget you can imagine. I've thought about starting a review based website since I buy things...use them for 10-30 days then sell them. So right now, I have a new iPod touch, a Blackberry 8310, Blackberry 8320, a HTC touch phone and an Apple PowerBook that I'm 'testing.' If I don't like them, I'll sell them and recoup most of my money back.*

(Matt, Canada, 37, No. 2)

Matt is an experienced reseller with more than 700 online sales in his career. He has used his eBay skills to help him “experiment” with new items and now it allows him to try out new products when he chooses. He said that he buys things without thinking about the money because he knows he can use them for a short period and then resell them on eBay. Another interviewee with more than 1,400 total sales did not have any specific experience in planned resale after temporary use, but stated:

*I find myself saying, ‘Well, if we don’t like it, I can always sell it on eBay.’* (Lisa, Illinois, 31, No. 14)

As resellers gain more experience using eBay, they could begin participating in these types of activities more often. When they develop a greater knowledge of the market and gain confidence in their ability to sell many types of items, they will likely find it much more appealing to purchase these types of “experimental” items.

**3.2.4. Planned resale from secondary markets**

The planned resellers from secondary markets often already had a lot of experience as resellers or buyers in secondary markets before they became online resellers. When reselling, they tend to follow the trends or stay within their area of expertise. One reseller in Illinois has this to share about traditional secondary markets:
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(There is) more money to be made buying at yard/estate sales.
(Mark, Illinois, 35, No. 11)

The knowledge and expertise of these resellers in both markets sometimes enable them to perform virtual arbitrage activities between the two markets, thus making "more money" from these types of resale. The items they purchase come from estate auctions, yard sales, flea markets, and other similar venues and are purchased with the intent of reselling them online. The items are usually, but not always, used items since they are already coming from one secondary market and making the link to another secondary market. Jacinda, an online reseller in Ohio, has had experience as both a buyer and a seller in secondary markets. Here she tells about her decision to resell items from the traditional secondary markets:

I go to garage sales, and thrift stores to find items to sell. This is my reason for purchasing items so that I can sell them on eBay. I have done the garage sale thing. I chose to go with the online auctions because your item gets bids which go up, unlike a garage sale where they come in and try to get you to come down on the price of the item. (Jacinda, Ohio, 43, No. 20)

This type of reseller also tends to show an interest in developing the reselling "hobby" into more of a business. These resellers seem to enjoy not only making money from sales, but also searching and shopping for the products to sell. They normally have a specialty, but also seem to take pleasure in finding special items that they might not have known about previously. For example, Norma finds pleasure in researching the history of some items she purchases, not only to market the item on eBay, but also for her own knowledge and enjoyment.

I look for the unique things - things I can research and find out the history on before selling on eBay - part of the enjoyment example some whiskey decanter I found last fall - wound up dating back to the 70's and it was very enjoyable finding the info out and that is something I would have never considered selling before. (Norma, Wisconsin, 55, No. 16)

Norma said that, in the past, she would have never thought of selling this item because she would not know how to research it, but since becoming familiar

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with eBay and the internet, she is confident she can research the history of many items online. These types of resellers have taken a hobby and turned it into something profitable that allows them to continue participating in something they enjoy.

### 3.2.5. Planned resale from manufacturer/wholesaler

The items in this type of resale were purchased new from manufacturers or wholesalers with the intent of reselling them online. Those involved in this type of resale have expressed their interest in developing their online resale venture into a more stable business. Initially, they may have started out purchasing from yard sales and other types of secondary markets, and then began expanding their online resale business by purchasing from manufacturers and wholesalers.

*I resell products bought from wholesalers and manufacturers.*

(Rhonda, New York, 47, No. 18)

This type of reseller shows some similarities to traditional retailers as they are both obtaining their goods from the same initial source. Rhonda, however, stated that she had been involved in other types of resale, such as planned resale of products from secondary markets. For this reason, and because of the distribution method and use of the online market, this type of reseller would differ from traditional retailers.

### 3.2.6. Resale using drop shippers

This type of reseller works as an agent between the manufacturer and the final buyer. They conduct the sale online and then place the order with a drop shipper, which then handles the shipping. There are many other variables to look into for this kind of reseller. The relationship between the drop shipper and reseller is one area that can vary greatly among resellers. The reseller is in charge of listing and selling items, but never takes possession of the items. The shipping is handled by the manufacturer and not the reseller. Here are some statements given by one interviewee regarding her experience using a drop shipper with online resale.

*It's you that they are buying from and you have to have (a) good drop shipper. You need to know their policies on breakage, damage, returns etc. I would say for someone starting out though, that you*
should check your product from a drop shipper more before jumping on board with them. I have 19 others that sell from the same drop shipper - but that keeps everybody honest with their prices, so I don't mind it. (Norma, Wisconsin, 55, No. 16)

With this type of resale, the reseller not only needs to manage his or her contact with the buyer, but also must know the policies of the drop shipper as they will likely vary from one shipper to the next. Also, other resellers may be sharing the same drop shipper, thus adding competition to the market. These elements can make this type of resale more of a challenge in the beginning because there is more to learn and possibly more direct competition. The following statements, however, show that there are also advantages.

*Most eBayers can't afford to stock any inventory and have to rely on drop shippers for their store and website. You just log-in to your drop shipper and fill in the shipping info and the item gets sent to the buyer.* (Norma, Wisconsin, 55, No. 16)

Resellers working with a drop shipper do not need to worry about storing inventory or paying shipping costs and shipping insurance. Using the drop shipper will probably allow them to sell a larger amount than they could if they were depending on their own resources. One can see how this might allow a reseller to grow his or her business. The reseller is also acting as an agent and needs only a computer and credit card to input the information to the drop shipper. This type of reseller can operate a very low maintenance and flexible business from anywhere with a computer.

3.2.7. **Resale as selling assistant**

As a selling assistant, the reseller works with clients to list their products and sell them. This arrangement is very similar to that of the consignment reseller in traditional secondary markets. The selling assistants in our interview were in control of shipping and presentation of the product. They act as an agent. Some were doing it to make money whereas others were doing it just to help a friend. Matt is an experienced selling assistant with more than 700 sales.
I sell about 25% of my own items on there (eBay). The rest is as a service to small businesses/individuals. (Matt, Canada, 37, No. 2)

I help small business sell their old PC's / phones online to make the cost of buying new items easier. (Matt, Canada, 37, No. 2)

(For) example, right now I'm dealing with a company... It's a LARGE Canadian company and I'm selling off their old computer equipment. They are really easy to deal with. We didn't even sign a contract. It's just a handshake and trust. I like that kind of deal. (Matt, Canada, 37, No. 2)

Matt has a structured fee system for the customers he serves. He charges commissions based on the final sale price. For example, for products sold costing $25 to $99.99, he charges 40% commission; for products costing $100 to $500, he charges 30%; for products costing $500.01 to $1,000, he charges 20%; and for products costing $1,000.01 to $5,000, he charges 10%. Even though he is based in Canada, Matt prefers to use the U.S. dollar as the currency for sales, since it is a standard for most online transactions in the market he resells. Lisa from Illinois also shares her experiences as a selling assistant and gives a breakdown of the fee structure she has set up.

The people that have consignments through me (2 at this time that I charge, my friend and my mom do not pay any %’s) pay the listing fees and PayPal fees. Then they pay me 20% of what is left over. So if there item sold for say $17.00 they would pay eBay fees of around $1.84 then PayPal of $1.20 the left over amount would be 13.96 so my 20% comes out of that giving them a net profit of 11.17 for their item. (Lisa, Illinois, 31, No. 14)

This example shows that this type of reseller sometimes provides the service for friends and family and sometimes for individuals. There is not always a fee for the service, but the reseller’s experience is likely an important reason he or she was chosen to act as an assistant. The following example comes from a reseller who usually is not a selling assistant, but occasionally lists items for others.
These are mostly products that I have picked up from different places. However, sometimes I do sell things for my mother-in-law or friends... Whatever their item sells for; I subtract the listing and selling fees, and then take an additional 10% off for me. Whatever is left is what their item sold for. (Jacinda, Ohio, 43, No. 20)

This type of seller might become more and more common as more people look for resellers with good online reputations. Reputation and feedback were stated as important aspects by almost all resellers participating in these in-depth interviews. When new people enter the market, or just want to get rid of a few items, they might find paying a fee and using a selling assistant to list the item for them easier than selling the item themselves.

3.3. **Source of Merchandise**

For the preceding seven types of online resale, the source of merchandise could be personal-related (coming from the reseller, friends or family, or other individuals) or it could be market-related (coming from secondary markets, wholesalers or manufacturers, drop shippers, or business).

Personal items are those the consumer reseller purchased for his or her own personal use. The consumer has either finished using the items or is unable to use them anymore. Gifts are unused or unneeded items received from others, which are in turn resold. Items from friends or family may be used or unused, and are sold by the reseller, generally without a fee, although occasionally in exchange for a fee. Goods from other individuals are used or unused items for which the reseller acts as an aid in resale in exchange for a fee.

Consumer resellers also acquire goods from various marketplaces to resell online. Items from secondary markets include items, generally used, that are purchased from flea markets, yard sales, and estate auctions. Some sellers also buy new items from manufacturers or wholesalers with the express purpose of reselling the items online. A special case is new items stored at drop shipper locations, which the reseller sells online without ever possessing the items. Businesses are another source of merchandise for resellers, who help resell the items online for the business in exchange for a fee.
3.4. **Online Reselling Motivations**

Resellers participating in this study stated a variety of reasons that they were motivated to resell online, with most offering multiple reasons and motivations. Their motivations can be grouped into six broad categories:

3.4.1. **Money**

It is to be expected that one motivation for reselling a product would be to earn money. All of the resellers participating in these interviews stated it as a reason, but many said it was not a very important reason to them. For others, however, it was given as their only reason for engaging in online resale. Some resellers said that they treated online resale like a hobby that happened to pay them; some just considered it a way to get a little extra cash; and some were very active in promoting their online sales and treated it as a business or they were actively working to make it their full-time job.

*I have a full time job and can rely on eBay to help with extra income if I need some extra cash.* (Matt, Canada, 37, No. 2)

*I'll sell anything if there is money to be made.* (Mark, Illinois, 35, No. 11)

Many of the participants stated that they treat their online resale as a business. Some have already made the transition from a traditional career to a stay-at-home career, and others are hoping to do the same.

*Moneywise it is a hobby, but I try to treat it as a business and take it VERY seriously!* (Sally, Alabama, No. 7)

*I started buying coins and got into resale that way...recently quit my 9-5 to sell full time.* (Mark, Illinois, 35, No. 11)
It started out as a hobby, but eventually became my career. I had to quit my job with Home Depot where I worked for 8 years to do this full time at home. (Rhonda, New York, 47, No. 18)

Right now I am trying to make a go of it like a job instead of a hobby. (Jacinda, Ohio, 43, No. 20)

It started out as a hobby. My mother in law still calls it a hobby, but I do not know of a lot of hobbies that let you pay bills. Most of them cost more than you get back. That is unless you sell your hobby. Then it’s more of a job than a hobby, right? I work very hard to make everything I do look professional, from my emails to my business cards. Every customer gets a business card stapled to their invoice so that they can contact me and have it for future reference. (Lisa, Illinois, 31, No. 14)

At first, it was just for extra cash. I became more involved with eBay in 2001, when I lost my job and unemployment was paying me less than 30% of my paycheck. Even though I am back in the workforce, I have continued working with eBay. I want to buy and resell to grow my eBay business to a full-time venture. It's a hobby that I someday hope to be a career. (Troy, New Jersey, 36, No. 22)

These examples indicate that many of these resellers are highly motivated by money and are thus motivated to make their online resale a successful business. Many have strategies in place to grow their business and work to obtain and maintain a strong customer base.

3.4.2. Convenience
The convenience and ease of reselling online is another reason that many resellers gave for choosing this method. Many cited the ability to work at home and at times convenient for them.

It's low maintenance. (Melissa, Florida, 24, No. 5)

I am a stay at home mom and this allows me to stay home and work and earn a decent income. (Rhonda, New York, 47, No. 18)
(I) have not tried any other selling besides on-line. (I chose it) strictly for the convenience. (Sarah, Illinois, 47, No. 12)

It's just such a convenient way to do things, I can sit and list at 2am and then have my ads post anytime. I can work in my pj's if I want and no one is the wiser. (Lisa, Illinois, 31, No. 14)

The following resellers stated that the online resale market was easier and more convenient than other methods of selling and the traditional job market. They not only felt that they could keep customers happy more easily, but also liked the freedom and independence that reselling online provided.

I have been doing it for about 6 years now and it is fun and easy to do. I am not really a people person to work out in the stores and such. I have tried that and do not really care for trying to keep the customers happy. It seems to be a lot easier selling online and the customers are usually happy. I have not gotten very many complaints in the 6 years that I have been selling online. (Jacinda, Ohio, 43, No. 20)

I do not have the personality to work for others for long. I believe in living life as free as possible (and) with that it comes responsibility. (Selena, Alabama, 61, No. 19)

Both of these resellers mentioned that they do not work well with others. From their statements, one can gather that people who are not comfortable in some social settings may feel that it is easier to do things online, reselling included. They may feel less anxiety because customers are kept at a distance and they do not have to speak directly to them. They have email as a method of communication. This area, which is possibly related to escapism, deserves more attention and study.

3.4.3. Market efficiency

The large market of eBay was another factor cited by many resellers as their reason for choosing online resale. Many of them began as buyers on eBay and then moved to the selling side of it as they became more
familiar with the system. Others had been resellers in other local secondary markets, but found a larger market online.

*Can’t beat the online market for the exposure. My last 9 sales have been international.* (Melissa, Florida, 24, No. 5)

*The Model Horses have a huge online market that isn't available locally.* (Jane, Missouri, 28, No. 6)

*eBay seemed to draw the crowds better than most places.* (Jane, Missouri, 28, No. 6)

*I had a car lot, so mainly I would run my exotic sports cars, bikes, golf carts... you know stuff that sold good, but I don’t really have the market for (it) on the lot.* (Doug, Missouri, 32, No. 15)

According to data on the eBay website, eBay has “approximately 83.9 million active users worldwide” with “a global presence in 39 markets” and users active in “more than 50,000 categories” as of March 31, 2008 [eBay Fast Facts, December 31, 2008]. These numbers support resellers’ decisions to use eBay to find buyers for their products in a larger market.

### 3.4.4. Enjoyment

One motivation for resellers to choose the online market is the enjoyment and feeling of satisfaction they experience from the sale of items. Although many resellers said that selling online is a hobby and something fun for them, there were more diverse reasons for gaining enjoyment. For example, Lisa from Illinois enjoys the excitement of the online auctions.

*I like auctions because they are exciting! You never know what’s going to happen in those last few seconds!* (Lisa, Illinois, 31, No. 14)

Reasons given for gaining enjoyment from selling online included receiving positive feedback, helping others, challenging oneself, the excitement of the sale, and gaining satisfaction from the feeling of independence gained from reselling online. Here is an example of a reseller who was happy to get positive feedback from the buyer.
It’s not always in the profit (though green is always good!). For me it’s when they leave feedback, the more glowing the better I feel. I would say I check my feedback more than I check my profit numbers. (Lisa, Illinois, 31, No. 14)

Sometimes resellers have interests or hobbies similar to those of buyers, who are likely to know the difficulties in searching for and finding the items they want. Here are some examples of resellers who like to help others to find the products they need.

Every time a customer emails me with an “I LOVE IT” email it makes me smile from ear to ear! I have a few: This gentleman purchased a few movies from me. When I went to pack them up, I noticed one was not there. I had sold it and it had been relisted by mistake. I contacted him right away and explained, offered a better deal and a replacement. This is what he said: “Golly Lisa, I mean to say you are as polite, honest and concerned a lady as people can meet on this road. I do thank you. Merry Christmas to your family. (It) may be just as easy to delete and refund on the missing item if you are all out, do you think? If it re-stocks soon, you can just wait to fill (the order) if you want. You will work it out. What works? Enjoy your Christmas though, Jim” Now that made my day! Helping people find what they are looking for, that one treasure, that is the best part! It’s even better when they love what I have done for them. (Lisa, Illinois, 31, No. 14)

I enjoy what I do on eBay and on my website. It makes me happy to know that I can supply items that others need. I do not care that much if I make money, as I enjoy it that much. I also enjoy the friends I have made on the blogs on the internet as well. (Sandra, Wisconsin, 39, No. 8)

The following reseller stated that it gave her satisfaction to sell on eBay and prove that she could be independent. She also liked the challenge of finding something to sell online and enjoyed researching the history.
For my own satisfaction - had to prove to myself that I could be self supporting after the divorce. (Norma, Wisconsin, 55, No. 16)

I like going to flea markets and a challenge to see if I can find something to sell and when I go to flea markets, estate sales I look for the unique things - things I can research and find out the history on before selling on eBay - part of the enjoyment example some whiskey decanter I found last fall - wound up dating back to the 70's and it was very enjoyable finding the info out. And that is something I would have never considered selling before. (Norma, Wisconsin, 55, No. 16)

These statements indicate that resellers gain many different types of enjoyment from reselling online. They enjoy the process of looking for the items to resell, the personal interactions with the buyers, the feeling of providing something to someone who needs it, the excitement of the auction format, and the positive feedback received after successful sales.

3.4.5. Disposition

When consumers no longer want an item, when they are finished using it, or when they no longer have a place to store it, they will likely try to dispose of the item. Almost all of the resellers talked about an experience in which disposing of the item was a motivation for the resale. The types of items the resellers were looking to dispose of included new gifts they did not need or did not plan to use, items that had been in storage, items they no longer had space for, and extra items that they had purchased.

(It’s) usually stuff I don’t need anymore. Instead of throwing (them) away, (I) just sell (them) on eBay. I don’t need them anymore so I sell them. Some are received as gifts but (I) can’t use them so (I) sell on eBay. (Chad, New Jersey, 39, No. 10)

(My) main reason for selling was to just get rid of it. I don’t have room to store things, so if they are of no use to me they would be given away or sold. (Jane, Missouri, 28, No. 6)
Other participants spoke of gifts that they or family members had received. They did not need the items anymore and therefore chose to resell them online. They all fit in the same category as items for disposal, but the difference is that the gifts are still brand new when resold and the other products are likely well-used.

(They are) just things I don't want or need. Most have been gifts though. ...not all my gifts, some were my bf's, and his daughters. (Melissa, Florida, 24, No.5)

3.4.6. An alternative to other secondary markets

Why have resellers chosen online resale as an alternative to other secondary resale methods? Some of the motivations cited are the same as previously discussed; e.g., market efficiency and convenience of selling online. Some resellers stated that they had tried to sell things in other markets, but had been unsuccessful, and therefore turned to online resale. Others chose online resale rather than the traditional yard sale, for example, because yard sales were not allowed in the area where they resided, or the area was not suitable for yard sales. Here are some statements that show why some other methods of secondary resale would not be considered or were not successful for these interviewees:

I've never considered yard sales, flea markets because I live in a condo. The association will have my neck if I do that. (Melissa, Florida, 24, No.5)

I don't like people coming to my house for this type of sale. eBay also has more buyers. (Chad, New Jersey, 39, No. 10)

I have done the garage sale thing. I chose to go with the online auctions because your item gets bids which go up, unlike a garage sale where they come in and try to get you to come down on the price of the item. (Jacinda, Ohio, 43, No. 20)

From these statements, one can see that some resellers may be unable to participate in some traditional methods of sale. They may not have a suitable location, for example, to have a yard or garage sale. Jacinda is experienced with both the online and the traditional market, and it is clear from her statement that she prefers the online method because bidding drives the price up, whereas the
price is likely to decrease during negotiation at garage sales. The next statements are from resellers who are familiar with both markets and sometimes use them together as complements.

*I do yard sales in the summer to liquidate stuff that I could not sell on eBay. I have not done any flea markets or classified ads. Flea markets to me are tough because if you invest the money to be in one then the weather turns on you (for the outdoors ones) you could waist a weekend and your booth money to boot. The online market is just better traffic wise for me. I am looking at the last month and the traffic has been anywhere from 210 people to 490 people a day that visit my listings. I know my last yard sale did not have 400 people!* (Lisa, Illinois, 31, No. 14)

*I had tried classified ads, but with no luck. I have done yard sales, too, and some luck with that, but the audience is limited to a finite group, versus the universe on the internet.* (Troy, New Jersey, 36, No. 22)

*(I) just picked things that wouldn't or didn't do well in a garage sale and tried my luck. The Model horses have a huge online market that isn't available locally.* (Jane, Missouri, 28, No. 6)

The last three statements indicate that not all successful online resellers have abandoned traditional resale. Some are even using traditional resale as a complement to online resale. For those who enjoy the traditional resale market, they may continue to use it even though they have found the benefits of online resale.

### 3.5. Online Reselling Strategy

Since this study included some resellers with very little experience, some resellers with a modest amount of experience, and some resellers with a great deal of experience, one can expect to see variances in their online resale strategies. Some of the variances may be due to the learning curve; some may be related to the method of online resale used; and some may be related to the types of products being resold. For instance, the strategy of a drop shipper may differ significantly from the strategy of a selling assistant even though they are both
acting as selling agents for another party. Because some of the resellers participate in multiple types of online resale, it can be expected that they will vary some of their strategies depending on the type of resale. The strategies used by resellers in this study can be grouped into six broad categories:

3.5.1. Duration of sale and timing strategy
3.5.2. Cross-promotion strategy
3.5.3. Presentation strategy
3.5.4. Pricing strategy
3.3.5. Market research strategy
3.5.6. Product choice strategy

3.5.1. Duration of sale and timing strategy

The duration of sales for the resellers in this study varied greatly – from three-day, to seven-day, to nine-day, to 30-day listings. Not many reasons were given, however, by the resellers as to why they chose a particular duration for their listings.

*I always do basic standard 9 days listing and I check current sales to see what prices are for the item I am selling. Then I price my item a little below that price. I always include a picture or two so it looks good.* (Chad, New Jersey, 39, No. 10)

The timing of the sale seemed to be an important factor. The season, the time of the week, and the time of day to post the listing were important to online resellers. The seasons listed as important times of the year to list items included near the beginning of the school year and near the holidays.

*I found that listing closer to the holidays and beginning of the school year would have higher sales than any other time. At least for what I sold.* (Jane, Missouri, 28, No. 6)

*The holidays are a good time to market items etc...as more people are apt to buy at those times.* (Sarah, Illinois, 47, No. 12)

The preferred days of the week for posting included Sunday, Monday, and Wednesday. Those who indicated that listing time is important had a strategy of listing in the evenings.
I have found that the best listing is in the evening and on Monday. I don't really know why. (Jacinda, Ohio, 43, No. 20)

I also list my item at around 7 in the evening because that's the time most people are browsing and have time to bid. (Chris, California, 22, No. 4)

Listing times we have found that anywhere between 7-10 pm central time is great. That way it’s 5 pm on the west and 7 pm on the east when they start going off for the night and 11 pm on the east and 9 pm on the west when they end. That is early enough for people not to be in bed and late enough for most to be home from work. The best nights have always been Sundays for us. More people are home and all of their busy running over the weekend is done. (Lisa, Illinois, 31, No. 14)

Lisa, above, stated that there is a good reason for choosing evening as the best time to list items. New items listed online in active evening hours are more likely to attract attention because the normal workday is done and because most people in the United States have not yet gone to bed.

3.5.2. Cross-promotion strategy

The resellers interviewed used a variety of cross-promotion methods to sell products, including social networking sites, personal and eBay blogs, picture hosting sites, splash pages, banner ads, and group email lists. A few sellers stated that they would run popular items in auctions to draw more interest to their eBay store or to their website. Key words were noted as being important in promoting items being sold because the words would help outside search engines such as Google to find and identify items sought by consumers. The social networking sites and the cross-promotion aspect of online resale were major methods of promotion for many of these resellers. One seller (Sarah) stated she has used more than 20 social networking sites to promote her website and eBay auctions and that she continues to join more to promote her items.

Cross promotion - through both my eBay store and a picture hosting site called Auctiva. They put a scrolling window in each
listing that displays other items that I have for sale. (Melissa, Florida, 24, No.5)

I use Yuwie and Big Crumbs right now and that’s about it. I do blog on eBay’s sight when I can. I find though that my time is better spent listing and Google base will drive the customers from my key words. Blogs are great though. You can key word spam your way into sales. (Lisa, Illinois, 31, No. 14)

I promote both with banner, splash pages, and blogs. I'm all over the place. (Norma, Wisconsin, 55, No. 16) I use outside search engines to try to generate traffic to my items. I can say I have learned more about the internet and how to use it because of them. (Selena, Alabama, 61, No. 19)

(I do) advertising thru eBay blogs, so it gets out into the search engines through the blog RSS feeds etc....keeping busy through social networking helps too. (Sarah, Illinois, 47, No. 12)

3.5.3. Presentation strategy

Two types of presentation strategies are presented in this section: verbal presentation, and visual presentation. Many of the same strategies and methods were used by the resellers. Although there were some differences in approach to the presentation, most of the resellers stated that accurate and honest descriptions were extremely important.

I always make sure that I describe the item honestly and have a great picture of the item so that the buyer can see what he is purchasing. (Jacinda, Ohio, 43, No. 20)

For verbal presentation, many strategies were cited repeatedly in discussions with resellers in this study. A lot of importance was consistently placed on having honest, detailed, and accurate descriptions. Resellers used previously used descriptions from eBay or spec sheets from manufacturers as an aid in making their verbal presentation. Other strategies mentioned include using the product description as a sales pitch, making sure that spelling and grammar are correct, and presenting a friendly, easy-to-read listing. Key words were also
listed as an important part of the listing. As for visual presentation, resellers noted the importance of clear, high-quality pictures from either eBay or manufacturers. Some resellers used other picture hosting sites so they could include more pictures of the items being sold.

_The more detail you have in a description as well as clear photos will do wonders for any item. The more details the better even if it meant getting every nit-pick flaw listed._ (Jane, Missouri, 28, No. 6)

_The more key words the better._ (Lisa, Illinois, 31, No. 14)

These comments illustrate how important honest and accurate descriptions are, particularly online, to facilitate resale, where buyers do not have direct contact with the item before purchase. Honesty and accuracy will minimize problems after the sale. The following reseller stressed the importance of high-quality photographs:

_I keep it simple. I use accurate photos and describe the item as accurately as I can then I use the spec sheets from the manufacturer usually. It's the photos that sell it. I like to think that I bring in a bit higher (amount) than most of the competition as well. It could be the reputation or feedback, but I like to think that it's the photos._ (Matt, Canada, 37, No. 2)

### 3.5.4. Pricing strategy

Pricing strategies varied from reseller to reseller. Some said that they had different pricing strategies for different types of products, whereas others said that they used the same strategy for all of their products. Here is an example from one seller who says he always uses the same type of pricing.

_I have to admit that I’m a lazy seller...so most of the time I just use the picture and description from eBay if they have it and I would not pay extra fees for more pictures or other stuff because I think that’s a waste of money. I feel that people will bid on everything you put on there, no matter what that is. So I always start my bid from $0.01 and make people want to bid on it. I also list my item at around 7 in the evening because that’s the time most people are browsing and have time to bid._ (Chris, California, 22, No.4)
Chris participated in disposition resale and unplanned resale. His motivation was to get rid of items and gain some extra income from selling the products. He does state that he is a “lazy” reseller and does not put much time or effort into reselling online. The next example is a reseller that is just beginning in the online market. She is trying to develop a customer base and has a low pricing strategy to attract more customers to her sales.

(I’m) trying to price low to get customers to build the base of the business. (Rebekah, Florida, 32, No. 21)

Many resellers stated the importance of return customers to their online reselling success. When customers find a reseller that they can trust and are also happy with the product, they will likely continue to purchase products from that reseller as long as they are satisfied. This choice negates some of the risk in finding trustworthy resellers for the buyer and requires less research on their part. They are familiar with the reseller already and have thus developed a buyer/seller relationship. The next two resellers stated that they set the price for a product based on its value. Troy is careful to research the products that he sells to make sure that he sets appropriate values. He starts his prices at an acceptable level to him; hence, is sure that he will get what he needs. Melissa makes sure to price based on the value of the item plus listing fees, and also makes certain that the item is priced so that it will yield a profit even at the beginning price.

Never sell something less than it's worth. Some items do depreciate, but some items appreciate. You have to research it. (Troy, New Jersey, 36, No. 22)

My starting bid is usually calculated based on value of the item and to make sure I cover listing fees. So I make sure there's profit even if it goes for the starting bid. (Melissa, Florida, 24, No.5)

Lisa from Illinois attempts to price items so that she can gain 30% from the sale. This margin is also a factor in the initial buying decision for her, as she needs to know both ends of the market well to determine which items are acceptable to buy and for what price products will sell for online.

We try to make at least 30% on the items we buy. (Lisa, Illinois, 31, No. 14)
The next reseller participates in a market that might fluctuate more than some other types of online markets. She states that she needs to keep up-to-date with gold market prices to make sure she gets the appropriate return.

_"I own an eBay Store so all of my items are always listed in my store. As far as pricing goes, since I am in a market with gold prices constantly changing and which are currently at an all time high, prices are adjusted accordingly to the market prices. There is really no way to go around that unless gold prices are consistently steady and fixed."_ (Rhonda, New York, 47, No. 18)

The next type of pricing strategy was common among many resellers. They researched other comparative items selling online and priced competitively with those products.

_(My) strategy for resale is to research the item first and beat the competitors price, if possible._ (Sarah, Illinois, 47, No. 12)

_"I do a very quick search of what similar items have sold for and would list it accordingly._ (Jane, Missouri, 28, No. 6)

_"I look the item up on eBay that I am getting ready to sell and see what they have been selling for in past._ (Jacinda, Ohio, 43, No. 20)

In the following example, Melissa, who normally uses a value pricing strategy, changed to another strategy after a failed sale.

_After a failed sale, I look at why the item didn't sell. Most times it's due to a similar item from another seller at a lower price. So I reduce my price and try again after 1 failed sale, not too bad, that's the business._ (Melissa, Florida, 24, No. 5)

Resellers said that they may change their strategy depending on the types of products they are reselling.

### 3.5.5. Market research strategy

The methods of research varied among resellers in this study. The most common method was to perform a search of related or similar...
items and find out the prices and methods of presentation. Performing a search on eBay is a very quick and convenient way to research, and most resellers stated that they would not spend much time researching products.

*I don't sell professionally on eBay so I just use it to get rid of stuff I don't need. So I don't spend a lot of time changing a strategy for selling.* (Chad, New Jersey, 39, No. 10)

*(I) just look at what others have successfully done and study there listings, layouts, wording, etc. That'll give you a good idea of what works (and) what doesn't.* (John, NE U.S., 42, No. 9)

*I do a very quick search of what similar items have sold for and would list it accordingly.* (Jane, Missouri, 28, No. 6)

*(My) strategy for resale is to research the item first and beat the competitors price, if possible.* (Sarah, Illinois, 47, No. 12)

Some resellers stated that they were already experts in the area or at least very familiar with the products they were selling. This knowledge might make it easy for them to price and sell some products. Resellers with hopes for a higher profit margin, however, might put more time and thought into their research.

*I'll sell almost anything but I'll research it first to make sure that everyone makes money. I'll do an advanced search on past sales. See the value, find a comparative product and work with that sale price to determine a value give or take 10-15%. I'll do an advanced search on past sales. I'll put 20 minutes into it tops.* (Matt, Canada, 37, No. 2)

Matt is one of the resellers with more experience reselling online and thus sells a larger volume than many other resellers. It makes sense, therefore, that he would put a little more time into choosing and refining his research methods. This illustration does seem to indicate that there is some sort of learning curve for online resale. The table in Appendix C lists
other research methods mentioned by resellers. Most of the methods are similar, with the main one being eBay. The more experienced resellers went into more detail when discussing their research strategy. A few resellers mentioned using the Google search engine to find information or using the manufacturer information to help present their product.

3.5.6. Product choice strategy

Resellers in this study cited several reasons for deciding which items to sell. For disposition sellers, items that they did not need or would not use anymore were the top choice for resale. Other sellers chose products that they thought were popular or that they had discovered were selling well online. The most common reasons given for choosing certain products were (1) familiarity with the products; and (2) popularity of the products online.

*I choose what may be most popular, like according to the name brand, and put those up as soon as I can to encourage more traffic to the other lesser known items through cross-promotion.* (Melissa, Florida, 24, No. 5)

*I have an idea of what will sell and what won't already.*

(Matt, Canada, 37, No. 2)

Matt acted as a trading assistant for many of his transactions. He admitted that he would turn some customers away because he felt the product would not sell well. Keeping an eye on and knowing the online market is important for an online reseller, especially if he or she is concerned with turning a profit.

4. DISCUSSION

The interviews with resellers in North America revealed that their motivations for consumer online resale could be monetary (to gain income) or utilitarian (to get rid of old possessions). Market efficiency and convenience also triggered online resale. Some resellers, however, appeared to be motivated by emotional or experiential value to make themselves or others feel good. A couple of resellers (Lisa and Norma) were inclined to find psychological support for a positive self-concept by successfully selling things to people in need.
The interviews further revealed that the motivations of online resellers are also related to their resale type, strategies, and strategy development. For example, an online reseller motivated simply by disposition (Chad) or unplanned resale (Chris) was less likely to devote a lot of effort to developing an effective or aggressive reselling strategy than an online reseller motivated by money (Matt, Jacinda, and Troy). It is likely that, given different motivations, the amount of time online resellers spend thinking about and developing their strategies will vary significantly. Motivation can also be linked to the type of online resale. A reseller that is motivated solely by disposition (Chad and Jane) is less likely to participate in planned resale after temporary use, planned resale of products from secondary markets, planned resale of products from manufacturers/wholesalers, resale using a drop shipper, or resale as a selling assistant. There must be some other motivations or capabilities gained before these types of resellers would begin participating in other types of online resale. From the instances where resellers have practiced planned resale by capitalizing on their selling experience, one can deduce that knowledge and confidence could be the key to explaining why consumers who resell to simply dispose of possessions are less prone to plan and sell professionally.

Likewise, the more motivations a reseller has (Matt, Jacinda, Lisa, and Troy), and the higher the level of those motivations, the more likely they are to develop their strategies and benefit from the strategic development. In particular, if the resellers have strong monetary motivation, they tend to display a higher level of entrepreneurship by turning occasional online resales into a personal small business with regular income. Matt, Mark, Sally, Rhonda, Jacinda, Lisa, and Troy are examples of resellers who choose to treat online resale as a business or career. Compared with others, they demonstrate more readiness for planned resale by using the merchandise temporarily and then reselling it (Matt and Lisa) or sourcing goods from other secondary markets (Mark and Norma), from manufacturers/wholesalers (Rhonda), or from drop shippers (Norma). Some of them (Mark, Jacinda, and Norma) are good at arbitrage between traditional and virtual secondary markets by searching profitable products from all sources. Most notably, these sellers have developed a variety of selling strategies and research skills through experience to facilitate their online resale.

Of special attention is the concept of honesty and trust in the seller-buyer relationship, a concept that was cited by several sellers (Lisa, Jacinda, Jane, and Matt), who unanimously accentuated the value and importance of the reseller’s
reputation in causing buyers to return. In addition to the financial rewards, these resellers deem good reputations and customer relationships as crucial parts of their resale performance. Various performance measures such as resale plan and sales tactics help these resellers become more entrepreneurial.

Based on the preceding discussion, we propose a conceptual framework to delineate the relationship among online resale motivations, sellers’ entrepreneurship, and performance measures, as shown in the figure in Appendix D of this paper.

5. CONCLUSION

This study began by introducing the types of online resale, the seller characteristics for each type, and the sources of merchandise. We then categorized online reseller motivations and the different characteristics associated with these motivations. Finally, we extensively investigated online reseller strategies. This study stands apart because it presents new information on selling strategies used by consumer resellers rather than by retailers in online markets.

Like the Chinese online resale market, the North American market has consumers who have learned to plan resale of their products. Chu and Liao [2007] have noted how a plan to resell a product can affect the strategies as well as the purchase decisions of the reseller. From our findings, we see similar outcomes from participants in the North American online resale market. Both groups showed many similar motivations and strategies, but some areas of note observed in the North American context were not found in the literature covering the Chinese context. First, some resellers in the North American context treated online reselling as though it were a part-time job, although several mentioned that they had aspirations and plans to develop this type of resale into a full-time career. Second, traditional secondary markets were a major source of merchandise for North American resellers, but this was not the case for Chinese resellers. Differences in market size and maturity between the North American and Chinese secondary markets presumably play a part in this discrepancy.

In comparing the traditional resale market with the online resale market, we find from the statements of our interviewees alone that online reselling has many advantages. Many resellers stated that they were active in both markets and had a lot of feedback to share regarding the differences. The advantages of the online resale market – such as more convenience, less dependence on location, less
dependence on time, less dependence on weather, and better market efficiency – would be difficult and impractical to match in traditional resale markets. Fewer personal interactions and fewer complaints were other advantages mentioned by the interviewees.

A disadvantage that was not directly mentioned, but can be concluded from the response of the online resellers in this study, concerned the difficulties caused by customers who expressed displeasure because they could not actually see, touch, try on, or test items before purchase. If the presentation of items by the reseller is not accurate, clear, and honest, the buyer may experience problems. On the other hand, problems may occur if the buyer does not fully research the product or take the time to read and view the reseller’s presentation. This point is heavily stressed in the section on presentation strategy. Nearly every online reseller stated the importance of the clarity, accuracy, and honesty of the online presentation in order to calm buyers’ worries. Other potential disadvantages of online resale compared with traditional markets include shipping problems and shipping time, ease of buyer accessibility to the competition, and fees charged by the online service provider. The participants in this study did not spend much time discussing these disadvantages, but they should be noted.

Clarity and honesty, which are very important in all types of sales, were found in this study to be even more important in online resale. Developing a good online reputation takes time and a lot of positive feedback from buyers. An online reseller must be aware of this aspect to be successful. In a traditional resale market, a new customer might have little or no information about the reseller’s reputation. If the new customer has not purchased from the reseller before, nor knows anyone who has, it is unlikely that he or she will know the reseller’s reputation. The situation is quite different in the online resale market, however. A new buyer with no prior contact with the online reseller can easily find online the history and reputation of the online reseller in many markets. The information is often saved online and easily accessible for an extended period. Although this information might also be available about a traditional reseller, it is unlikely that it will be easily accessible at the point of sale.

Another important finding of this study is that the online resale market and the traditional market were sometimes used to complement each other by many of the participants in this study. Some participants mentioned searching for special items to research and resell online for enjoyment. Others used their expertise in both markets to perform virtual arbitrage between the two. In this
way, the two types of markets will likely remain intertwined as long as this lag in pricing and information exists.

This study has introduced other new findings applicable to North American consumer online resale. The motivations and strategies introduced are in-depth and targeted specifically to online resale. They provide groundwork for more studies into how specific strategies are implemented and into the correlation between strategy and motivation. These strategies and motivations can provide valuable insight to online and traditional resellers as well as online and traditional retailers about the different reasons and methods used by those reselling online. This information may be useful as well to businesses developing online resale strategies. Online social networking strategies, in particular, can be implemented by many different types of businesses. Online social networking is expanding and changing the way resellers and businesses do business. Social networking can be compared with “word of mouth,” but on a grander scale because of the nature of the internet and the ease of connecting and “networking” with many people. Developing an online social networking strategy is important, therefore, not only to online resellers, but also to all businesses looking for another strategic advantage in the increasingly competitive marketplace. North American consumer online resellers are also learning to plan their resale of products, and this effort could have many implications on the way people make purchase decisions. Products that sell easily on the internet may be purchased more readily, and products with higher resale prices have the potential to attract these types of online resellers and possibly increase sales or even demand higher retail prices.

One last area to introduce is the possible social escapism motivation some online resellers may have. In this age of email, text messages, and online chatting, it is likely that this concept will become more visible in our lives. More study into this area is surely needed. Increased knowledge about methods of marketing to consumers with this characteristic and a better understanding of how to manage this type of employee will likely be useful in the near future.

There are several limitations to this study. First, the number of participants interviewed in this study was limited. A larger group could lead to some new or different results. Second, the participants in this study were mainly eBay users. Interviewing participants from different resale sites or from different methods of online resale may produce different strategies and motivations. Finally, this study did not find an experienced reseller using online resale as the only source of
income and the only form of employment. Although some participants stated that they had recently decided to begin reselling full time, there were no participants who had been reselling online as their main income for a very long period of time. Resellers who use online resale for their primary income and have been doing so for one year or longer may also produce different strategies and motivations.

The nature of this study is not to solve a problem or examine a hypothesis, but rather to find new directions for research and new areas of study. There are several areas of interest that can be investigated in the future. To begin with, more international research is needed to compare the different cultures and the new developing online resale markets in less developed countries. More resellers who market products internationally could be studied to determine whether their strategies and motivations differ from those selling in domestic or more confined markets. In this study, it was not determined whether resellers of certain products had different selling strategies as most of the resellers sold many different types of products. More research is suggested to determine differences in strategies and motivations among different industries and between the resale of different types of products. Future study can focus more on finding how the online resale market could affect the traditional retail and traditional resale markets. It is evident that the internet is a powerful channel. There may be some lessons to learn from the rapid growth of the online resale market, which can help traditional retailers and traditional resellers prosper in their changing markets.

Another area of research could focus on the motivations of some resellers to use an online method versus a traditional method. Among some, there appears to be a social escapism motivation that could be researched qualitatively to determine more clearly the thoughts and actions of those who sell online in order to avoid others and “the real world.” The final area of study recommended is into the social networking strategies used by resellers and others in the online community. Some of those participating in this study firmly advocated the use of social networking to promote their products, and how this type of social networking can be powerful in many aspects will likely be a very important area of study in the future.
Appendix A
Consumer Interview Outline

1. What types of items do you sell online? Please give examples.
2. How do you determine the items you will sell among your existing items? Are the products that you sell used or unused? Are the products your products or do you sell products for others? Do you collect a fee for selling products for others? Please explain.
3. What was your motivation for selling these items? Did you plan to resell the item when you first purchased it? What are your reselling reasons and motivations?
4. Why did you choose eBay, Craigslist, or Tagsellit over other online resale services or other methods of selling? Why did you choose this type of resale? Do you buy on eBay or other internet sites too? Has being an eBay reseller affected your decisions to buy? If so, were you a buyer first or a seller first? How many purchases have you made on online resale sites?
5. Have you ever used other methods of resale, such as yard sales, flea markets, or classified ads? Why did you choose the online resale market over them? What's the difference between them to you?
6. Give some examples of your online resale transactions. Can you tell me about some memorable customer interaction? Please tell about some good experiences and some bad experiences. Do you need to obtain a certain price level, a certain gain, or have a transaction with someone you like? How do you feel after success or failure? How do you change your strategy?
7. What is your strategy (pricing, presentation, and listing time) for resale? Do you promote your items on other websites or blogs? Do you feel that the skills from your other business or work experience have made it easier for you to sell online? Could you explain some details about how they are applicable?
8. Have you exchanged your experience or tips with others? Do you share this like a hobby with others? Do you consider it a hobby?
9. Are you more likely to buy and try out products and merchandise because there is a new market to sell the used goods?
10. Please share any other information you think would be important for me to know about your experience.
### Appendix B

Profiles of Interviewees

["ND" = Not Disclosed]

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Sex</th>
<th>Age</th>
<th>Occupation</th>
<th>Education Level</th>
<th>Ethnicity</th>
<th>Online Resale Experience</th>
<th>Total Number of Sales</th>
<th>Online Resale Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anne</td>
<td>Colorado</td>
<td>F</td>
<td>21</td>
<td>College Student</td>
<td>Undergrad, senior</td>
<td>White</td>
<td>2 years</td>
<td>11</td>
<td>$1000+</td>
</tr>
<tr>
<td>Matt</td>
<td>Toronto, Ontario, Canada</td>
<td>M</td>
<td>37</td>
<td>VoIP systems Salesman</td>
<td>College, 3 of 4 years</td>
<td>White</td>
<td>Since April 2000</td>
<td>703</td>
<td>619 feedback</td>
</tr>
<tr>
<td>Tom</td>
<td>Iowa</td>
<td>M</td>
<td>38</td>
<td>Teacher</td>
<td>College</td>
<td>White</td>
<td>2 years</td>
<td>20</td>
<td>$3000-4000</td>
</tr>
<tr>
<td>Chris</td>
<td>California</td>
<td>M</td>
<td>22</td>
<td>College Student</td>
<td>Undergrad, senior</td>
<td>Asian</td>
<td>About 1 year</td>
<td>4</td>
<td>$195</td>
</tr>
<tr>
<td>Melissa</td>
<td>Florida</td>
<td>F</td>
<td>24</td>
<td>None</td>
<td>1 yr college</td>
<td>Mixed</td>
<td>6 months</td>
<td>83</td>
<td>$1893.56</td>
</tr>
<tr>
<td>Jane</td>
<td>Kansas City, MO</td>
<td>F</td>
<td>28</td>
<td>Accounting</td>
<td>ND</td>
<td>White</td>
<td>ND</td>
<td>100+</td>
<td>$500+</td>
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<tr>
<td>Sally</td>
<td>Alabama</td>
<td>F</td>
<td>ND</td>
<td>ND</td>
<td>College</td>
<td>White</td>
<td>Less than 1 year</td>
<td>Approx. 75</td>
<td>Modest</td>
</tr>
<tr>
<td>Sandra</td>
<td>Wisconsin</td>
<td>F</td>
<td>39</td>
<td>Homemaker</td>
<td>Some college</td>
<td>White</td>
<td>4 years</td>
<td>Hundreds</td>
<td>Unknown</td>
</tr>
<tr>
<td>John</td>
<td>NE US</td>
<td>M</td>
<td>42</td>
<td>Retail Sales</td>
<td>ND</td>
<td>White</td>
<td>1.5 years</td>
<td>150</td>
<td>Around $3,000</td>
</tr>
<tr>
<td>Chad</td>
<td>Princeton, NJ</td>
<td>M</td>
<td>39</td>
<td>Software Analyst</td>
<td>MS in tech</td>
<td>Asian</td>
<td>7 years</td>
<td>15</td>
<td>Around $600</td>
</tr>
<tr>
<td>Mark</td>
<td>Chicago, IL</td>
<td>M</td>
<td>35</td>
<td>Self-Employed</td>
<td>High school</td>
<td>White</td>
<td>1 year</td>
<td>650</td>
<td>A few thousands</td>
</tr>
</tbody>
</table>
### Appendix B (Cont'd)
Profiles of Interviewees

[“ND” = Not Disclosed]

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Location</th>
<th>Sex</th>
<th>Age</th>
<th>Occupation</th>
<th>Education Level</th>
<th>Ethnicity</th>
<th>Online Resale Experience</th>
<th>Total Number of Sales</th>
<th>Online Resale Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Sarah</td>
<td>Illinois</td>
<td>F</td>
<td>47</td>
<td>Bar Owner, Real Estate Agent</td>
<td>High school</td>
<td>White</td>
<td>6 months</td>
<td>Approx. 300</td>
<td>ND</td>
</tr>
<tr>
<td>13</td>
<td>Dave</td>
<td>Washington DC, Northern Virginia</td>
<td>M</td>
<td>32</td>
<td>Legal Specialist</td>
<td>Master's degree</td>
<td>Asian</td>
<td>2 years</td>
<td>Less than 10</td>
<td>Less than $300</td>
</tr>
<tr>
<td>14</td>
<td>Lisa</td>
<td>Decatur, IL</td>
<td>F</td>
<td>31</td>
<td>eBay Seller; Stay-at-Home Mom</td>
<td>Some college</td>
<td>White</td>
<td>1 year</td>
<td>1402</td>
<td>$12,762</td>
</tr>
<tr>
<td>15</td>
<td>Doug</td>
<td>Clarence, MO</td>
<td>M</td>
<td>32</td>
<td>Dispatcher</td>
<td>Some college</td>
<td>White</td>
<td>2 years</td>
<td>5-6</td>
<td>$2000-3000</td>
</tr>
<tr>
<td>16</td>
<td>Norma</td>
<td>Wisconsin Rapids, WI</td>
<td>F</td>
<td>55</td>
<td>Business Owner</td>
<td>Some college</td>
<td>White</td>
<td>eBay 1 yr; website 9 months</td>
<td>84 eBay 35 website</td>
<td>$850.00</td>
</tr>
<tr>
<td>17</td>
<td>Jacque</td>
<td>Dexter, MO</td>
<td>F</td>
<td>44</td>
<td>Teacher</td>
<td>Graduate school</td>
<td>White</td>
<td>3 years</td>
<td>300</td>
<td>$560.00 this year</td>
</tr>
<tr>
<td>18</td>
<td>Rhonda</td>
<td>New York</td>
<td>F</td>
<td>47</td>
<td>Business Owner</td>
<td>High school</td>
<td>White</td>
<td>5 years</td>
<td>Over 5,000</td>
<td>ND</td>
</tr>
<tr>
<td>19</td>
<td>Selena</td>
<td>Alabama</td>
<td>F</td>
<td>61</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
</tr>
<tr>
<td>20</td>
<td>Jacinda</td>
<td>Ohio</td>
<td>F</td>
<td>43</td>
<td>Online Store/Marketing</td>
<td>High school</td>
<td>ND</td>
<td>6 years</td>
<td>ND</td>
<td>ND</td>
</tr>
<tr>
<td>21</td>
<td>Rebekah</td>
<td>Orlando, FL</td>
<td>F</td>
<td>32</td>
<td>Civil Engineer</td>
<td>Some college</td>
<td>White</td>
<td>New user</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>22</td>
<td>Troy</td>
<td>New Jersey</td>
<td>M</td>
<td>36</td>
<td>Circulation Manager</td>
<td>MBA</td>
<td>White</td>
<td>9 years</td>
<td>Over 500</td>
<td>ND</td>
</tr>
</tbody>
</table>
### Appendix C

**Resellers’ Market Research Methods**

<table>
<thead>
<tr>
<th>Research Methods</th>
<th>Reason for Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Check current sales</td>
<td>To see competitor prices, to undersell the competition and to price competitively compared with similar products</td>
</tr>
<tr>
<td>2. Look at other layouts</td>
<td>To find an idea of what a good presentation is and get new ideas for presenting the product.</td>
</tr>
<tr>
<td>3. Look at other resellers’ verbal descriptions</td>
<td>To find good descriptions (Some sellers stated they used the same description as those they found on eBay for their products.)</td>
</tr>
<tr>
<td>4. Look at buyer feedback</td>
<td>To determine whether the buyer has a good reputation and decide whether to sell to each particular buyer</td>
</tr>
<tr>
<td>5. Find pictures from eBay</td>
<td>To find good pictures (Some sellers stated they used the same pictures that they found on eBay for their products.)</td>
</tr>
<tr>
<td>6. Study other resellers’ methods.</td>
<td>To learn something new and to see what methods are working to attract buyers</td>
</tr>
<tr>
<td>7. Research to see products selling well online</td>
<td>To find out which products to look for when they are buying from secondary markets, or wholesalers and manufacturers or to find which of their personal items might sell well</td>
</tr>
<tr>
<td>8. Use manufacturers’ photos and specification sheets</td>
<td>To give a more detailed, accurate, and clear description and view of the products being sold.</td>
</tr>
</tbody>
</table>
Appendix D
Proposed Framework for Consumer Resale Entrepreneurship

ACKNOWLEDGEMENTS
The authors would like to extend a sincere thank you to the Editor in Chief, the Associate Editor, and the two anonymous reviewers for their time, effort, and valuable comments that guided us in improving the original version of this paper.
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International Journal of Business and Information


http://www.nd.edu/~cwood1/research/ShawAuctionChapter.pdf.

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