

Defining and Categorizing Consumer Resale Behavior in Consumer-to-Consumer (C2C) E-Commerce

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ABSTRACT

More consumers nowadays function as resellers by taking advantage of online transactions. This exploratory study investigates the phenomenon of consumer online resale behavior in consumer-to-consumer (C2C) e-commerce in Taiwan and China. The authors define *consumer resale* as products that are resold or purchased mainly for self-use, not for resale. They conceptually define and categorize four consumer online resale types – (1) resale of extra purchase, (2) resale after temporary ownership, (3) unintentional resale, and (4) disposition. In conclusion, they draw three major implications. First, C2C e-commerce has changed consumer behavior by enabling consumers to resell in the secondary market. Second, consumer online resale is multi-faceted, with each type of consumer online resale being formed by different motivations and resulting in various impacts on consumer purchase and resale decisions, both online and off-line. Third, the concept of products, evaluation of product value, and consumer satisfaction with online resale may change when consumers act simultaneously in the roles of reseller and consumer. The authors present their findings in such a cultural context as to provide a framework for further research, and also provide propositions for discussion and further study.

Keywords: Consumer online resale, disposition, secondary market, C2C e-commerce

1. INTRODUCTION

Consumer-to-consumer (C2C) e-commerce is a revolutionary and popular model of e-commerce in which 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 in the world, after 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 used 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].

The phenomenon of consumers acting as resellers implies that today's consumer behavior is no longer the same as the traditional consumer behavior of purchase and consumption only. By reselling, consumers exercise a quasi-function as retailer and play the dual roles of both consumer and reseller. Although the consumer online resale market is booming, knowledge about the specificity and meaning of various types of consumer online reselling remains primitive. In particular, little is known about the formation of consumer online resale motivation corresponding to different types of online reselling and the possible backward influence of online resale plans on "off-line" pre-purchase decision-making. One of the possibilities is that consumers may feel it is less risky to purchase high-price products off-line if they are equipped with the skills to resell these products later via online auction. In this case, resalable goods no longer represent unrecoverable costs, but can be considered liquid assets or an alternative cash account to consumers who master online reselling. The product value or benefit would be deemed differently when the owner is contemplating reselling his or her possessions.

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 regarding 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 develop corresponding research propositions from the preliminary findings of an exploratory qualitative study. Finally, we provide the conclusions and managerial implications of the study, as well as outline directions for further research.

2. LITERATURE REVIEW

This review of the literature covers consumer disposition (2.1), consumer resale outlets and motivations (2.2), online and off-line consumer behavior (2.3), and emotional factors influencing consumer online resale behavior (2.4). Included in the latter discussion are product attachment, endowment effect, and mental accounting and mental depreciation.

2.1. Consumer Disposition

Since much of the research in consumer behavior has focused on the acquisition phase, the disposition process has received relatively less attention [Mowen, 1995; Lastovicka and Fernandez, 2005; Rassuli and Harrell, 1990]. Jacoby, Berning and Dietvorst [1977], in the first research about consumer disposition, developed a conceptual taxonomy for describing consumer disposition behavior and classified resale as one of the disposition choices. Following Jacoby's research, Hanson [1980] developed an explanatory model of several salient factors involved in the disposition decision process. Harrell and McConocha [1992] explored further and conducted a field study to discover how consumer characteristics are related to the selection of several important disposition options. Besides giving or throwing away unwanted goods, consumers can resell them in such venues as a flea market, garage sale, or consignment store. Jacoby et al. [1977] suggested for future research that consumer disposition patterns would vary over time. With the availability of C2C e-commerce in the Internet era, the resale pattern of consumer disposition is now not only more significant, but also more sophisticated. Consumers now have more options to dispose of unwanted possessions [Paden and Stell, 2005].

2.2. Consumer Resale Outlets and Motivations

Mowen [1995] noted that the "disposition phase" refers to what consumers do with a product once they "have completed using it." But today, consumers may resell unused or not completely used goods to recover partial payment. One of the most important emerging disposition channels is doubtlessly the Internet via online auctions. Besides C2C websites, consumers traditionally resell their unwanted goods through consignment stores, flea markets, garage sales, and pawn shops [Nissanoff, 2006].

Consignment stores are designated to sell goods for consigners who are willing to sell unwanted goods for a service fee. Consignment stores receive the service fee only after the sale is done. The "drop-off stores" on eBay often use the consignment model of selling to assist consumers in reselling products. The owners of these online drop-off stores use eBay as a platform to sell goods for consigners who have no time or expertise to sell on eBay. Another popular secondary market is the flea market or swap meet, where vendors come to sell or trade their goods. The vast majority of flea markets in rural areas sell goods that are second-hand. The semi-spontaneous nature and vendor-oriented, open-market layout of flea markets sometimes includes concerts and carnival-type events to attract shoppers. Several studies have focused on the social

embeddedness of consumption and marketplace ambience, including a comparison of flea markets with traditional retail stores [Belk, Sherry, and Wallendorf, 1988; Sherry, 1990].

According to Hermann [2006], “A garage sale is usually a community-based special sale that can be found in virtually all American communities, and which is the temporary public sale of used goods, primarily household items and clothing from in and around a private residence” [p. 182]. Sellers in garage sales have a wide range of styles and motivations, from periodic housecleaning and socializing to making a profit and generating cash [Herrmann and Soiffer, 1984]. Several studies have shown that – in contrast to retailers’ profit-making motivation – the social relations inherent in the garage sale experience may in fact be a major reason for sellers’ and buyers’ participation. Herrmann [1997] argues that the U.S. garage sale is a complex site that allows for specific exchanges to be constructed as gifts or commodities, or both. The author explains that participants from 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. On the other hand, a pawnbroker offers monetary loans in exchange for an item of value to be held by the pawn broker. These stores sometimes carry a negative impression because they often offer a low price for used goods. People who pawn goods usually need money urgently and value the privacy of the transaction.

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 because of the lack of an efficient solution to such problems. Belk et al. [1988] commented that informal markets, such as 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 been redressed somewhat by the information revolution in C2C online auctions, which can greatly decrease costs in the search for buyers, sellers, and products, and allow goods to be sold in a timely manner at more reasonable prices.

2.3 Online and Off-line Consumer Behavior

It goes without saying that consumers consider online shopping as one of their channels to purchase goods, dispose of unwanted goods, and search for information about goods. It is important, therefore, not to neglect the influences of off-line channels when studying online issues. Scholars found that consumers tend to use online and off-line channels as complements to each other [e.g., Nicholson, Clarke, and Blakemore, 2002; Verhoef, Neslin, and Vroomen, 2007]. Verhoef et al. [2007] called consumers “research shoppers,” who survey a product in one channel [e.g., the Internet] and then purchase it through another channel [e.g., the store]. One major factor contributing to this phenomenon is that websites can serve both transactional and informational functions [Hoffman and

Novak, 1996]. A study conducted by Forrester Research showed that most Internet users conduct research online before buying off-line [e.g., Mendelsohn, Johnson, and Meyer, 2006]. This may explain why e-commerce transactions have grown rapidly, yet the amount of total online sales is still relatively small compared with total national retail sales. In the United States, e-commerce sales made up only 2.3% of total retail sales [U.S. Department of Commerce, 2003], although the U.S.'s Internet penetration rate was one of the highest in the world, at 68% [Internetworldstats, 2006]. According to Nunes and Cespedes [2003], as many as half of customers now shop for information in 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 off-line life insurance market and reported that the growth of online comparison sites reduces life insurance prices by 8% to 15%. The results of this study demonstrate the Internet's potential to cause a shift in welfare from a whole industry to private households. In a real case in Taiwan, five imported cosmetic brands were forced to decrease their prices 30% in response to a request from consumers because they could purchase the same products at a much cheaper price from parallel importers selling goods on the Web [ET Today News, 2006]. Thus, better price offers and easier price comparisons encourage consumers to make purchases online from sources other than official marketers, such as auctions and small retailers. This type of online buying can in turn encourage more individuals to take part in online trading and selling and give rise to consumer online resale activities. It is necessary, therefore, to look further into the effects of such a conjunction of online and off-line consumer purchase behavior.

2.4. Emotional Factors Influencing Consumer Online Resale Behavior

These factors are: product attachment, endowment effect, and mental accounting and mental depreciation.

2.4.1. Product Attachment

Owners attach meaning to their possessions in order to define and maintain their identities [Belk, 1988; Wallendorf and Arnould, 1988]. By attaching meaning to products, many older consumers may seek to achieve symbolic immortality or to pass on personal and family legacies. They may even try to control meanings of cherished possessions in the transferring process [Price et al., 2000]. *Disposition* is a process of detaching from, and ultimately severing, the relationship between the possessor and a possession [Roster, 2001; Young and Wallendorf, 1989]. In another study, Coulter and Ligas [2003] classify consumers into two types – packrats and purgers. “Packrats” are people who have mental difficulty disposing of things because they have formed an attachment to the items or believe that they may reuse the items in the future. “Purgers” are people who typically are willing to dispose of products once they are unneeded. They see themselves as neat and organized people and want to get

rid of things to keep their space clean and orderly. They attach less meaning to products and engage in a variety of disposition strategies.

2.4.2. Endowment Effect

Thaler [1980] describes “endowment effect ” as the situation in which people often demand much more to give up an object than they would be willing to pay to acquire it. This situation reflects that the object has taken on, or been “endowed” with, additional value. Such an effect may seem unreasonable, but has been confirmed in a number of experiments. There are, however, some scholars who question the endowment effect. For example, the effect is not observed when goods are for exchange and not for profit [Kahneman, 1992], or may only be observed when traders are uncertain about future exchange prices [van Dijk and van Knippenberg, 1996]. Even though the complete picture of the endowment effect is uncertain now, the attachment or endowment effect illustrates that consumers’ emotions play a decisive role when consumers become sellers.

2.4.3. Mental Accounting and Mental Depreciation

Thaler [1999] defines mental accounting as “the set of cognitive operations used by individuals and households to organize, evaluate, and keep track of financial activities” [p.183]. The development of the model starts with the mental coding of combinations of gains and losses using the value function of Prospect Theory [Thaler, 1985]. Purchase and resale behavior can be explained by mental accounting theory, wherein consumers may perceive a purchase as a loss, and a resale as a gain.

We can draw several implications from mental accounting theory. First, compared with money earned through hard work, an equivalent amount that is won in a lottery may be perceived as unintentional, less serious, and costless. The financial return of reselling unwanted goods may be seen as windfall income by consumers and would thus be used less cautiously. Second, consumers with resale intentions may not frame their purchases as losses until they resell the products at undesirable prices. Similarly, studies have shown that stock investors realize their loss only when they sell stocks whose price has dropped. Consumers who have intentions to resell may purchase more because, mentally, they do not spend all this money. Finally, based on mental accounting theory, research has found that consumers prefer trade-ins over direct discounts because they consider not only the marginal cost to pay, but also the “mental cost” of retiring old products, and are more willing to write off the mental book value of old goods by trading them in for new ones [Okada, 2001; Purohit, 1995]. Even though consumers may prefer new models of products, some people simply do not replace the old product because it is still in good condition and throwing it away makes consumers feel uncomfortable. Therefore, consumer resellers find that a good way to get rid of old items is to resell them online, which makes buying new ones less stressful and more justifiable.

3. RESEARCH METHODS

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

RQ1: What is the essence of consumer online resale? What are the qualifications of consumer sellers in C2C e-commerce?

RQ2: What are the types and properties of consumer online resale behavior?

To explore the phenomenon of consumer online resale, we collected two types of data for use 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. The researchers must therefore 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 obtain 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 the main issues and important parameters in each transaction were discovered [Patton, 2002]. These observations lead to a better understanding of the mechanisms, terminology, and environment of online C2C auctions. Such understanding helps identify relevant and critical research directions for the in-depth interviews.

3.1. Participant Observation

In November 2004, we registered as members of Yahoo Auction Taiwan, eBay Taiwan, eBay China, Taobao China, and eBay U.S.A. These sites are major online auctions players in Taiwan and 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 on payment, price discount, shipping, guarantee, return condition, and other transaction issues. From November 2004 to July 2007, we purchased more than 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 for every purchase. Acting as buyers, we gathered valuable information by viewing product descriptions and by participating in online conversations during transactions. For instance, sellers might explain why they are selling a product at a lower price on online auction

pages, in order to convince buyers that their products are not inferior or counterfeit. We could also learn about sellers' supply sources by asking whether they could sell more of a specific item.

We also resold products via the same online auction sites. Acting as sellers helped us to develop an understanding of the process of conducting a resale from the seller's perspective. This process would include, for example, 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 more than 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 converse 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 order to acquire more insights to supplement the interviews.

3.2. Consumer Interviews

We conducted consumer interviews to collect information on possible consumer purchase decisions and online resale behavior. Through a snowballing process, we selected a purposeful sample of participants in Taiwan (15) and China (10) – 25 in all – who had successful experience in selling a number of products online. One author of this study, who is very familiar with C2C auction mechanisms in Taiwan and China, participated in online resale as an observer and also interviewed the 25 participants. To enhance the generalizability of our findings, we supplemented the interview findings in Taiwan and China with consumer online resale examples from Western countries [e.g., Nissanoff, 2006].

The 25 interviewees ranged in age from 19 to 42, with an average age of 28 (Table 1). They included novice users (those with only one resale transaction experience) and veteran users (those with 17,637 resale transaction experiences). All names in Table 1 have been altered for participants' privacy.

To collect consumer online resale data in Taiwan and China, we conducted the interviews in two phases. The first phase was conducted in Taiwan between April and December 2006. We invited 80 students who were enrolled in an undergraduate marketing class to participate in the interviews. Of these, five students with online resale experience volunteered to participate. Before the formal interview, we asked several questions to check the qualifications of the volunteers. During this process, we screened out one professional retailer who sold only computer components online. At the end of each interview, we asked the participants to nominate qualified candidates among their friends or relatives for our next interviews. We also asked the participants to contact the candidates they nominated to determine, in advance, their willingness to participate. To expand our sample variety, we purposely avoided including more students in our study. Through the snowballing process, a total sample of 15 persons in Taiwan participated in the interviews.

Table 1
Summary of Information on Interview Participants in Taiwan and China

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

* The names of all individuals have been changed to ensure privacy.

The second phase of interviews was conducted in China, starting in February 2007. We first asked the 15 interviewees in Taiwan to invite qualified consumer resellers in China, with whom they were acquainted, to participate in the interviews. We asked that, prior to the face-to-face interviews, they obtain, by telephone or e-mail, the consent of these individuals to participate. After contacting 15 candidates in China, we selected 10 consumer resellers (Table 1) who had conducted 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 in China.

Between June and August 2007, the author who conducted the interviews in Taiwan traveled to China to interview the 10 participants there.

Patton [2002] identified three basic types of qualitative interviews for research or evaluation: the informal conversational interview, the interview guide approach, and the standardized open-ended interview. In both Taiwan and China, we used the interview guide approach because (1) the main purposes of the study were clear, and (2) we already had enough information to develop guidelines for interviews.

Our intensive interviews used a conversational, unstructured, exploratory style, guided by an outline, to explore resellers' resale motivations, product supply source, product condition, pricing strategy, resale goals, and resale satisfaction. Since resellers may sell different products for different reasons, 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, on average, 5 resale examples. 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 during the interview to log onto their account to view the records of their resale if they did not remember the details of the transaction. This step helped 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, 131 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 to provide implications for managers and further research.

4. DEFINING CONSUMER ONLINE RESALE AND CONSUMER RESELLERS

As is the case with flea markets and garage sales, a variety of sellers participate in C2C online resale. Because of a lack of study, an important task in the current study is to distinguish "consumer resale" from "professional resale." As noted before, a reseller can conduct different types of transactions. For example, one can repetitively sell the same products in bulk as a retailer and post used DVDs on the same page as a consumer disposing of unwanted items. In this situation, the products constantly sold can be considered "professional resale," whereas the second-hand DVDs can be considered "consumer resale."

Belk et al. [1988] compared full-time professional sellers in flea markets with amateurs, and found that the personal inventories of used goods held by amateurs were their primary supply source. Some of these amateur resellers may be frequent sellers at a flea market 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 one in which the products being resold are purchased mainly for self-use, not for resale. In *professional online resale*, the sellers repetitively sell the same products, having a constant supply, and will manage items and inventory to maximize profit. Self-use is not a sourcing criterion for a professional reseller. Consumer sellers, on the other hand, do not source for resale, and their resale products are limited to personal-use items, both in variety and quantity. Even consumer resellers are satisfied with the resale; i.e., they will not repurchase the same items for resale in order to pursue more profit. Here, we do not categorize the resale by the seller’s resale experience or frequency, but by the motivation of sourcing in each resale. Consumer resellers may have more resale experience than professional sellers, but still act as consumers because their motive is not maximizing profit.

Consumer resellers’ behavior can be very different from that of professional sellers or retailers. For example, consumer resellers have no commitment to take risk of holding inventory and product depreciation; therefore, they purchase only self-use items in small quantities. Usually, consumer resellers care less about the failure of a resale, since they can use unsold items themselves. We have to clarify, however, that consumer resellers are distributors, not manufacturers. Sellers offering home-made cookies on eBay are actually professional sellers, by our definition.

According to current definitions, all resellers on C2C online auctions can be categorized as three types (Table 2). In this study, we exclude “professional resellers” completely and focus only on consumer resale performed either by “mixed-role resellers” or “consumer resellers.”

Table 2
Definition of Consumer Reseller Types

Reseller Type	Definition
Professional Resellers	Resellers perform only “professional resale.”
Mixed-Role Resellers	Resellers perform “professional resale” and “consumer resale” simultaneously.
Consumer Resellers	Resellers perform only “consumer resale.”

5. TAXONOMY OF CONSUMER ONLINE RESALE BEHAVIOR

Our goal is to classify consumer online resale into taxonomy, based on our exploration and understanding of consumer online resale behavior, gathered from our observations and interviews and from existing literature. According to Siggle [1994], “Categorization is a process of classifying or labeling units of data and naming instances of the phenomenon found in these data” [p. 493]. To better understand consumer online resale behavior, we adapt and extend the taxonomy developed by Chu and Liao [2007]. The taxonomy is mutually exclusive and collectively exhaustive. After excluding professional full-time sellers or retailers on auction sites, we classify the resale behavior of consumers into four categories (Table 3), in order to study the essence of each behavior. The categories are based on the first dimension of “planned resale” or “unplanned resale” and the second dimension of “reselling unused products” or “reselling used products.”

Table 3
Taxonomy of Consumer Online Resale Behavior

	Reselling Unused Products	Reselling Used Products
Planned Resale	Resale of Extra Purchase	Resale after Temporary Ownership
Unplanned Resale	Unintentional Resale Because of 1. Impulse Buying 2. Mis-Purchase 3. Unwanted Gifts	Disposition after 1. Complete Use 2. Incomplete Use

5.1. Planned Resale upon Purchase

We define the first dimension, “planned resale,” as the condition when consumers, before purchase, consider that they can and have the intention to resell the target product after possessing it for a period of time. Consumers will receive compensation in the future if the product is successfully resold on an online auction site. Once consumers have the thought to resell the products, how the products can be resold for a profit becomes a major concern that predetermines consumer evaluation and willingness to buy. Thus, we propose “intention to resell” as the first dimension of classification. Although the intention to resell can occur anytime—after purchase, during purchase, or even before purchase—only if the intention to resell occurs before the purchase is the condition termed a “planned resale” behavior. If the resale intention occurs after purchase, it is called “unplanned resale.”

“Intention to resell” is an important concept that we use to analyze consumer resale behavior. If consumers do not intend to sell, their passive disposal behavior is more like traditional disposition described in prior literature [Hanson, 1980; Harrell and McConocha, 1992; Jacoby et al., 1977]. On the other

hand, selling is traditionally the job of the retailer, and the main reason retailers purchase products is to resell them. The “consumer reseller” described here is situated between traditional consumers and retailers, and consumer resale behavior is an amalgam of traditional consumer and retailer behavior.

Consumers play a role closer to that of a retailer if they plan to resell. In this case, product buying blends the purposes of personal use and future business. If consumers uncover the resell intention after they have purchased and used the product for a while without a prior plan of resale, they are more like traditional consumers and that product buying is mainly considered for personal consumption at the time of purchase. Another reason we use the dimension of “planned” or “unplanned resale” is that the nature of consumer resale is strongly linked to purchasing. Since the major purpose of consumer purchase is for personal use, consumers are not consumers if their purchase is solely for resale. Thus, to analyze consumer resale behavior, we have to start by examining the motivation for purchasing.

5.2. Unused or Used Products

The second dimension we propose is whether the products that consumers sell are used. The behavior of reselling goods that have or have not been used by sellers is quite different. “Reselling unused products” means that the sellers sell the products without using them, whether the products are new or second-hand. “Reselling used products” means that the sellers have used the products before reselling them, with the products being either already used or new when the sellers first purchased them. The original buyer and reseller of resold goods may not necessarily be the same person. For example, the father of a family may be the original buyer, but his son may list the products online to resell. Likewise, a woman may help her friend resell products on eBay. Consumers involved in the resale process are all sellers, but they may also be the buyers, users, or persons responsible for listing on an auction site. Their behavior influences the resale.

“Reselling unused products” is similar to the behavior of retailers, whereas “reselling used goods” is more like traditional consumer disposition behavior. The motivation to dispose of used and unwanted goods is clear; the reasons for consumers to resell unused products, however, have not been examined in previous studies. Using the resale plan and product use conditions as our classification scheme, we identify four types of resale behavior, each with its own meaning, as indicated earlier in Table 3.

5.3. Types of Online Resale Behavior

In this study, we identify four types of online resale behavior:

- Type 1 – Resale of extra purchase
- Type 2 – Resale after temporary ownership
- Type 3 – Unintentional resale
- Type 4 – Disposition

5.3.1. Type 1—Resale of Extra Purchase

This type of resale 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 for personal enjoyment. For instance, travelers abroad, finding a product at a lower price than that found in their domestic market, may buy one for self-use and an extra one to list for sale on online auction sites to make a profit.

“When traveling in Italy, I found that a Prada bag is much cheaper there. I purchased one for myself and one for my sister as a gift. But after returning home, my sister told me that she didn’t like the style. I ended up listing the bag on Yahoo and made a surprising windfall of NT\$5,000 (approximately US\$150). After that experience, I pay special attention to products with large price gaps around the world.” (Ivy, Taiwan, age 25, No. 2)

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

In “extra purchase” resale, consumer resellers make a profit by reselling products acquired at a lower price. Products of the same or similar kind may have different prices in different channels for several reasons. International brand pricing strategy and tax issues related to importation are among the common reasons for price differences [Maier, 2005], but even in the same country, prices for the identical model of a brand may differ because of market competition [Black, Ostlund, and Westbrook, 1985]. When the price gap is sufficiently large from store to store, consumers may take notice and, if they have resale skills, may purchase quantities beyond the level needed for self-use in order to resell them. The “resale of extra purchase” may thus be a way in which consumers transform themselves into professional resellers.

By taking advantage of price arbitrage, consumer resellers of this type tend to be more profit-driven than the other three types of online resellers in our taxonomy. Their resale behavior is closer to that of a professional reseller. Therefore, we propose the following.

P1: Products with higher price discrepancies among channels are more likely to be resold online by the “resale of extra purchase.”

5.3.2. Type 2—Resale after Temporary Ownership

Consumer sellers of this type are usually sophisticated consumers and heavy users of auction sites, with savvy and plentiful experience in reselling used goods on online auction sites. Products are conceived of as liquid assets, which can be easily traded in exchange for cash, at a low transaction cost. Having the expertise to resell, sellers in this category are knowledgeable about the possible resale price, as well as the risk if they cannot successfully resell the goods online. For instance, consumers may replace their mobile phones more frequently because they know that, after six months of use, they can sell a particular cell phone for 70% of the price they paid for it. Of course, market uncertainty may

also cause consumers to lose money if they sell the cell phone at a lower price than expected. With the development of purchasing and resale skills similar to retailers, these consumers have purchase considerations and behaviors significantly different from traditional decision-making.

“I sold a pair of shoes at a price just 5% below the price I bought them at. I am thrilled. From that day, I learned I could wear a new pair for a while and sell them when I don’t like them. The best part is I can even have most of my money back when I sell them.” (Susan, China, age 23, No. 23)

“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, age 22, No. 12)

The product factor that causes products of a shorter life cycle to become targets of this 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]. Some consumers are vulnerable to the temptation of these new product promotions and feel the need to resell their old products [Purohit, 1995; Okada, 2001]. In addition, consumers who look for quicker innovation or fashion speed products, and can thus anticipate the arrival of newer models, are motivated to practice this kind of planned resale. Hence:

P2: Products with quicker innovation or fashion speed are more likely to be resold in “resale after temporary ownership.”

5.3.3. Type 3—Unintentional Resale

“Unintentional resale” is a behavior in which consumers resell a new product that they had no intention of reselling when they purchased it. C2C e-commerce buyers sometimes get a very good deal because they can purchase totally new, good-quality products at a much lower price when these consumer resellers conduct unintentional resale. From our observations and interviews, we divide the “unintentional resale” type into three sub-categories: impulse buying, mis-purchased items, and unwanted gifts.

Sub-Category 3-a – Impulse Buying: Consumers sometimes purchase unnecessary products on impulse. Realizing this later, they list them for sale on websites to recoup their losses.

“When shopping, I cannot help [but] purchase lots of clothes by impulse. After arriving home, I come back to rationality and find a handful of

clothes that just doesn't fit my style , then I will resell them if I can't return these clothes.” (Kelly, Taiwan, age 42, No. 15)

Sub-Category 3-b – Mis-Purchased Items: Consumers may mistakenly purchase inappropriate items (such as clothing in the wrong size, or computer components that do not fit), and then find that returning them is not worth the effort. Likewise, consumers may purchase too many items and find that they cannot use them all, but are unable to return them. In both cases, the consumers may sell the mis-purchased items via auction sites. For those having difficulties returning the products for a refund, the online resale becomes a risk reducer.

“I sold an unfitted component of my personal computer because I can't return it due to losing the receipt.” (Eric, China, age 36, No. 24)

Sub-Category 3-c – Unwanted Gifts: Since gift giving involves two individuals, there is a distinct possibility that the receiver may not like the gift. Gifts are ideal goods to be listed on eBay, because they are usually valuable, new, and have complete packaging, and can therefore be sold at an attractive price.

“I am happier to receive gifts after learning how to resell unwanted [ones] online. If receiving a disliked gift, I list it online for resale. An unwanted gift actually means cash to me now.” (Alex, Taiwan, age 40, No. 4)

Interviewees reported that “unintentional resale” occurs because of unexpected situations. This type of resale may be a useful means for coping with purchase risk, because any durable goods can be resold online immediately when they are not needed. The ability to successfully perform product-related buying and selling tasks 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). Therefore, we present the following proposition:

P3: Consumers will perceive less product failure risk before a purchase if they are more capable of online reselling once they become dissatisfied with the purchased products.

5.3.4. Type 4—Disposition

“Disposition” type behavior is a phenomenon better described in the existing literature. Consumers dispose of their used products to secondary markets. Prior research about consumers disposing second-hand goods falls into this category. Jacoby et al. [1977], in their research on disposition, developed a conceptual taxonomy to describe consumer disposition behavior. Although “sell it” is a disposition category in Jacoby’s study, we found that the ease and intensity of online resale in our study indicates a revolutionary difference from that described by Jacoby and his colleagues.

We found that, using the Internet, consumers can currently resell unwanted goods at a much lower cost and on a higher scale than before. Comparing the popularity of traditional and IT-based secondary markets, we can see that the disposing scale is much larger than before the Internet era. In the United States each year, the US\$9 million worth of traditional garage sales is dwarfed by the \$19 billion worth of C2C online auctions [Dykema, 1999; Herrmann, 1997]. From our observations and interviews, we divide disposition resale into two sub-categories: “Complete Use” and “Incomplete Use.”

Sub-Category 4-a – Complete Use: It is difficult to give a universal definition of “complete use” for each consumer because individual consumers have varying principles to manage their commodities. In this study, we define “complete use” as the situation in which a product is no longer used because the consumer thinks that the product’s value is already exploited. For instance, for many consumers, the value of a movie on DVD format is exploited once they have watched it once. Likewise, a pair of shoes that has been worn for two years has been worth its full value. Consumers resell complete use products for three reasons – (1) waste avoidance, (2) clearing out space, and (3) environmental protection.

(1) *Waste Avoidance.* Though the product value of the used goods is already exploited, consumers are aware of their salvage value. To avoid the feeling of wasting, consumers feel more comfortable reselling unwanted items rather than throwing them away or storing them. Traditionally, consumers were more likely to throw away, donate, give away, or store unwanted items (Jacoby et al., 1977), but after learning of the feasibility of trading unwanted items for cash, they may feel guilty if they simply discard the items (Arkes and Blumer, 1985; Okada, 2001; Purohit, 1995).

“I realized that the huge amount of unwanted goods in the storeroom 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 them away.” (Lisa, Taiwan, age 23, No. 8)

(2) *Clearing Out Space.* To create space in a house is a motivation to resell unwanted items [Herrmann and Soiffer, 1984; Coulter and Ligas, 2003; Jacoby, 1977]. Consumers may want to keep some goods that may be used in the future, but space considerations push them to get rid of these unwanted items.

“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 resale price is low.” (Kelly, Taiwan, age 42, No. 15)

(3) *Environmental Protection.* Some eco-aware consumers may resell products to those who use them to prevent resource shortages. Sellers of this type would rather do products justice than make money.

“I believe resale is good to our earth. I would rather resell in a low price than throw usable goods away.” (Ann, Taiwan, age 23, No.3)

Sub-Category 4-b—Incomplete Use. Here, we define “incomplete use” as a situation in which the consumer stops using a product although it is still in good condition and working order. There are three reasons to resell a usable product – (1) dissatisfaction with the product, (2) the desire to write off the old product’s book value, and (3) life passage.

(1) *Dissatisfaction with Product.* It is impossible for some consumers to become familiar with a product until they have used it for a period of time. For instance, it may take weeks for a digital camera owner to learn that the camera is too complicated to operate and that he or she prefers a simpler model. When it is too troublesome to return the used camera, reselling it online and getting back a portion of the original money spent seems a good choice for the consumer.

“I sold my newly purchased bag on eBay because I disliked the shape and it’s too small to pack my notebook.” (Wu, China, age 35, No. 19)

(2) *Desire To Write Off Old Product’s Book Value.* Consumers may face financial guilt after purchasing new items that are not justifiable [Burnett and Lunsford, 1994]. Holding onto a usable old product makes purchasing a new one “unnecessary.” Some consumers are happy, therefore, to resell the old item in order to justify the purchase of a new one [Okada, 2001; Purohit, 1995].

“I just don’t like the feeling of wasting. I will resell my old cell phone online if I want to buy a new one.” (Wang, Taiwan, age 26, No. 6)

(3) *Life Passage.* People facing a life passage, such as their children growing up, relatives passing away, or relocation to another country often find that some shift is required in their possessions. Under these circumstances, they may have no choice but to dispose of some or all of their belongings. Although the online resale will generate significant revenue for them, their central motive is to put a distinct phase of life behind them [Herrmann and Soiffer, 1984].

“I sold my motorbike on Yahoo auction because I have gone to U.S. to study for four years.” (Kevin, Taiwan, age 32, No. 1)

As was the case in the literature, we found from our interviews that consumers resell for a variety of reasons, but profit is probably their last concern [Herrmann and Soiffer, 1984]. In a “disposition” resale, where products may have been used for a period of time and the product value is mostly depreciated, consumers may resell for motives other than profit, which would be hard to come by. Hence, we propose the following:

P4: When consumers perform “disposition resale,” making a profit is not the main motivation.

6. ONLINE RESALE AND ONLINE/OFF-LINE PURCHASE

For shopping goods, consumers are inclined to obtain information online or off-line to optimize their purchase and resale decisions [Becker, 1965; Nicholson, Clarke, and Blakemore 2002; Verhoef, Neslin, and Vroomen, 2007]. Our interviews indicate that consumers in Taiwan and China simultaneously use

online and off-line channels to gather information about a product, but have no obvious online or off-line channel preferences for purchase.

“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, age 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, age 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, age 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, age 22, No. 12)

These examples are more or less directed at the simultaneous online and offline activities associated with purchase and resale. This kind of “mixed-channel and interlinked online and off-line behavior” has not been well addressed in previous consumer studies, which tend to treat online and off-line behavior as two disconnected aspects. As recommended by Neslin et al. [2006], more research is needed regarding the contribution of various channels and interactions.

In sum, a final purchase from a website does not necessarily indicate a “pure” online behavior detached from the off-line shopping environment. Similarly, an off-line 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% [Forrester Research, 2005]. With greater accessibility worldwide, the Internet has become a part of everyday life for more consumers and an important venue for both online and off-line decision-making. We strongly suggest, therefore, that the conjunction of online and off-line consumer behavior is worth further investigation. Hence, we propose:

P5: Consumers prefer gathering product information from online and off-line sources simultaneously versus gathering information from a single source.

7. PRODUCT ATTACHMENT AND ENDOWMENT EFFECT

In our interviews for this study, we tried to explore endowment effect and product attachment in consumer online resale. The following examples are from our interviews in Taiwan and China:

"I just want to sell my used CDs as quickly as possible. If my prices are set too high, I will lower it to help it sell quickly. What I [am] concerned about is receiving money to purchase a new CD." (Mary, China, age 21, No.16)

"There are fixed prices for virtual treasury or points of online games. Lots of people are supplying and buying them on C2C auctions. If you want to sell yours, you have no choice but to follow the price." (Chen, Taiwan, age 35, No.5)

"I kept the pair watch my ex-girlfriend had given to me for several years because it meant a lot to me. But as time went by, I lost my feelings about her and resold the watch online. I didn't feel any difference by reselling it." (Tom, China, age 19, No. 21)

"I never considered selling my first motorbike, even though I haven't ridden it for several years. Even I have kept it in good condition and know it could be sold at good price, but it brought me many good memories, and I don't want to sell it." (Sherry, Taiwan, age 32, No. 14)

"The first thing I will do is check the possible resale price if you give me a mug I don't like. Then I hope to sell it as quick as possible because I have too many mugs and have no room to keep it."(Eric, China, age 36, No. 24)

Our findings show that consumers obviously have an attachment to some products and are therefore inclined not to resell them. However, once they have made up their minds to resell the products, they strive to detach the self from the possession and to propose a reasonable resale price, without being dragged by their personal emotions. On the other hand, we found no obvious endowment effect for these resellers. Scholars have reported that the endowment effect is not observed when goods are for exchange and not for profit [Kahneman, 1992], or that it may be observed only when traders are uncertain about future exchange prices [van Dijk and van Knippenberg, 1996]. Therefore, we propose:

P6: Endowment and product attachment effects are weaker in goods for resale in C2C online auctions than those not for resale.

8. DISCUSSION

Through our in-depth interviews in Taiwan and China, we discovered that the motivations for consumer resale are multi-dimensional. Under the four types of resale situations in our taxonomy, consumers may resell for different reasons, unlike retailers whose only goal for selling is profit. Their reasons include practical concerns of monetary return and reduction of purchase risk, as well as emotional dimensions of pleasure and avoidance of guilt. Consumers select and purchase products to meet different needs, and online consumer resale serves to meet their financial, utilitarian, and hedonic goals. It is well illustrated in our consumer interviews, however, that consumer online resale behavior is

idiosyncratic and multi-faceted and thus differs fundamentally from consumer buying behavior.

Resale intentions may influence the purchasing decisions of consumers in many ways. In the pre-purchase phase, consumers with the intention to resell online may more easily rouse a demand to buy because they may perceive a lower product price; therefore, more brands and products become affordable. Furthermore, consumers may search for different information and have different evaluations of market preferences, such as brands providing a longer guarantee period. They also perceive lower risk toward purchase than those only with the intention to buy and are more willing to purchase goods they hesitated to buy because they know 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 their perceived value of, a brand, regardless of any intention to resell.

In the post-purchase phase, consumer satisfaction with a brand may be heavily altered by the resale result, as noted earlier. 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. Under this circumstance, consumer online resale can help to decrease the psychological dissonance that arises from a mis-purchase or incomplete use [Okada, 2001].

The model in Table 4 summarizes the influences of online resale intention on each phase of the typical consumer decision-making process. The deduction is not conclusive, but rather a question for discussion. A further empirical test of these propositions would contribute to consumer behavior theory.

Table 4
Influences of Consumer Resale Intention on Purchase Decision-Making Process

Decision-Making Process	Influences of Resale Intention
Recognition of Need	More easily to arouse a need
Information Search	<ol style="list-style-type: none"> 1. Less product information searching 2. More information needed relating to online resale
Alternative Evaluation	<ol style="list-style-type: none"> 1. Preferring products with higher second-hand price 2. Preferring products that are easier to resell
Purchase	<ol style="list-style-type: none"> 1. Higher intention to "try" new goods 2. Keeping original package and certificate of authenticity 3. More careful preservation of products
After-Purchase Evaluation	<ol style="list-style-type: none"> 1. Comparing value of resale and continued possession of product 2. Activating a resale once resale value is higher 3. Negative attitude if dissatisfied with resale product

From our interviews in Taiwan and China, we found that product attachment tends to negatively affect consumer willingness for online resale. Our subjects indicated that they disconnect their feelings for products before reselling the products. In another study, Roster [2001] also found that people prefer not to resell products for which they have an emotional attachment and that they will intentionally set a higher price to thwart a successful resale. Regarding the endowment effect, one possible reason we did not observe the endowment effect in our interviews is that these resellers share some similar characteristics in appraising their for-sale possessions. They mentally remove endowment effects before they start to resell online. The online resale motivations we identify as utilitarian and hedonic may largely account for why online consumer sellers do not necessarily demand higher prices to give up their possessions. This also conforms to the theory that the endowment effect has not been observed when goods are for exchange and not mainly for profit [Kahneman, 1992].

9. CONCLUSIONS

The current study has provided comprehensive definitions and introduced a systematic framework for analyzing consumer online resale behavior. The findings of our consumer interviews in Taiwan and China offer interesting insights regarding the consumer online resale phenomenon. 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 with regard 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 multi-faceted, with each type of consumer online resale being prompted by different motivations, resulting in various impacts on consumer purchase and resale decisions, both online and off-line. Third, 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.

Although the speculated cannibalization effect [Ghose et al., 2005] predicts that C2C online auction markets 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], particularly in the case of the resale of extra purchases. The other three types of consumer resale also can bring consumers cash to recover part of the original purchase payment, which could in turn encourage them to buy more new products from retailers [Paden and Stell, 2005], thus increasing retail sales. Consumers may even spend more using the resale money because they perceive it as a windfall earning (Thaler, 1985). Online resale also drives consumers to spend less time in searching product information and to purchase what they were hesitant to buy before. The possible positive or negative impact of the online

secondary market on consumers and retailers deserves further examination in future research.

Marketers cannot stop the growth of the online secondary market, but should be aware of the changes it brings. There is a loop connecting new-product markets and the secondary market [Purohit, 1992]. As more and more consumers sell used goods, consumers may find it easier to purchase used goods on the Internet. This constant secondary-product supply may, therefore, create a new segment of those who prefer to purchase less expensive used goods. Marketers must examine whether the new segment is separate from those who always purchase new products. If the new segment is sufficiently large and independent, marketers need to adjust targeting and positioning strategies by addressing the resale value of goods.

The taxonomy developed in this study is a first step toward understanding consumer online resale behavior. Clearly, future research can start with the empirical examination of the taxonomy. A survey is needed to examine the prevalence of each kind of online resale. Also, consumer resale motivations in each resale type need to be empirically studied because of the 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. The current study focuses on only the Chinese context; thus, future studies should be conducted 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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