

Study: Customers who participate in eBay's 'community' become better buyers and sellers

December 17 2010

A new study from Rice University's Jones Graduate School of Business finds that customers of eBay who participate in the company's online communities become more conservative buyers and more selective and efficient sellers.

The study, "The Impact of Customer Community Participation on Customer Behaviors: An Empirical Investigation," appeared recently in the journal [Marketing Science](#) and was co-authored by Rice's Sharad Borle, associate professor of marketing; Siddharth Singh, assistant professor of marketing; and Utpal Dholakia associate professor of management, along with Rene Algesheimer from the University of Zurich.

"We know that companies like eBay create online communities with chat rooms and forums to increase [customer](#) participation on the site, with the conventional wisdom being that customers will become more loyal to the company and thus spend more money," Singh said. "However, we wanted to take an in-depth look at this practice and learn if these communities cause more buying and selling, thus increasing profits for eBay."

To do this, the researchers started with data from a yearlong study of 13,735 new eBay Germany customers. (The authors noted that eBay Germany is set up almost exactly as eBay in the United States.) The eBay study found that the company's e-mail [marketing campaign](#) inviting people into its community pages was a success; however, after analyzing

the eBay data, Rice researchers found that customers who went to the eBay community site became more conservative buyers and more selective and effective sellers by virtue of becoming educated on the eBay process and hearing from others in the community.

The study found that customers invited via e-mail to participate in the community were about 23 percent more likely to participate as compared with a control group of customers not invited to participate.

"The fact is that people became more educated about buying and selling," Borle said. "While some of the community pages on eBay have nothing to do with buying or selling and more to do with social interaction, people still became smarter about the process of online merchandising."

That's good news for customers who utilize eBay's community pages, but it's not especially great news for eBay, Borle said. "Online companies that believe that community pages will increase use of their business side of the operation need to rethink how to use their social pages moving forward. After all, it's about making money for [eBay](#), not necessarily creating new friends."

More information: To read the complete study, visit www.rice.edu/nationalmedia/multimedia/eBay

Provided by Rice University

Citation: Study: Customers who participate in eBay's 'community' become better buyers and sellers (2010, December 17) retrieved 6 May 2024 from <https://phys.org/news/2010-12-customers-ebay-buyers-sellers.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.