

Chapter 6

Overview, Framework, and Research Propositions of Secondhand Exchange in the Platform Economy

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ABSTRACT

This chapter describes secondhand exchange in the context of the platform economy. Consumers have long engaged in reselling and buying used items as an alternative to purchasing firsthand items, but researchers have little understanding of how these exchanges are different theoretically from traditional consumption patterns. This chapter presents a clear definition of secondhand exchange and separates it from related concepts, including lateral exchange markets, the sharing economy, access-based consumption, and collaborative consumption. It is suggested that secondhand exchange and related consumer behavior in the platform economy can be understood by considering platform differences related to 1) when and how product ownership is transferred (i.e., direct and indirect), 2) the level of platform intermediation (i.e., low, moderate, or high), and 3) buyers' knowledge of reseller identity (i.e., unknown, obscured, and known). Research propositions are presented for these dimensions for each facet of the consumption process (i.e., buying, owning, and disposal).

INTRODUCTION

Consumption is often stereotypically thought of as a linear process where a consumer makes a purchase of a new item from a traditional retailer, owns and uses the product until its useful life is over, and then disposes of it. However, secondhand exchange activities have been commonplace throughout history,

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resulting in a different pattern of acquisition, ownership, and disposal. These types of transactions wherein consumers both resell their owned items and buy used items from other consumers are often ignored in consumer literature and have been unfortunately neglected in research attention, yet prior research has hinted at its vast scale and scope (Minter, 2019). However, due to the explosion of consumer connectivity brought on by the introduction of the platform economy (Ertz et al., 2017), combined with economic pressure and environmental motives, the secondhand exchange economy is experiencing an explosion of growth and innovation as suggested in the article entitled, *The Rise of Re-commerce: Why Everything Old Is New Again* (2020) published online at Knowledge@Wharton. The authors aim to contribute to the small but burgeoning research in secondhand exchange and how this consumer behavior plays out in the platform economy.

Although consumer participation in this phenomenon is increasing steadily, consumer-to-consumer (C2C) activities in general and secondhand exchange in particular both remain understudied. More specifically, understanding of how secondhand exchange is nested within the platform economy and how platform brands, as well as traditional retail brands, can play a critical role in facilitating this type of exchange is severely lacking. Further, the technological landscape has expanded consumer connectivity in ways that alter exchanges between consumers. Given these gaps in understanding, this chapter provides a framework for interpreting secondhand exchange platforms and identifies areas of future research related to platform type in order to better understand consumer behavior in secondhand exchange.

This chapter asks, how do the secondhand exchange platform and its features impact consumer-to-consumer secondhand exchange? What features have meaningful effects on key consumer perceptions such as contagion (both physical and magical), scarcity, and trust? What consumer-level factors interact with the type of platform (i.e., online vs. offline, stand-alone vs. nested)? Our theorizing suggests that secondhand exchange platforms have unique influences on the consumer's role (i.e., buyer vs. seller) as well as the nature of ownership and ownership transfer.

The information presented and the research proposed herein are meant to assist both consumer researchers and marketing practitioners as they explore, understand, and participate in secondhand exchange within the platform economy. First, by clearly defining secondhand exchange and identifying the deviations from consumer patterns known in more traditional types of exchanges, the authors provide helpful bounds to understand this phenomenon beyond historical associations (e.g., garage sales and flea markets), particularly as it is nested within technological advancements and digital structures. Second, as consumer-to-consumer activities such as sharing and access-based consumption flourish, differences between related concepts are clarified to more clearly guide future research. Third, by providing a framework to understand the way secondhand exchange is facilitated within the platform economy, specific secondhand exchange brands can be differentiated based on the type of intermediation and the way in which member identity is displayed. Finally, this research also has an impact on traditional retailing as not only are major brands' products the items that are being resold by consumers on these platforms—which can affect perceptions of the brand—but brands (e.g., Patagonia, Eileen Fisher) are also entering the secondhand exchange world themselves as resellers.

In this chapter, secondhand exchange is clearly defined and delineated from related consumer-to-consumer activities and other non-traditional consumer exchange behavior. The authors suggest two meaningful dimensions by which the facilitation of secondhand exchange can vary, specifically the dual role of buyer and seller that consumers may adopt and, relatedly, the transitory nature of product ownership. Next, three key features that meaningfully differentiate secondhand exchange platforms are identified and a framework for direct secondhand exchange is presented based on member identity type

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