

Competition changes how people view strangers online

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An anonymous stranger you encounter on websites like Yelp or Amazon may seem to be just like you, and a potential friend. But a stranger on a site like eBay is a whole different story.

A new study finds that on websites where people compete against each other, assumptions about strangers change.

Previous research has shown that people have a bias toward thinking that strangers they encounter online are probably just like them.

But when they are competitors, strangers are seen as different, and not sharing your traits and values—and that changes how people act, said Rebecca Walker Naylor, co-author of the study and assistant professor of marketing at The Ohio State University's Fisher College of Business.

"When you're competing against people you don't know, you actually bid much more aggressively than you might normally, because you assume that these strangers aren't similar to you," she said.

"You feel you have the license to bid aggressively because the other bidders aren't like you and you don't have to be nice to them."

Naylor said the results should serve as a caution for people who shop on auction sites like eBay.

"You need to be aware that, whether you mean to or not, you will

naturally see other anonymous bidders as different from you. That will get the competitive juices flowing and you might end up paying more than you really want," she said.

Naylor conducted the study with Cait Poyner Lamberton of the Katz Graduate School of Business at the University of Pittsburgh, and David Norton at the University of Connecticut.

Their findings appear in the August 2013 issue of the *Journal of Consumer Research*.

In several related experiments, the researchers conducted simulated online auctions in which people thought they were bidding for products like a popular energy drink. In some cases, the [study participants](#) knew they were similar—or dissimilar—from the people they were bidding against, while other times they didn't know anything about their competitors.

In one study, college students were told they would be bidding on a bottle of Five Hour Energy Drink. They were then shown one of three profiles of a "representative" bidder they were competing against. In one profile, the bidder was demographically similar to the participant. A second profile featured a profile that was demographically different. The third profile was ambiguous, so these [participants](#) couldn't tell how similar they were to their competition.

Before the bidding, the researchers primed some participants for competition by having them complete a word search involving words describing competition, such as "battle," "challenge" and "contend."

As expected, the participants' bid was lowest—75 cents—when they competed against someone similar to themselves. When they were bidding against people who were not like them, their high bid went up to

\$1.22.

But the bid was highest when the participant competed against an anonymous person—all the way to \$1.28.

"They automatically assumed that if they didn't know anything about this person they were bidding against, it must be someone who is not like them," Naylor said. "That's different from how people approach strangers on other websites."

The results were confirmed in another study involving students from the University of South Carolina. Half the students were told they would be bidding on a site called "eBay Auctions," while the other half were told they were bidding on the site "Gamecock Auctions." The mascot of South Carolina is the Gamecocks, so participants were given the impression that other bidders on that site were also likely affiliated with their university.

They were then given profiles of a competing bidder who was similar, dissimilar or ambiguous.

Results showed that participants were least aggressive in their bidding against similar competitors and most aggressive against dissimilar competitors, regardless of which website they were on.

When it came to the ambiguous competitors whom they didn't know much about, participants competed aggressively against their rival on eBay, but not so much if the bidding occurred on Gamecock Auctions.

In fact, the researchers asked participants to rate how similar they were to their competing bidder. When they didn't have much information on their competitor, they still rated themselves as similar when they competed on Gamecock Auctions. But they rated these ambiguous

competitors as dissimilar when they were on eBay.

"Participants assumed that anyone they competed against on Gamecock Auctions must share their affiliation with the University of South Carolina, and so must be like them," Naylor said. "That led them to be a little less aggressive in their bidding."

The researchers also conducted studies in which they varied the quality of the brand that the participants bid on, and how much participants knew about the seller.

"Our results held true regardless of the other factors we manipulated," she said. "When they are competing online, people treat anonymous others like they are different from them."

Naylor said people should be aware of these tendencies when they bid for items online, so they don't pay more than they want. But they can also use this knowledge to their advantage.

For example, these results suggest consumers may get better deals on specialty websites that cater to the product they want.

If you're a fan of Harry Potter merchandise, you may get a better deal on a site dedicated to fans, because sellers and other bidders will assume everyone on that site is like them and shares their interest. That may lead to less aggressive [bidding](#) than on a general site like eBay, Naylor said.

More information: www.press.uchicago.edu/ucp/journals/journal/jcr.html

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