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How to Successfully Sell Your Used Goods Online: What Science Tells Us

First, don't tell buyers how sad you are to part with the item

By Andrew Blackman

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It is a great time to sell your used stuff online—and science might be able to boost your chances of making a sale.

The market for secondhand goods is booming, analysts say, driven by millennials and Gen Zers looking to save money and shop sustainably by reusing old products. As those buyers take to auction sites, researchers have been studying what drives them to buy and why they pay as much as they do. And their work holds lots of lessons for sellers about the best way to close deals and get the most money from buyers.

Here's a look at some of those psychological factors and how to use them.

Remove the emotional attachment

Lots of sellers make it clear in their listings that they love the used goods they are selling, thinking it makes them seem more attractive. But that practice can turn off buyers.

The reason is the “ownership distance effect”—which makes it hard for prospective buyers to imagine themselves owning a product if it bears signs of someone else’s ownership (even emotional ones, like a description).

It isn’t about rational judgments, like rejecting items with signs of damage, says Jungkeun Kim, associate professor of marketing at the Auckland University of Technology in New Zealand. The effect occurs even with items that are in very good condition. What matters is being able to see that someone else owned the product before you.

Prof. Kim tested the effect in the used-goods market in a few different ways. He began by asking 114 volunteers to choose between two used books with identical characteristics, except that one had the previous owner’s name on it, and the other had similar-size marks but no name. A total of 42 chose the book with the name, while 72 chose the book with other, nonidentifying marks, like hand-drawn stars.

Prof. Kim found a similar relationship with real-estate listings: People rated one house as being much more attractive than another—even though the only difference was that one listing included a family portrait on the wall, whereas the other showed a piece of abstract art.

He also studied eBay auction data involving used sneakers that the original owners had customized with colors or markings. He found that the selling price was reduced significantly when the shoes showed lots of personalization—for instance, a distinctive color scheme or a name or number in the design. For the heavily personalized shoes, the average price was $151 —which was 16% less than the $180 price for those with weak signs of previous ownership.

The lesson: When selling a used item, Prof. Kim says, don’t mention how much you care about it, how sad you are to be parting with it and so on.

It’s better to pretend you don’t care about it, Prof. Kim says, “to remove the emotional attachment.”

Also think about smaller details, like what you show in the item photos. Even something seemingly insignificant, like photographing a product with personal items in the background, could make a difference, Prof. Kim says. Instead, choose a neutral background and erase as many signs of ownership as possible, to help prospective buyers imagine themselves owning the product. Don't even show your hands holding the item, he says.

Don't compete with TV

When listing items for sale, it is important to pay attention to what's on TV.

That is because auctions achieve significantly lower sale prices when they end during popular TV shows, according to research by Oliver Hinz, professor of information systems at Goethe University Frankfurt. (He studied traditional shows broadcast at fixed times, not streaming TV.)

The reason, he says, is that buyers' attention is limited. Although he says 90% of U.S. adults practice "second screening," such as checking the internet on their phone while watching TV, they tend not to buy as much while doing so.

"We can only partly distribute our attention to different things, and this can have significant economic impacts," Prof. Hinz says.

To reach his conclusion, he analyzed thousands of transactions on a German auction platform and compared them with German TV-viewership data. For auctions ending during shows, an increase of one million people in viewership over the usual national average reduced revenue by 2.27% below the usual national average.

The effect was even greater during special events. For instance, when the German team was playing in the World Cup in 2006, more than eight million more people than usual watched TV—and each one million over the usual number led to a 2.8% decrease in sales.

But there is a twist to Prof. Hinz's research. In a follow-up paper published earlier this year, he looked at the Oscars and Super Bowls in 2016 and 2017, and the Grammys in 2016, and found that TV's impact on buying activity depends on the type of product being sold. For "low-complexity products"—routine purchases such as groceries or cleaning products—a 1% increase in TV viewership over the usual average led to a 9% increase in sales, while for "high-complexity products" such as financial products or consumer electronics, the same 1% increase led to a 2.2% decrease in sales during shows.

For high-complexity sales, the attention problem applied: People didn't have the capacity to compare complex products while watching TV. But for low-complexity sales, TV triggered impulse buying, even though it wasn't influenced by advertisements or other specific mentions on TV, says Prof. Hinz.

Use 'Buy It Now' carefully

Which is better: an auction or a fixed-price listing? The answer turns out to be a bit of both.

Sabine Kroger, professor of economics at Laval University in Quebec City, Quebec, and her colleague Radosveta Ivanova-Stenzel, professor of economics at Technical University in Berlin, ran a series of experiments analyzing hundreds of eBay transactions by participants in the study. They set a reasonable price for a number of items, then had participants bid on them.

The finding: On average, in the cases the authors looked at, auction listings with a Buy It Now button—which lets a buyer bypass the auction and purchase an item immediately—brought an average final sales price 24% higher than a stand-alone auction for a comparable product.

In theory, letting the auction run to the end should maximize the seller's profits because it gives all the prospective buyers enough time to bid up to the maximum they are willing to pay, Prof. Kroger says. But in the real world, it doesn't happen that way, she says.

The reason, Prof. Kroger says, is that many buyers either don't want to take the risk of losing the auction or are impatient and want the item immediately, so they are willing to pay a little more to avoid the uncertainty of an auction.

But there is a risk that comes with Buy It Now—a trap that Prof. Kroger calls the "seller's curse."

That is when inexperienced sellers, often wanting to minimize their risk and ensure they make a sale, set their Buy It Now price too low by the professors' standards—which brought in 27% lower revenue than a comparable auction.

What's more, if nobody clicks Buy It Now and the auction runs its course, the buyers left in the auction will have a low willingness to buy at a higher price—otherwise they just would have clicked Buy It Now—so the auction will likely deliver a disappointing final result.

That, in turn, will inform the seller's expectations on future auctions and influence them to set the Buy It Now price low again. To break out of the seller's curse, Prof. Kroger advises researching similar listings carefully and being open to experimentation.

“If a seller is willing or able to experiment with prices, they would realize that setting a higher Buy It Now price will increase their profits,” she says.

Embrace uncertainty

Usually, it makes sense for sellers to provide as much information about their products as possible, so that buyers know exactly what they are getting. But a study by Yael Steinhart, professor of marketing at Tel Aviv University in Israel, suggests that sometimes it can be better to hold back information and create an aura of uncertainty.

Prof. Steinhart came to this conclusion, which she and her fellow researchers dubbed the “benefit-of-the-doubt effect,” by listing Roman coins for sale on eBay under two different accounts—one with a high level of experience, as measured by lots of auctions and positive customer reviews, and another that was relatively new to eBay. (They made actual sales using real accounts.)

Some of the listings for both sellers assured buyers about the authenticity of the coins, while others were deliberately vague and uncertain.

The high-confidence headline for both sellers said, “Ancient Roman Coin-MOST Roman coin dealers may know its worth,” and the low-confidence one said, “Ancient Roman Coin-SOME Roman coin dealers may know its worth.”

For the experienced seller, the more definitive listings achieved higher sales. But for the inexperienced seller, the opposite was true: The listings that showed more doubt about the item’s authenticity got 65% higher sales prices. Prof. Steinhart confirmed the results with simulated auctions in laboratory studies.

“We found out that buyers wanted to keep the dream alive,” Prof. Steinhart says. “They thought maybe the seller was not expert enough to realize they had a valuable item on their hands.”

The lesson for inexperienced sellers is that, far from trying to hide their lack of expertise, they may profit from playing it up. “Trying to induce uncertainty about the value of the item may help them,” Prof. Steinhart says.

She cautions, however, that her findings apply only to collectibles and other unusual items, where the true value is hard to ascertain. And more-experienced sellers should emphasize their certainty about the value of their items, she says, because people trust their knowledge.

Mr. Blackman is a writer in Serbia. He can be reached at reports@wsj.com.

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