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Trust in Online Auctions: an exploratory study of the link between reputation and exchange relationships of eBay traders

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Abstract

This research explored the Internet based phenomenon of eBay, an online auction house where goods are bought and sold in an international market. The aim of this research was to reveal selected eBay traders' underlying attitudes, specifically with respect to issues surrounding the notion of trust. A qualitative methodology via case study technique was the approach used to guide the study. Nine eBay traders from various countries, such as Australia, the UK and the US were interviewed. The eBay traders' experiences and understandings of this phenomenon were shared through individual, semi-structured interviews. A major finding uncovered by this research was the high level of trust the participants displayed towards other eBay traders. This finding may serve to explain why eBay has become one of the most successful online auctions in such a short period of time. This research also uncovered that there were several factors that influenced trust between trading partners. These factors included the feedback system and risk.

Keywords

Trust, eBay, online auctions, person-to-person trading, risk, fraud, reputation, exchange relationships, Internet shopping

INTRODUCTION

Online auctions such as eBay have become a cultural phenomenon where numerous individuals around the world trade unwanted household items as a hobby/ business. This grassroots revolution has enabled person-to-person commerce to prosper on a worldwide scale (Chui and Zwick, 1999; Gardner, 1999). One reason for the popularity of online auctions is they are enjoyable and entertaining.

In person-to-person dealings, users buy from an individual and the interaction between customers is informal. For instance, buyers purchasing items from individuals often send personal cheques or cash through regular mail before they receive their goods. Communication between the two parties is relaxed and friendly (Hurley, 1998).

However, person-to-person online auction sites such as eBay do not verify goods listed by sellers. As a result, reproductions can be passed off as rare antiques and items purchased recently can be marketed as collectibles (Maggs, 2000). Furthermore, there are no control mechanisms in place to prevent sellers from conspiring with other sellers to bid on each other's items (Gardner, 1999). Online auction sites state that fraud is a minor occurrence, however the amount of attempted fraud may be difficult to calculate. Online auction houses offer escrow services and refunds for buyers who do not receive items, usually between AUD\$200-\$300. They also offer a feedback forum to reduce the likelihood of fraud. The feedback forum enables all online auction users to leave comments about each other's buying and selling experiences to encourage trust based upon reputation (Kelsey, 2000). Despite the threat of fraud, sellers continue to auction more merchandise and bidders continue to bid up (Greenfield, 2000).

Although research into online auctions is increasing, the majority of such studies consider online auctions to be analogous to offline auctions. However, the Internet produces a new virtual reality with implications that do not match anything in the offline world (Shneiderman *et al.*, 1998). For instance, in the offline auction world, buyers have the opportunity to touch the item to verify its legitimacy. Moreover, once buyers have placed a bid successfully they pay the auctioneer who then provides them with the purchased goods. By contrast, in the online auction world, buyers cannot touch and feel the item to verify its authenticity and as such, have to rely upon the seller's word. Furthermore, when buyers dispatch payment they have to trust that the seller will send the item as promised.

Given the recent developments discussed above, further examination of the appeal, trust and risk issues are warranted. Therefore, this study investigated person-to-person auction websites, using data acquired via a selection of users from eBay. eBay provided an appropriate example due to the numerous auctions and registered users it enjoys. The aim of this research was to gain a deep understanding of what makes online users trust other individual users they have never met. Moreover, the research was interested in discovering online auction users' belief systems to uncover factors that are important to them when trading with other individuals. More specifically, the aim of this research was to answer one main research question: What factors facilitate trust in eBay traders' and the eBay system?

The paper continues by discussing the theoretical foundations surrounding online auctions, particularly trust issues and in doing so, highlights those areas in which research may be lacking and where gaps in understanding are evident. The paper then discusses the methodological issues and approach used to guide and inform this study. Finally, the paper presents a discussion of the analysis and discusses the implications for future online auction practices and research.

THEORETICAL FOUNDATIONS

Trust can be described as a subjective process in which buyers evaluate a seller on the basis that a seller will complete a specific transaction according to their certain beliefs and expectations (Gambetta, 1988). Williamson (1991) outlines three sources of trust in commerce as interpersonal contact, values and reputation. In the majority of electronic commerce transactions however, interpersonal contact is absent and values are not clearly developed (Fung and Lee, 1999). Therefore, the most common source of trust in electronic commerce is reputation (Williamson, 1991).

Reputation has business worth and has been considered as a main precursor to trust (Hawes *et al.*, 1989). As trust cannot be easily detected, reputation is used as a substitute for trust. Therefore, trust is perceived as a means of lessening risk for particular transactions, which enables sellers to obtain price premiums for merchandise sold. In contrast, sellers with less trustworthy reputations cannot demand a price premium, as buyers require a return for accepting extra risk when they conduct business with such sellers (Pavlou and Ba, 2000; Langdon and Smith, 1998).

Reputation has meaning only in an unsure world and therefore, reputation provides warning signs for the market regarding whether a seller is honest or dishonest. Trust is the main catalyst in most buyer-seller relationships, particularly when two specific conditions are present, namely ambiguity or uncertainty (risk) and information on goods for sale is limited or deficient (information asymmetry). Such conditions may tempt the seller to behave opportunistically (Pavlou and Ba, 2000). Facing risk and information asymmetry, buyers search for indicators that lessen opportunism (Williamson, 1985). Furthermore, trust is interconnected with risk (McAllister, 1995) and both are anchored in individuals' perceptions (Hawes, Mast and Swan, 1989). One of the outcomes of trust is that it decreases the customer's perception of risk related to opportunistic behaviour by the trader (Ganesan, 1994). Therefore, buyers trust sellers with respectable reputations, as such sellers are not likely to harm their reputation in order to take advantage of a single transaction for quick profit (Kollock, 1999).

It has long been held that trust is crucial for understanding the majority of business exchange (Hirsch, 1976). Electronic commerce and online auctions in particular are the latest means of business exchange in which online transactions transpire between

individuals or organisations that have never encountered each other previously. As in the offline world, trust in the online world has been regarded as vital for conducting business transactions (Ba *et al.*, 1999). Furthermore, given the impersonal nature of the online setting and the complexity in evaluating merchandise condition prior to acquisition, trust may be even more important in the online world (Fung and Lee, 1999). eBay places heavy prominence on the notion that the eBay traders produce a 'community' founded on honesty, trust and respect (Gray and Neist, 1999). To illustrate, eBay (2001) declares in their website page titled '*Company Overview*' under the sub heading '*Our Mission*' that:

eBay was founded with the belief that people are honest and trustworthy. We believe that each of our customers, whether a buyer or a seller, is an individual who deserves to be treated with respect.

Fraud is a major worry for online bidders, as it erodes the trust between the trading partners. As Haney (2001) reveals:

The bulk of electronic crimes committed in the United States last year related to Internet auction sites and affected people between the ages of 20 and 40, according to a study released last week by New York-based market research company eMarketer.com...

Person-to-person online auctions, such as eBay permit anyone to put up a picture and a description of an object he or she is offering and tempt bids from potential buyers. However, items listed are not authenticated by eBay and buyers are also unable to physically verify an item's authenticity. This presents an opportunity for deceitful sellers to peddle items that are worthless or not working. Moreover, there are no methods in place to prevent sellers from colluding with other sellers to bid on each other's items (Gardner, 1999). In addition, buyers and sellers are from various countries and often do not know who they are trading with, particularly in terms of person-to-person dealings (Maggs, 2000).

Most fraud occurs when a seller receives payments with no intention of sending the product to the purchaser and/ or the quality or features of the product delivered is not what the purchaser anticipated (Chui and Zwick, 1999). Sellers may also open a new registration name or work in conspiracy with certain buyers or sellers to bid on their own products and may even submit positive feedback ranking for themselves (Kauffman and Wood, 2000). Evidence of fraud committed by buyers has also been documented. For instance, certain buyers may use stolen credit cards to purchase items from online auctions. According to the Gartner Group's study, 1.13% of the online business deals were performed with stolen credit cards (Guernsey, 2000). There are also buyers who place fake bids and never send money; these types of bidders are referred to as '*deadbeat bidders*'. This costs the seller time in having to lodge a '*non paying bidder alert*' to eBay in order to obtain payment from the buyer or possible refund from eBay (Kane, 1999).

Like other online traders, it is crucial that online auction sites tackle any fraud anxieties that their clients might have. As trust and reputation is important in business dealings, numerous online auctions are supplying information to users regarding trust and reputation to assist in lessening the fraud fears of auction traders. For instance, eBay's online feedback forum enables all online auction users to leave comments about each other's buying and selling experiences. The feedback that a user receives from other users is stored in their feedback profile where other users can view it. This enables users to learn about the other person's reputation and past dealings with other buyers and sellers (Pavlou and Ba, 2000).

Such feedback instruments can encourage trust based upon reputation. Feedback can increase cooperation, lessen opportunism, and indicate respectable reputation. With the advent of new electronic environments in which individuals are not acquainted with each other, reputation is undoubtedly significant in fostering trust (Fung and Lee, 1999).

A high feedback rating is an asset. Numerous online auction users state they are more prepared to deal with sellers with a high rating or will only deal with sellers with high ratings. In this way, certain sellers are able to develop a brand identity that enhances their number of sales or final auction price. eBay has even included some of its most highly rated sellers on

its home page. Such public broadcasts or reputation are likely to encourage buyers to purchase items (Kollock, 1999).

Reputation is highly prized by both buyers and sellers who regularly prompt trading partners to submit feedback for them. Buyers are cautious of sellers with little or no reputation rating and sellers often declare that they will not trade with bidders who have a number of 'negative' feedback comments. Certain observers suspect that the feedback forum system is central to eBay's accomplishment and that it clarifies why buyers are prepared to forward cheques or cash in the mail to practical strangers in the belief that the goods will be dispatched in the advertised condition (Gray and Neist, 1999).

Nevertheless, the eBay's feedback forum is restricted for two particular reasons. First, the auction site does not implement sound verification procedures. This allows a person with a poor reputation in the auction community to obtain another email address and reregister with no link to poor reputation. Second, feedback placed against another user is not verified by eBay. This allows spiteful exploitation of the feedback forum (Ba *et al.*, 1999).

For example, users state the drawback of the feedback system is that a receiver of negative feedback may retaliate and possibly have the original poster kicked off the auction site for no valid reason (Gardner, 1999). Furthermore, sellers can post a flattering account of themselves. Thus, a spotless feedback reputation does not guarantee the legitimacy of the seller (Snyder, 2000).

To date, no empirical evidence demonstrates whether such electronic feedback forums regarding reputation are meaningful (Pavlou and Ba, 2000). Even though empirical research has recognised that a trustworthy reputation allows greater prices for merchandise, it is nonetheless undecided whether this correlation is clear-cut in the online marketplace (Langdon and Smith, 1998). Moreover, the majority of studies have centred on the reputation of the product and not on the reputation of sellers with good business practices (Rao and Bergen, 1992). One of the aims of this study was to investigate the degree to which buyers use reputation as a signal to shape trust perceptions and examine the method by which traders manage the risks of online auction trades.

RESEARCH METHOD

Since little research has looked at online auctions and in particular, trust in online auctions, an exploratory study was appropriate. The case study method (Yin, 1994; Doolin, 1996) was selected because it provided a way to explore the dynamics of a complex phenomenon. Data was collected through in-depth semi-structured interviews with nine eBay buyers and/or sellers. The interview data was collected using ICQ, an online text-based program that enables data to be captured at the source and requires no transcription. The use of this medium required that the participants be familiar with ICQ and had relatively high English writing skills. The process of using ICQ can be compared to that of a telephone interview. Questions relating to personal characteristics, trading experiences, trading perceptions and effectiveness of the feedback forum were posed. During each interview, spontaneity and tangential dialogue were encouraged to help participants to reveal possibly useful anecdotal data (Walsham, 1995).

Initial email contact was made with 150 eBay buyers and sellers. From these, nine were interviewed based on their varying levels of experience, gender and nationality. The sample consisted of 4 females and 5 males, ranging in age from 22 to 62 years. Three participants classified themselves as Sellers, 1 as a Buyer, and five bought and sold on eBay, effectively representing the viewpoint of a total of 8 sellers and 6 buyers. Participants had 1 to 3 years of trading experience on eBay and had participated in from 10 to 1,000 transactions. The participants represented five countries: Australia (3); Canada (2); New Zealand (2); United Kingdom (1) and USA (1). Table 1 profiles the participants to enable the reader to better understand the context in which the findings were derived. Pseudonyms are used to assure confidentiality and will be used in the findings section.

As ICQ required both the interviewer and interviewee to type responses, typing mistakes and poor grammar sometimes occurred. Obvious spelling mistakes and poor sentence structure were corrected to improve readability, but care was taken to ensure participants' words and meanings were not altered in the correction process. Each transcript was edited

within 24 hours of its completion to ensure the material was fresh in the researcher's mind to lessen the possibility of incorrect transcription (Yin, 1994).

The data analysis used in this research was a bottom up approach based upon several stages of coding suggested by Strauss and Corbin (1990). The coding used their three-stage process: open, axial and selective. Interview transcripts were coded into themes grounded in the narratives of the participants. Themes were organised into categories, with certain codes being further refined, while others remained unchanged. The final stage of the coding process involved inspecting the data and prior themes, which included looking for participants' comments that demonstrated themes via comparisons and contrasts. To strengthen the reliability of the coding process, both authors independently coded the data and came together to discuss their findings. Where agreement could not be reached on the interpretation of a passage, it was negotiated or excluded.

Member validity was achieved by providing the participants with a summary of the data analysis, so that they could check the analysis of the data for accuracy and adequacy (Neuman, 2000). To facilitate the confirmability of the current research, a comprehensive case study database was developed to allow other researchers to follow the path from initial research questions to final conclusions and vice versa (Yin, 1994). ICQ files and Excel spreadsheets of raw data were maintained to provide a chain of evidence of relationships observed in the early stages of data analysis and their subsequent modification and refinement throughout the different phases of coding.

RESULTS

Trust emerged as an important component of trading on eBay. Indeed, two participants declared that eBay was "*all about trust*". Evidence for this strong emphasis on trust is provided with relation to buyers desire to purchase versus negative reputation and opportunity ease of retaliation in online environments.

Pseudonym	Mary	Fred	Sue	Jill	John	Peter	Liz	Tom	Jerry
Gender	Female	Male	Female	Female	Male	Male	Female	Male	Male
Age	62	44	29	43	35	61	22	30	57
Country	Canada	New Zealand	New Zealand	Australia	Canada	Australia	Australia	UK	USA
Urban/ Rural	Rural	Urban	Urban	Rural	Urban	Rural	Urban	Urban	Urban
Occupation	Self Employed	Casino Supervisor	Part Time Receptionist Single Mum	Computer Analyst	Unemployed Due to Back Injury	Unemployed Community Worker	Student	Admin Officer: Manager	System Specialist
eBay Role	Seller	Seller	Seller	Buyer	Both	Both	Both	Both	Both
Years Trading on eBay	1.5	2.5	2	1	3	1	1	2	3
Daily Usage Hours	4	Often	2.5	1	3	3	1	1	2.5
Number of items purchased	NA	NA	NA	100	20	100	50	10	275
Number of items sold	750	1000	281	NA	500	30	15	700	400

Table 1: Profile of Participants

Trust as a facilitator of the exchange relationship

All participants appeared to support the spirit of eBay's mission statement that "*eBay was founded with the belief that people are honest and trustworthy*".

As the motto goes people in general are basically good

(John)

I found 99.9% of people on eBay can be trusted.

(Peter)

eBay is completely based on a trust system so that's the way you've got to use it if you want to buy something.

(Liz)

The whole concept is based on Trust ...and that it works.

(Mary)

Some participants were also willing to trust new or infrequent eBay traders. For example:

...When it come to how many rating a person has got I don't think you can really base anything on that as everybody has got to start somewhere I mean when I started I had a rating of zero and people bought of [sic] me and now my rating is up to 58 and all good!

(Peter)

As a Seller myself I don't normally judge someone by a low amount of FB [feedback] – everyone starts somewhere and some people just don't buy much

(Jerry)

And, several participants also remarked they were prepared to trust other traders, even when faced with delays or other problems. For instance:

It got to the point where he said he was putting the item in the post after the weekend, and then nothing. There was at least 4 or 5 normal emails back and forth, and then I didn't get a reply after that... But really, I like to give people the benefit of the doubt, and he could've died, which isn't a very nice thought.

(Liz)

I will give them [sellers] the benefit of the doubt in any problems that may arise from the sale. I would expect no less for me in my sales.

(John)

Risk

The comments listed above show that risk is intrinsically linked to trust. All human interactions that involve trust inherently hold the possibility of opportunism. This willingness to accept risk in the exchange relationship process enables traders to obtain possible beneficial outcomes (Jarvenpaa *et al.*, 2000). As a result, traders put themselves at risk in the belief that others will act honestly.

In general, buyers were willing to take the risk in order to obtain their desired purchase. The acceptance of risk surfaced in the interviews, this clearly illuminated the fact that certain participants were more than willing to accept risk to obtain something they desired. For instance, when asked if she would consider purchasing an item from a seller who had more bad feedback than good, a buyer responded:

I only ever buy things I really would like, and I don't want anything saying that I can't get that item! Even if he had some bad feedback, I'd still probably bid on the item, because he's also got some good feedback too in most case.

(Liz)

Other buyers expressed similar opinions, however, they were slightly more cautious. For example:

Probably not, BUT if he had an item that I REALLY wanted and had never seen before on eBay I might consider it.

(Jill)

If they [seller] at the time were the only option I still would purchase from them.

(John)

However, other buyers presented a slightly different viewpoint. Although one buyer was willing to purchase items from sellers with some negative feedback, he asserted that this decision would be determined by "...the percentage of neg's [negatives] and the wording of the negs" (Jerry).

Some sellers were also willing to take the risk and trade with buyers who had some negative feedback. For instance, when John was asked whether he used the feedback forum to review buyers, he responded by stating the following:

Not as often as I would like, I do sometimes. [For] example, I had one guy who was in the negative rating – and it concerned me. I e-mailed them and they gave me their mailing address as a form of honesty on there part. They won the auction and had no problem with the sale or payment.

He was prepared to take the risk and trust that the buyer was stating the truth regarding his or her address, so that he could sell the item. Moreover, another seller stated that she reviewed the feedback system, but admitted that it was "*Mostly after the fact that they won an item*" (Mary). This statement suggested that she was prepared to take the risk and trade with buyers with some negative feedback, since once the auction closed she was obligated to finalise the sale with the highest bidder (eBay, 2001b).

However, others were not particularly willing to take the risk. For example, one stated, "...if someone bids on my goods and I see they have negative feedback that looks odd I ask them to explain" (Fred). When asked what he would do if the buyer could not explain his or her negative feedback, he responded: "*it hasn't happened, but I suppose I would retract their bid and mail eBay informing them of the situation.*"

Overall, the majority of the participants (both buyers and sellers) were willing to accept risk as a component of trading on eBay. Clearly, their desire for an item outweighed the negative feedback or delays in receiving goods and resulted in their trusting the other party to the transaction.

Feedback Forum as a Control Mechanism

The most commonly used control mechanism for mitigating risk was eBay's feedback forum. The majority of participants found the feedback forum useful in determining people's honesty and ensuring that people trade honestly. Sellers relied heavily on feedback when trading. To illustrate:

The Feedback system has a good influence and is a great device to keep people honest... As for knowing in advance about the honesty of a person ... the more positive feedbacks I see the more I tend to trust in advance, because I know that they are hard to get and worth a lot.

(Mary)

...It [the feedback system] is a very useful system for letting sellers sort of know who they are dealing with.

(Sue)

I see that since I have had more than 500 feedbacks people trust my packing, shipping and dealing more and my business has improved a lot and I can ask better prices too”.

(Mary)

Interestingly, buyers did not appear to use feedback to judge sellers.

I don't generally use it to make up my mind, but yes it is a useful tool to consider.

(Tom)

Yes I suppose so [that it is useful], but I really don't use it much.

(Liz)

It was evident too, that a high feedback rating did not necessarily guarantee a successful transaction process for buyers. For example, one buyer recalled he purchased an item that he never received. He went on to state that the “*Funny part is the seller had one of the largest ratings I had ever seen on E-bay*” (John). Another recounted a similar situation: “*I've only ever once lost my money, and this was to a guy who had lots of perfect feedback*” (Liz).

Another buyer highlighted the fact that a seller's negative feedback does not imply that the trade will be a failure. She provided an example of an encounter with a seller from England who had some negative feedback and described this trade as “*...brilliant. I suppose some people are never happy*” (Jill).

Retaliatory Feedback

A problem that was identified with the feedback forum was retaliatory feedback, which could unfairly impact on other traders' perceptions of their honesty. A number of different perspectives on this issue were expressed. For instance, one buyer/ seller felt the feedback system needed to be “*...improved upon – removal of obviously retaliatory FB would be my #1 improvement*” (Jerry). While another thought that negative feedback comments appeared to be a result of “*...name calling and other silly comments that get left by both parties...*” which he described as “*... just pathetic*” (Tom).

Two sellers recalled instances when they had been personally involved with retaliatory feedback:

I had one person who has left bad feedback because I did.

(Sue)

I left him some negative feedback and they in return left some for me which is one thing about the feedback rating I do not like. I did nothing wrong in the sale yet I got negative feedback and it takes my rating point down by one... I have been trying to get a higher rating and every time I leave negative feedback I take the risk of them returning it and I lose a rating point for it.

(Jerry)

John also recounted an example of retaliatory feedback that involved “one-upmanship”:

I gave him neg [negative] FB – he replied with the same – I replied the reason he gave it to me [which was retaliatory]. I – at the time had a good amount of FB – he had very little – less than 20-30 so I felt it hurt him much more than me – but frankly I gave it to him more because of his attitude than anything else.

Although several participants expressed concerns regarding retaliatory feedback, most traders perceived that this problem was not extreme. This outlook was clearly captured in the following remark by Jerry “*I think a lot of the neg FB's received are received by people that know they deserve them and don't retaliate.*” Nevertheless, he also noted that there

“...are always a few [retaliators] and you or at least I always worry that the next one I give I'll get one in return.”

Given these concerns, some participants altered their usage of the feedback system as a result of retaliatory negative feedback. For example:

No I have made it a policy NOT to leave neg feedback ... because I think it is better not to give any feedback than to give neg feedback...neg feedback attracts neg feedback so if you do it to someone else they hit you with a neg feedback which never looks good.

(Fred, Seller)

I am loathe to leave negative feedback and cannot remember a single instance when I have, so I don't consider that an option, for the sake of ruining my own profile with petty bickering”.

(Tom, Buyer/ Seller)

All in all, the feedback forum was perceived to be a useful control mechanism for assessing traders' honesty. Nevertheless, as John declared, “...with everything its [the feedback system] still not perfect.”

Figure 1 summarises these emergent themes and the way in which they influence the development and maintenance of trust in eBay trader exchange relationships.

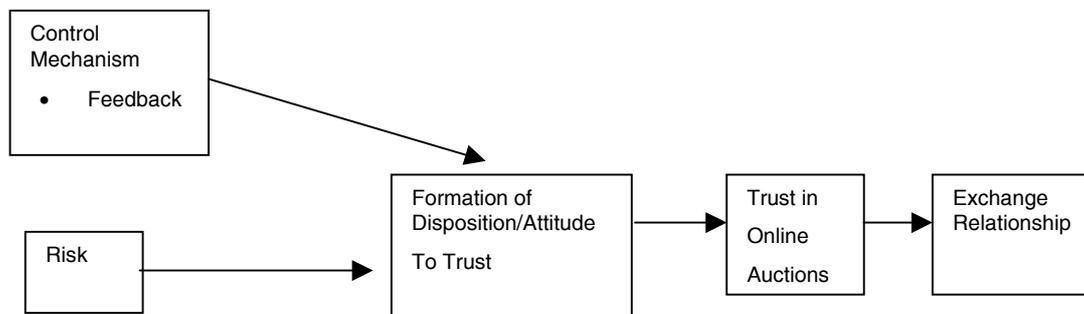


Figure 1: Proposed Model of Trust in Online Auction Exchange Relationships

DISCUSSION

These findings demonstrate that trust is an integral part of participants' trading experiences and that without trust they would not trade on eBay. The theme of trust and the factors that influenced the formation of their disposition/ attitude to trust emerged throughout the interviews. Furthermore, the evidence presented within this research suggested there were a number of factors that influenced the formation of trust, for instance, risk and feedback. Indeed, participants viewed eBay as being “*all about trust*”. The current findings confirm the importance of trust for sustaining business relationships reported in previous research (for instance Ba *et al.*, 1999; Fung and Lee, 1999).

The feedback system appears to be effective in assisting traders in forming an attitude about the trustworthiness of others. Previous research on online trading has reported no meaningful empirical support for feedback systems with respect to reputation (Pavlou and Ba, 2000). Although, empirical research has reported that a trustworthy reputation allows greater prices for products, it is nonetheless undecided whether this correlation is clear-cut in the online marketplace (Langdon and Smith, 1998). The current findings show mixed support that the feedback mechanism was effective in assisting participants to assess the honesty of others. Some of the buyers stated they did not “really use” the system to judge other people and a small number of participants suggested that the feedback system could not be relied upon “*as gospel*”. However, one of the sellers noted that she obtained higher prices for her items when her feedback rating exceeded 500, as buyers trusted her business dealings.

This study provides initial evidence linking reputation with buying behaviour. The findings show negative reputation does not necessarily deter buyers from purchasing a product particularly when the product is appealing or rare. Thus highlighting the need for further research into the effectiveness of feedback systems to explore this link between trust and reputation.

The discussion with the participants also underlined a problem with the feedback system, namely retaliatory feedback. As a result, certain participants altered the way they use the feedback system by implementing a policy of not leaving negative feedback. Such actions by traders may be detrimental to the effectiveness of the feedback system, particularly if high numbers of traders use this strategy to avoid retaliatory feedback problems.

The literature regarding the feedback system has described the problem of eBay not verifying the feedback placed against users and how this creates the potential ease of opportunity to place retaliatory feedback (for instance Ba *et al.*, 1999; Gardner, 1999), however the consequences and implications of this problem have not previously been addressed. The current findings confirm this problem exists and extend the current body of knowledge by uncovering the strategy of not giving negative feedback to discourage other traders to do the same despite the ease of opportunity to do so. The main precursors to this decision revolve around the fear of malicious retaliation and the consequent impact this may have on their reputation and rating level.

Implications for Practice

These findings report some issues with respect to online auction exchange relationships and suggest some strategies to help increase trust between traders and assist in encouraging potential buyers to bid in this new online auction environment. As the perception of reputation of an online auction seller is vital to buyer trust, online sellers should do what they can to raise awareness of these available control mechanisms.

Buyers appear to be aware of and use the feedback forum, but eBay provides another control mechanism ('*me page*'), that none of the participants discussed. New or less well-known sellers on eBay may be able to build and promote their reputations by describing their business history and/ or personal background via the '*me page*'. This facility enables traders to present a profile of themselves to potential eBay traders. Online sellers should promote the '*me page*' to buyers and also clearly state their policies for customer satisfaction, returns and refunds within their selling pages. They might also present a list of positive feedback with respect to the quality, fairness and efficiency of their service.

Advising online sellers to publicise their business history, personal background and reputation on the '*me page*' facility might seem trivial, however it does have the potential to provide vital information and is grossly under-utilised.

Implications for Future Research

This is an exploratory study that sought to collect '*rich data*' from a limited number of participants. As such, it provides a sound basis for broader investigations of eBay use, as suggested by Hochschild (cited in Neuman, 2000: 198):

Intensive interviews are a device for generating insights, anomalies, and paradoxes, which later may be formalised into hypothesis that can be tested by quantitative social science methods.

These findings have only addressed a limited sample of eBay traders, and as such, are not positioned to explore the wider implications of issues raised. This suggests the need for further systemic research to authenticate the findings proposed here and to ascertain the validity of the explanatory scheme.

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