A CONCEPTUAL MODEL OF CONSUMER SATISFACTION WITH ONLINE RESALE OUTCOMES AND PRODUCT PERFORMANCE

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Abstract: Consumer online resale is soaring and becoming a major venue for transactions related to second-hand goods. Previous studies on consumer satisfaction have focused on perceived product performance or quality, but in the extension of consumer behaviour from purchase to resale, consumer satisfaction and repurchase intentions may also be determined by the resale outcome, rather than being limited to product performance. Through consumer interviews conducted in Taiwan and China, this study aims to build a model consisting of consumer satisfaction from both product performance and online resale results. The model illustrates the antecedents of consumer resale satisfaction, and its relationships with product performance satisfaction and the holistic consumer satisfaction. Propositions related to these concepts are also developed for discussion and further study.

1 INTRODUCTION

The Internet has not only changed marketers' business models, but has also dramatically expanded consumer purchasing behaviour to an unprecedented scope of utility and experience. The Internet provides a convenient and efficient selling platform, allowing consumers to sell things they no longer need at nearly any time and in any place. Compared to what is traded in physical retail stores and the traditional secondary market, durable goods are much easier to resell online. Thus, they are less likely to be considered as big-ticket costs by consumers who have mastered reselling items through consumer-to-consumer (C2C) online websites, but rather as liquid assets or accounts recoverable (Chu and Liao, 2007). Studies of consumer behaviour in regards to selling goals, knowledge, and skills differ tremendously from those on traditional consumer buying and consumption behaviour. Why and how consumers become resellers is an interesting issue in C2C e-commerce research. Unfortunately, consumer online resale behaviour has not been studied in detail. This specific kind of consumer resale behaviour differs from the behaviour of retailers and cannot be

analyzed from a retailer's perspective.

For instance, consumers may feel more comfortable financially and be more willing to purchase high-priced products if they have skills in using online auctions to recover part of the product costs. In view of the prosperity of C2C e-commerce, it is crucial to investigate the behaviour of C2C resellers in order to elucidate the consumer resale phenomenon more completely. Chu and Liao (2007, 2009) found that online resale intentions may influence the purchase decisions of consumers in many aspects. In the pre-purchase phase, consumers with the intention to resell online may more easily arouse a need because they perceive a lower product price; therefore, more brands and products become affordable. Furthermore, they may search for different information and have different evaluations of market preferences, such as brands providing a longer guarantee period.

In the post-purchase phase, consumer satisfaction with a brand may be heavily altered by the resale result. Consumers may also be less likely to purchase a new product if, they cannot make "complete use" of it and, on the other hand, cannot resell it. Consumers may feel discouraged and will not repurchase the brands with undesirable resale performance if the resale outcome fails to meet their

expectations (Chu and Liao, 2007). Therefore, repurchase intentions could be undermined by consumer resale dissatisfaction. This deduction provides inspiring implications for consumer behaviour research because it illustrates that consumers care about product quality as well as resale results, such as the resale price or time needed to resell items. A consumer satisfaction model including satisfaction from both product quality and resale results may have stronger explanatory power for predicting consumers' repurchase intentions. In sum, this exploratory study aims to build a conceptual model illustrating the antecedents of consumer resale satisfaction, and its relationships with product performance satisfaction and the holistic consumer satisfaction. Propositions related to these concepts are also developed for discussion and further study.

2 METHODS

Consumer interviews were conducted to collect information on consumer purchase decisions and online resale behaviour. Through a snowballing process, a purposeful sample of 25 participants in Taiwan and China who had experience with successfully selling a number of products online took part in this study. The author of the study, who is very familiar with C2C auction mechanisms in Taiwan and China, interviewed the participants in this study. Interviewees ranged in age from 19 to 42, with an average age of 28. Novice users, those with only one resale transaction experience, and veteran users, those with 17,637 resale transaction experiences, were included in the interviews. To collect consumer online resale data in Taiwan and China, two phases of interviews were implemented. From April to December 2006, the first phase of interviews was launched in Taiwan by inviting 80 students enrolled in an undergraduate marketing class to participate. Five students with online resale experience volunteered. Before the formal interview, several questions were asked to check the qualifications of these participants, and one professional retailer who sold computer components online was screened out. At the end of each interview, we asked participants to nominate qualified candidates among their friends or relatives for our next interviews. We also requested that participants contact the candidates they nominated to question their willingness for an interview in advance. We purposively avoided including more students in our study in order to expand our sample

variety. Through the snowballing process, a total sample of 15 participants in Taiwan joined the interview. We then started the second phase of interviews in February 2007 to study consumer online resale in China. Likewise, we first asked 15 interviewees in Taiwan to invite qualified consumer resellers in China they were acquainted with, and requested that they get permission from their friends by phone or email prior to the face-to-face interviews. After contacting 15 candidates, we selected 10 consumer resellers who had participated in consumer resale transactions on China's C2C auction websites, now located in Shanghai and Shenzhen, two of the largest cities in China. We restricted our interviews to participants in these two cities in order to reduce travel costs. Although the participants from China resided in China's major cities at the time of the interviews, half had relocated from less developed inland cities, and may have shared information on online resale experiences taking place in the smaller cities of China. The author travelled to China to interview the 10 participants from June to August 2007.

Patton (2002) identified three basic types of qualitative interviews for research or evaluation: informal conversational interview, interview guide approach, and standardized open-ended interview. We employed the interview guide approach considering that the main purposes of the study are clear, and we had enough information to develop guidelines for interviews. Intensive interviews were conducted using a conversational, unstructured, exploratory interview style guided by an outline in order to explore resale motivations, product supply sources, product conditions, pricing strategies, resale goals, and resale satisfaction. Resellers can offer different products for different reasons, so we asked each participant to give several examples of successful online resale transactions. We collected 131 resale transaction cases from the 25 participants, with each participant providing an average of 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 to review the records of their resale transactions in their accounts if they did not remember the details of the transaction during the interviews, which helped to improve the accuracy of the information.
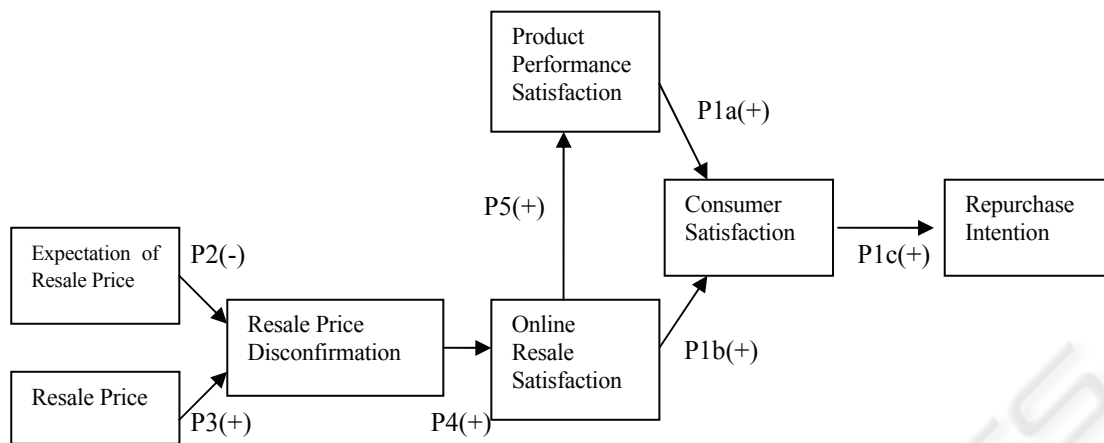
Figure 1:The Model of Consumer Satisfaction Including Consumer Resale Outcomes.

3 CONSUMER SATISFACTION MODEL

Consumer satisfaction is an evaluative mental state as a result of the consumer's comparison of expectations prior to a purchase with performance perceptions after a purchase (Oliver, 1980, 1993; Westbrook, 1987). Previous studies on consumer satisfaction have focused on perceived product performance or quality, but in the extension of consumer behaviour from purchase to resale, consumer satisfaction and repurchase intentions may also be determined by the resale outcome, rather than being limited to product performance (Chu and Liao, 2008). Thus, we propose a consumer satisfaction model consisting of two parts. One part is traditional consumer satisfaction related to product performance, while the second is in regards to the resale result. In the interviews, we found related examples:

The best brand of cell phone should be the one which performs well and can be resold at a good price. (Vicky, Taiwan, 32)

I am not satisfied with my used portable computer because the resale price is much lower than other brands. (Yang, Taiwan, 22)

These two examples expressed their concern about resale outcomes, suggesting that the presented model could better explain consumer satisfaction when individuals practice secondary resale since the traditional consumer satisfaction model does not cover resale satisfaction, which affects consumer

behaviour. Therefore, the following propositions are developed for discussion (please also see Figure 1).
P1a: The higher the product performance satisfaction, the higher the consumer satisfaction.

P1b: The higher the resale satisfaction, the higher the consumer satisfaction.

P1c: The higher the consumer satisfaction, the higher the repurchase intention toward the item.

We also found that consumers with resale intentions may hold expectations toward the resale results, such as an ideal resale price or time taken to sell the goods. Consumers may feel discouraged if the resale outcome fails to meet expectations, and will not repurchase the brands with undesirable resale performance. Below are two examples:

I prefer luxury goods that provide authentic certificates and a longer guarantee period because that could help me resell it for a higher price. In addition, before making each purchase decision, I definitely check online auctions first to know which one has a better second-hand price. (Ivy, Taiwan, 25)

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

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The current study borrows the concept of expectancy-disconfirmation from other consumer satisfaction studies (Cardozo, 1965; Oliver, 1980) in order to analyze consumer resale satisfaction, where proposed "consumer resale disconfirmation" equals the consumer resale expectation minus the resale outcome. When the resale result is higher than expectations, there is positive resale disconfirmation; otherwise, there is negative resale disconfirmation. A poor and painful result from the online resale of a particular brand against expectations might create a bad memory for that brand, leading to negative disconfirmation (Oliver, 1980). Some examples of this are found in the interviews:

After selling a cell phone at a very low price, I wondered about the reason and considered not buying the same brand next time. (Chen, Taiwan, 35)

I love the products of Louis Vuitton and Chanel, not just the brands themselves, but they also have better resale prices than Gucci and Prada on eBay. When not liking a LV purse any more, I can sell it on eBay in a week to get 70%-80% of the money back. A real luxury good should have a better preservation value and LVs never disappoint me. (Mary, China, 21)

Based on the interviews, we propose the following.

P2: The higher the expectation of resale price, the lower the resale price disconfirmation.

P3: The higher the resale price, the higher the resale price disconfirmation.

P4: The higher the resale price disconfirmation, the higher the resale satisfaction.

Consumers may hold negative attitudes toward brands with a low resale value. However, a surprisingly good resale result may positively change consumer satisfaction with certain brands. The resale performance of a brand may be deemed as an indicator of product value, indicated by the secondary market responses. Thus, the resale result might interplay with the perception of product performance to affect consumer satisfaction with a brand. Examples of this are derived from the interviews:

In the beginning, I didn't like the style of the jeans. But I changed my mind after reselling them online with a good price. The brand is really trendy. (Ivy, Taiwan, 25)

I would never buy the same brand. It's not easy to use and, what's worse, nobody wants to purchase it on eBay even with a very low price. I can confirm it is really a third rate brand. (Kevin, Taiwan, 31)

Based on these information, the following proposition is offered for discussion.

P5: After an item is resold, the higher the resale satisfaction, the higher the product performance satisfaction.

4 CONCLUSIONS

The satisfaction model in this study presents a clear picture of consumer satisfaction, showing the antecedents and consequences of consumer resale satisfaction. Most importantly, this study has indicated a direction that consumer resale satisfaction, an important factor worth more attention, could affect product performance satisfaction and the holistic consumer satisfaction, providing implications to both consumer researchers and managers. In addition, this study introduced useful tools to analyze consumer resale satisfaction and offers some insights regarding resale phenomena. The model is a first step toward an understanding of consumer online resale satisfaction. Clearly, the first research step is to empirically test the proposed relationships in the model as well as the propositions. Each of the major antecedent factors needs to be examined to ascertain the strength and exact nature of the relationship with consumer online resale satisfaction. We have offered a number of propositions, calling for more attention and devotion to this relatively unknown area of study, especially in regards to the impacts of consumer resale satisfaction on product performance satisfaction and overall consumer satisfaction.

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