ABSTRACT

The purpose of this study is to examine the differences between two online auction websites, the Chinese-version Yahoo! and eBay, in their bidding performances. Through careful investigation, after using the two auction websites’ advanced search engines, this study manually recorded trading characteristics of Second-hand products by establishing specific criteria, including numbers of winning bids, numbers of bids made by the bidders, initial offering prices, final sale prices, revenues earned by sellers, delivery fees, and sellers’ evaluation scores. Finally, this study reports the differences in the sites’ bidding performances and discusses implications from the investigation.

Keywords: Performance, online auction, second-hand products (SHP)

INTRODUCTION

The Chinese-version of Yahoo! (i.e., Yahoo!Kimo) is the largest auctioning site in Taiwan according to research conducted by Insightxplorer (http://news.ixresearch.com/?p=4856) and the Market Intelligence & Consulting Institute at Taiwan’s Institute for Information Industry (http://mic.iii.org.tw). Yahoo!Kimo competes directly with eBay, also a Chinese version, another online auctioning website. As more and more auctioning sites, especially those selling second-hand products (SHP) operate in Taiwan, such as Ruten, Taobao, newly-established HappyBid, and Kiji, the Chinese-versions of Yahoo!Kimo and eBay are the most competitive ones. Prior studies investigated various topics (e.g., bidders’ intention and purchasing behaviors) involving those two online auctioning websites in the western contexts (i.e., mostly the English version) and resulting in suggestions for attracting users’ patronage (Becherer, Halstead & Taylor, 2008; Lin, Cheng, Wang & Chang, 2012). However, the differences between the websites in terms of SHP sellers’ bidding performances lack detailed investigation and careful discussion. Thus, the purpose of this study is to examine the differences of those two online auction websites, Chinese-versions of Yahoo!Kimo and eBay, in their bidding performances. Accordingly, this study considers varied performances of bidding characteristics (e.g., numbers of winning bids, numbers of bids, initial offering prices, final sale prices, revenues earned by sellers, delivery fees, and the evaluation scores of the bidders and sellers of SHP offered for sale), and then, respectively, collects real market data from the Chinese-version Yahoo! and eBay sites. After statistical analyses, this study expects to offer sellers concrete suggestions for placing appropriate SHP items on the auctioning website likely to be most appropriate.
DEVELOPMENT OF ONLINE AUCTIONS IN TAIWAN

Online auctions in Taiwan began near the end of 1998. Yahoo! is currently the most popular online auction website in Taiwan after integrating with Kimo at the end of 2001. Yahoo!Kimo, the Chinese-version, now offers for sale more than three million items per month. After several years, individual sellers had difficulty managing their businesses on Yahoo!Kimo due to an increasing number of competitive sellers entering this marketplace; some sellers were strictly commercial enterprises. Many individual sellers remained with Yahoo!Kimo despite the competition. One reason was the profitability afforded sellers arising from the ability to offer special deals (e.g., low price for direct purchase or no delivery fee) to bidders. The other reason was sellers’ years of accumulated, positive reputations or cumulative evaluation scores posted by buyers, after each transaction, for quality products and good service. Besides, cross-posting the same second-hand product on another online auction website, such as eBay, defied cost-benefit analysis for non-commercial, individual sellers. On the other hand, no matter Chinese- or English- version, the eBay auction website is very competitive with Yahoo! or Yahoo!Kimo. eBay maintains a significant market share in the current online auction market (Lazich, 2008; Vragov, 2006). Notably, the Chinese-version of eBay integrated with two online auction websites (http://ubid.com.tw and http://bid.com.tw/) in Taiwan in early 2002, and then rapidly expanded in popularity in Taiwan by 2006 to form an alliance with PChom to establish another new online auction, called Ruten (http://ruten.com.tw). Currently, the Chinese-version of eBay only appears from a server in Hong Kong.

METHODOLOGY

Based on the literature review and this study’s purpose, the dependent variables are: the trading status, the numbers of winning bids, the bidders’ bidding intention (i.e., the numbers of bids made by the bidders), the initial offering price, the final sale price, the revenues earned by sellers, the delivery fee, and the evaluation scores of the bidders and sellers of SHP offered for sale on Yahoo!Kimo and eBay online auctioning websites. The independent variables are: two different online auction websites, types (or categories), and physical locations of the auctioned SHP. The resulting research hypotheses are:

H1. Among different product types, significant differences exist in different stages of auction pricings (initial and final price), revenues earned by sellers, and delivery fees.

H2. Among auctioned products in different physical locations, significant differences exist for different stages of auction pricing (initial and final price), revenues earned by sellers, and delivery fees.

H3. Among different product types, significant differences exist for numbers of bids made by bidders.

H4. Among products’ differing physical locations, significant differences exist for numbers of bids made by bidders.
H5. Among different product types, significant differences exist for evaluation scores of sellers on Yahoo!Kimo.

H6. Among products’ differing physical locations, significant differences exist for evaluation scores of sellers on Yahoo!Kimo.

H7. Among different product types, significant differences exist for evaluation scores of sellers on eBay.

H8. Among products’ differing physical locations, significant differences exist for evaluation scores of sellers on eBay.

This study records the trading status of SHP during the week of March 15, 2010. All data, manually collected from Chinese-version Yahoo!Kimo (server in Taiwan: tw.bid.yahoo.com) and eBay (server in Hong Kong: http://www.ebay.com.hk) auction websites one day before and one day after the auctions closed. Entering numeric data in an Excel® spreadsheet recorded the trading status of each website (i.e., the numbers of winning bids, the numbers of bids made by the bidders, the initial offering price, the final sale price, the revenues earned by sellers, the delivery fee, and the bidders and sellers’ evaluation scores) for later analyses. Recording the types and physical locations of the auctioned SHP, used a textual format for entry and then categorized as numbers for analysis. The descriptive analysis presents the trading status of the SHP sold on Yahoo!Kimo and eBay auction websites during this study’s time-period. According to two independent variables (product types and products’ physical locations), several analyses of variances (ANOVA) or multivariate analysis of variance (MANOVA) for each website determine factors (i.e., dependent variables) significantly affecting the trading status of the auctioned SHP. Overall, a comparative analysis of Yahoo!Kimo and eBay further explores the differing trading status of auctioned items according to the data analysis results.

RESULTS

Yahoo!Kimo identifies 26 product types (1,015 SHP items). The physical locations of SHP offered on Yahoo!Kimo varied among north, middle, south, and east Taiwan, and two other locations: outbound islands, and other countries. Most products originated from northern Taiwan (444 or 49.3%). On the other hand, eBay identifies 20 product types (603 SHP items) for auctions on their websites. All SHP posted in Chinese on eBay websites had physical locations in Hong Kong. Overall, the auctioned items represent seven categorized product types. The possibility for buyers to complete a bid on these two sites is 88.67% and 93.03%, respectively. Notably, the numbers of bids and winning bids are different by different regions of Taiwan and Asian countries. Most products receiving bids on Yahoo!Kimo are in the northern part of Taiwan. The eastern part of Taiwan has a much lower bidding activity. This phenomenon is likely due to the low popularity of the Internet in that region.

This study also conducts descriptive analyses for four bidding datasets (i.e., initial bidding prices, final bidding prices, revenues earned by sellers from selling SHP, and delivery fees) followed by ANOVA and MANOVA comparing the bidding performance of Yahoo!Kimo and eBay. As a result, this study finds that the bidding performances of Yahoo!Kimo and eBay are the same.
except for delivery fees. Significant differences are apparent for final bidding prices and revenues among different SHP categories for each website. However, no significant difference is apparent for initial price on the Yahoo!Kimo website (H1 partially supported). Since the SHPs are, physically, in different regions of Taiwan and in other countries, ANOVA and MANOVA analyses determine the effect of location on bidding performance. Thus, the physically location of the product significantly affects initial prices, final prices and revenues, and delivery fees (H2 supported).

Then, this study analyzes the iterations of winning bids on Yahoo!Kimo and eBay. As a result, a significant difference exists in the bidding intention between these two online auction websites. Bidders on Yahoo!Kimo significantly represent significantly higher numbers of bids than bidders on eBay. When comparing the two websites according to different product categories, Yahoo!Kimo bidders have stronger bidding intention than eBay bidders, except in Category 4. Then, MANOVA determines significant differences between Yahoo!Kimo and eBay bidders who entered bids according to numbers of bids offered at different stages of auctions (H3 supported). As mentioned earlier, most winning bids are from northern Taiwan; however bidding intentions in this location is weaker since bidders consider high delivery fees. Contrarily, the bidding intention in middle Taiwan is the strongest since the distance is approximately equal from northern and southern Taiwan. The farthest locations, Europe and North America, display the weakest bidding intention (H4 supported).

Finally, this study analyzes the evaluation scores obtained by sellers to explore other factors affecting bidding performance of the two online auction websites. As a result, sellers’ evaluation scores are significantly lower on Yahoo!Kimo than on eBay. The significant differences also appear among different product types for each website (H5 supported, H7 supported), but significant differences for locations only appears for Yahoo!Kimo (H6 supported, H8 not supported).

DISCUSSIONS AND CONCLUSIONS

This study provides concrete evidence that Yahoo!Kimo and eBay online auction websites are significantly different according to bidders’ evaluations of sellers, degree of bidders’ bidding intentions, and several trading status factors for SHPs receiving bids. This study suggests that sellers must consider different bidding performances of Yahoo!Kimo and eBay when offering certain types of SHPs, such as watches and accessories. In addition, by viewing the numbers of winning bids on Yahoo!Kimo and eBay, the physical locations of a SHP is also a concern for sellers, since shipping fees may be increased (Chiou, Wu & Sung, 2009; Gregg & Walczak, 2008; Hsu, 2009; Kayhan, McCart & Bhattacherjee, 2009; McCart, Kayhan & Bhattacherjee, 2009). Shipping fees are reasonable only when an auctioned SHP is physically in middle Taiwan. Notably, cross-posting problems may exist on both websites (Kayhan, McCart & Bhattacherjee, 2009), resulting in “the winner’s curse” (i.e., bidders tend to overpay) created to affect bid prices for the bidders. However, sellers should institute strategies for continuously growing the online auctioning market in Asian countries (Chen, Liu & Song, 2004; Chen, Chiu, Chiang & Tsai, 2007; Goes, Tu & Tung, 2009; Houser & Wooders, 2006; Liang, Czaplewski, Klein & Jiang, 2009; Peng, 2009; Wu, Lin & Cheng, 2009; Yeh, Hsiao & Yang, 2012).
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