

Consumer-to-Consumer Online Market for Used Goods : A Case Study of OLX in India

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Abstract

Online sale and purchase of second-hand products is on the rise in India. OLX is a free-to-use website for consumer-to-consumer (C2C) online auction of used goods. This study uncovered the needs and expectations of current and potential users of virtual marketplaces of used products. Consumers were studied separately for their perspectives as sellers and as buyers. Existing service performance of OLX was studied and potential hurdles in creating a free online market for second-hand goods was revealed. In-depth interviews, focus group discussions, content analysis, and question-based survey were used for this research. In addition, the paper also discussed the implications of findings for marketers.

Keywords: online, used goods, OLX, consumer-to-consumer

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The Consumer Research on Used-Goods and Selling Trends (CRUST) survey conducted by IMRB in 2013-14 revealed that Indians tend to stock goods which are no longer in use (IMRB 2014 as cited in Don't hoard, time to sell unused items!, 2015). This habit puts a strain on the limited space in their homes. It holds them from earning money by liquidating unused goods, and instead buying more relevant items. The study estimated the total realizable value of such *hoarded* goods, ranging from kitchen and home appliances to mobile handsets, clothes, watches, and books, at ₹ 5100 crores for the 12 surveyed cities. Projected to Urban India, this estimate increased to ₹ 22,000 crores. A study by ASSOCHAM valued the used goods market in India at ₹ 80,000 crores in 2014, and predicted it to be ₹ 151,000 crores in 2015 (India's used goods market to cross ₹ 1,15,000 crore by 2015 : Assocham, 2014). Studies such as these encourage Indian consumers to start thinking about the monetary value locked in their used goods. Indeed, customers in India are now moving from stocking goods to replacing them with new ones. This is evident from the shortened replacement cycles of products in favor of the used-goods market (Table 1).

The traditional, offline classifieds are a sizeable source of revenue for print media; therefore, it makes sense to extend the concept to the online platform. To cash in on this opportunity, various online classifieds have come on a front footing. Some popular players in this segment are OLX, Quikr, ClickIndia and Sulekha. With growing internet penetration in India, people are increasingly relying on online classifieds. Online marketplaces now seem to be popular with customers, especially the young consumers, who want to save time and money (Dean, 2008 ; Monsuwé, Dellaert, & Ruyter, 2004).

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Table 1. Change in Replacement Cycle of Product Categories

Product	Market (₹ Cr)	Second-Hand Market	Replacement cycle a decade back	Replacement cycle now
Cars	1,00,000	60,000	80% - never till major problem	3 yrs
MotorBikes	35,000	5,200	90% - never till major problem	2-3 years
Home appliances	40,000	500-700	8-10 yrs	4-5 years
Mobiles	35,000	5,000	36-40 months	14-18 months
Computers	4,000	200	4-5 years	2-3 years
Peripherals	2,500	500	4 years	2 years
Text Books	500	50-75	-	-

Online Classifieds Market

Online classifieds in India are increasingly being used for markets such as automobiles, real estate, education, matrimony, and recruitment. Some of the bigger players in the online classifieds market are: Clickindia.com (free classifieds site which allows to post online advertisements for sale, purchase, and rental of products and services, such as jobs, real estate, education, automotive, pets, travel, matrimonial, electronics, home appliances, health, machines, etc.) ; Naukri.com and Monsterindia.com (India's biggest job portals) ; Indiaproperty.com, 99acres.com, Magicbricks.com, and CommonFloor.com (online real estate portal) ; Quikr.com (online classifieds site for mobile phones, electronics, vehicles, furniture, animals, services, jobs, real estate, etc.).

OLX

OLX is an online portal which serves as a virtual market for second-hand goods by facilitating the interaction of potential buyers and sellers (Appendix Figure 1). OLX is the leading online portal of free classifieds in India, which had a 60% market share in 2013 (Sareen, 2013). The company has grown very rapidly in the online classified industry. From 2011 to 2013, OLX clocked 653% CAGR. With deeper internet penetration predicted for India in the coming years, the online audience is expected to treble to around 330 million by 2015 (Gnanasambandam, Madgavkar, Kaka, Manyika, Chui, Bughin, & Gomes, 2012). Based on this prediction, and assuming that OLX will maintain its market share of 60%, the site was set to bag a user base of almost 200 million in 2015, bringing it at par with the likes of Twitter and LinkedIn. However, the closest competitor of OLX, Quikr is fast catching up. Hence, to maintain its market leadership, OLX will have to focus on increasing user traffic on its site.

Online Used Goods Market In India

India's traditional culture of '*paisa vasool*' [1] is one of the most prominent drivers behind the use and reuse of various durable items. Even though the "use and throw" bug has bitten many in the growing middle class, the very increase in consumerism of middle class is catapulting the growth of second-hand products market. The rise in income is not commensurate with the rise in aspirations of the burgeoning class, which, therefore, turns to the second-hand market to fill the gap. It is not just the incomes that are driving second-hand markets. The product life cycles are getting smaller and durability is coming down. This has led to a rise in the replacement demand, resulting in the advent of second-hand market as a good substitute. Also, for a largely floating community of young professionals in metropolitan cities unwilling to compromise on their lifestyle needs, the second-hand market

[1] Hindi colloquial for 'Bang for the buck,' or 'Milking it for all it is worth'.

offers a more convenient and financially viable means of shopping.

On the supply side, consumers today are buying more and are looking for avenues to dispose their old possessions. There are many people in the similar income bracket who find these second-hand deals a good buy. Therefore, this sector is poised to grow further.

Till a decade ago, the used goods market was largely concentrated in local, specialized second-hand zones, such as Chor Bazaar in Mumbai, Daryaganj in New Delhi, Amar Colony in Delhi, and Sealdah station in Kolkata. However, with the advent of technology and increased Internet penetration, 'clicks' are fast replacing the 'bricks'. The entire second-hand market is slowly moving from a highly fragmented business to a more organized 'web' avatar.

The online mode has created a forum for buyers and sellers, and has facilitated access to used goods market for consumers who could not access physical spaces. As the business gets more structured, online classified companies are providing a platform with transparent pricing and reassurances like warranty. These build the customers' comfort level.

✦ **Challenges Faced by the Used Goods Market in India** : While online purchases of used goods have trebled in the last one year (Online sales of used goods up 3-fold last year : Survey , 2015), hoarding continues to be a prominent trend. A large number of Indian households indulge in stocking used goods. The main reason for stockpiling remains to be an intention to use these goods in the future. Many households attribute their habit of accumulating used products to the sentimental value attached with them. However, they are willing to shed their inhibition to disposing off goods if they find a credible market platform with reasonable monetary returns. The potential buyers of used goods, on the other hand, are motivated by the fact that second-hand products are less expensive than new ones. This can probably be explained by the rise in aspirations incommensurate with the increase in disposable-incomes.

The emergence of online platforms for sale and purchase of used goods has the capability to reduce the information asymmetry, leading to relatively lower prices than other market platforms. Ample variety of products on offer attract potential customers to this market. Yet, online marketplaces are marred by misconceptions (Abdul-Ghani, Hyde, & Marshall, 2011). This is especially true for virtual markets of used products.

Objectives of the Study

This study aims to answer the following management decision problems for OLX : What should OLX do to increase traffic on its website? This translates into the following market research problems (a) to gauge the needs of potential and actual customers, (b) to determine purchase drivers, (c) to uncover users' expectations from an online classifieds website (specifically, OLX), (d) to measure the ease and effectiveness of posting advertisements on OLX, and (e) to determine the target segment of customers for the purpose of positioning of the marketing program. This has been summarized in the research matrix in Appendix Table 1.

Research Methodology

The research was designed around the following framework: an exploratory study through content analysis of social media, in-depth interviews and focus group discussions ; definition of required information; design of measurement scales; and collection of data through questionnaires. The research was conducted during November 2014 to April 2015.

(1) In- Depth Interviews : In-depth interviews allow respondents to answer freely, unlike group discussions,

where they may be swayed by popular opinion. Three semi-structured in-depth interviews were conducted to understand the buying behaviour of consumers. The average duration of the interviews was 20 minutes. Two types of consumers were interviewed - current users of OLX and potential customers likely to use OLX. The two different types of respondents presented different views. The process thus provided a clear picture about the benefits and obstacles faced by customers when buying or selling on OLX.

(2) Focus Group Discussions : Semi-structured focus group discussions were conducted. The focus group consisted of five people. The group was a combination of existing customers, potential customers, and non-potential customers (Appendix Table 2).

(3) Content Analysis of Social Media : Social media platforms like blogs and consumer fora, and the company's own website were analyzed to understand consumer expectations and their buying and selling requirements. Feedback on consumer fora, such as Mouthshut.com, and customer reviews on the OLX website were studied. These public forums have various parameters for classifying the reviews, namely, date of post, popularity (hits) of the feedback, product ratings, and so forth. The usefulness was further evaluated for every review based on the feedback of the review by the users. We selected the top 30 most useful reviews based on their usefulness rating.

(4) Primary Research Through Questionnaire-Based Survey : Based on inputs received from different forms of exploratory research, a pre-test questionnaire was prepared [2]. Pre-testing allowed improvement of the questionnaire, especially with respect to vague descriptors, use of alternative scales, changes in question form, inclusion of implicit alternatives as explicit options, redundant questions, and time taken by the respondents. The pre-test questionnaire was sent to two first-year MBA students, one second year MBA student, two government officials, primary decision makers of two families, and one corporate professional. Personalized feedback was sought from these individuals. Some gave face-to-face feedback, and from others, it was sought over email and telephone. Respondents were encouraged to think-aloud while answering the questionnaire, or to explain their thought process after finishing it.

Based on their inputs, certain changes were made to increase the questionnaire's clarity and simplicity. An important feedback was the questionnaire being skewed towards existing customers of second-hand goods markets. Accordingly, questions were modified to accommodate both users and non-users, by changing the semantics, and giving an additional response option of '*Not Applicable*'.

All segments participated in answering the original questionnaire. It was figured out that it could be problematic for non-administered questionnaires by causing a severe response bias. Therefore, three sets of questionnaires were designed [3] : first set of questions was directed for buyers of used goods through online media; second set was directed for sellers of used goods through online media ; the third set was intended for potential buyers/sellers of used goods through online media.

To identify respondents of each set, filter questions were added. If a respondent had bought/sold second hand goods before, but not through an online platform, he/she became our potential customer, and therefore, was given the questionnaire 3 to fill up. Same was the case for those who had not bought/sold any used-good, but (may be) were interested in the same. A respondent, who had not bought/sold before and was neither interested, was rejected for further interview by termination of the questionnaire. People who had bought or sold used goods through online media received questionnaires 1 and 2, respectively. A total of 73 respondents were surveyed, of which four responses were rejected. These included students as well as non-students.

[2] Detailed pre-test questionnaire can be requested from the authors.

[3] The three sets of (modified) questions can be requested from the authors.

Findings

Findings of In-Depth Interviews

Key insights from the in-depth interviews are as follows [4]:

(1) Experience of Buying/Selling is Random : OLX merely provides leads to the buyers about sellers and to the sellers about buyers. Thereafter, they could personally interact through messaging services like WhatsApp, on phone, via mail, or in person. The experience of these ensuing interactions was varied - it ranged from '*very bad*' to '*extremely good*'. For OLX, this means that there should be some signaling mechanism so that good sellers can differentiate themselves from others.

(2) The App and the Website are Quite Intuitive : The users found the whole buying/ selling process to be very simple and intuitive. Clicking on product pictures and posting product details was perceived to be very convenient. OLX's popular 'Sell Phone' advertisement (with the '*Womaniya*' song in the background, Appendix Figure 2) was thought to have contributed to this perceived ease of use.

(3) Convenience was Rated Highly, but Excessive Calling was a Problem : The users recounted that the process of posting an advertisement was easier and more convenient as compared to selling/buying in local (physical) second-hand markets or through offline classifieds. Respondents reported a considerable reduction in search costs. At the same time, excessive number of calls from prospective buyers was reported as an irritant. Some users, therefore, tended to avoid mentioning phone contact details.

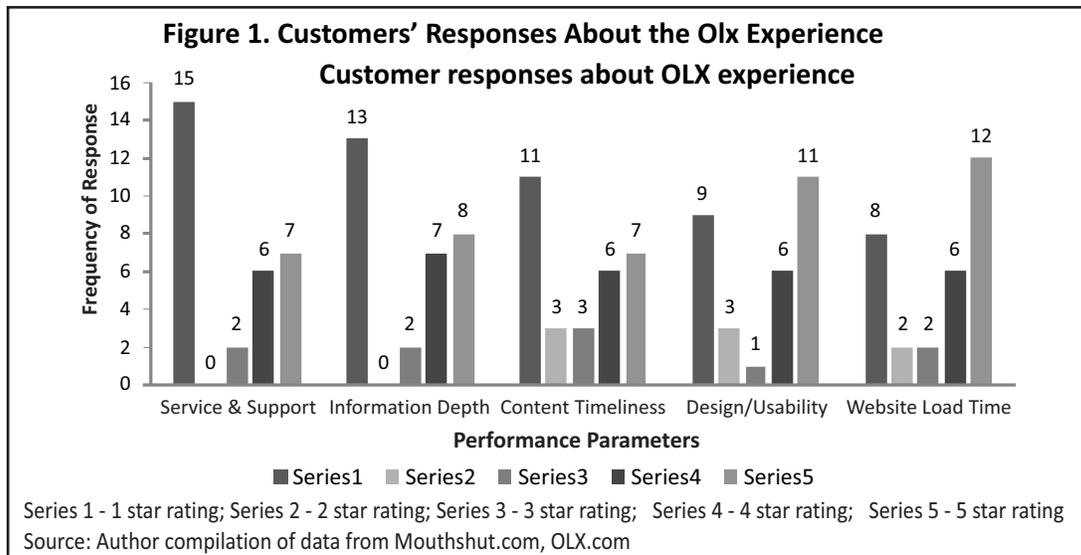
(4) Trust is an Issue : The users were apprehensive about the quality of the products posted by sellers on OLX ("*There is no guarantee that this is the true picture of the product*"). They were also unsure whether they were being charged the right price. This problem was especially identified for mobiles, electronics, and vehicles. For OLX, this necessitates a mechanism to validate the authenticity of the posted photographs. A website for selling and renting of real estate Housing.com , for example, mandates physical verification of property details through its officers before their advertisements can be posted on the website.

(5) Certain Product Categories were Preferred : Certain users were hesitant of buying high-value items like mobile phones and cars on OLX. This was attributed to lack of trust. The cost of information-asymmetry was considered too high for these categories. These users were relatively comfortable purchasing low-value items like books, furniture, and sports equipment due to lower financial risk.

(6) Standard Ad Templates were Preferred by Most Users : The standard templates provided by the website for posting of advertisements were found to be handy. The ease of usage made them the preferred choice. This compromised the perceived flexibility of advertisement creation process and the customizability of the advertisements. It was suggested that OLX could offer standardization at several levels of advertisement development.

(7) Distance Barrier is a Key Determinant of Successful Exchange : The distance between the transacting parties often becomes a decisive factor for the deal's success. Users dissuaded themselves from transacting with a remote seller due to possibility of post-sale functional complications.

[4] Transcripts of three in-depth interviews (informants: male, 45 years ; male, 32 years ; male, 25 years) can be requested from the authors.



(8) Implications for OLX (In-Depth Interviews) : A number of implications for OLX were obtained from the interviews. For instance, to reduce the randomness in the quality of usage experience, OLX would require a signaling mechanism so that good sellers can differentiate themselves from others. In order to overcome trust issues, a mechanism to validate the authenticity of the posted photographs was thought necessary. A website for selling and renting of real estate Housing.com, for example, mandates physical verification of property details through its officers before their advertisements can be posted on the website. Users could be encouraged to customize their advertisement postings if the website could offer standardization at several levels of advertisement development. This was expected to maintain the current ease-of-use through standardized templates, while increasing flexibility.

Findings from Focus Group Discussion

Consolidated responses from the focus group discussion are as follows (see Appendix Table 2) :

(1) Trust is a Key Factor : The non-users of OLX (who had previously bought second-hand goods from other avenues) were of the view that familiarity and trust between the parties are important for a second-hand purchase. This was considered especially true for second-hand mobile and car markets. Prior acquaintance with agents or dealers was an important factor in the purchasing decision. Among the users of OLX, there were certain concerns about the promised quality and uploaded photos of products.

(2) Difficulty of Use is a (Mis)perception Among Non-Users : The non-users held the view that the buying-selling process on OLX would be difficult. Part of the reason is that they had never seen anyone using OLX or even an OLX advertisement. However, the users found the whole process to be very simple and intuitive. They were satisfied with the intuitive photo-posting and product description mechanism. Certain findings, like highly rated convenience and the problem of excessive calling, were common to the interview and group discussion processes.

Findings from Content Analysis of Social Media

Observations from two websites : Mouthshut.com and Olx.in are objectively reported in Figure 1. User feedback was more or less bipolar; extreme responses were observed in almost every identified parameter of performance

measurement. Moreover, the ratings of a single user across different parameters were fairly correlated. This indicates that either the customers were very happy with the service, or they were highly dissatisfied. The service and support of the OLX website was noted to be highly unsatisfactory, along with its information depth. The feedback seemed to improve for website speed and design utilities.

Statistical Analysis of Data

Definite outliers and incoherent respondents were eliminated. Based on the scaling of each question, different statistical tools are used.

✦ **Measurement and Scaling Procedure** : A balanced Likert scale was used to measure the responses of the participants. Direct identification questions were avoided. The research instrument was a mix of nominal questions that sought data on the used-goods market visited by the respondents in the last three years, perceptions of OLX website, and other information that can be used by OLX to judge customer behavior. Ordinal and ranked-order scaling questions required the respondents to rank purchase methods, purchase factors, and perceived importance of various factors that could affect purchase/sale decisions.

Questions 1 to 4 were filter questions used for classifying respondents into different customer segments, namely only buyers, only sellers, and potential buyers/sellers [5] ; 15 out of 73 people reported that they had purchased online, while 19 had sold online. Five respondents had purchased as well as sold online ; 40 respondents had transacted in second-hand goods, but not online. The responses (four) in which people had neither transacted online or offline were discarded. Among those who had purchased online, only 34% had transacted more than three times in the last 3 years, indicating that they may either be new users or were actively buying offline also.

Buyer Behavior

(1) Drivers of Second-Hand Purchases : Q.3 of questionnaire 1 intended to find the most relevant drivers of second-hand purchases. The responses are summarized in the Table 2. Increased affordability and greater product variety are the two most important factors based on which customers are driven to buy second-hand goods. This shows that customers are price-sensitive.

(2) Relevant Factors in Purchase Behavior : Q.4 of questionnaire 1 intended to determine the factors to which buyers give importance, when buying second-hand goods. The top three factors are reputation of the seller (and past experience with it), price of the product, and its quality (Table 3).

(3) Drivers of Online and Offline Second-Hand Purchases - A Comparison : Q.7 and Q.8 of the questionnaire compared factors which drive purchase of used goods online vis-a-vis offline (Table 4).

While for online channel, convenience (not having to go to various shops and spend time in searching items) is

Table 2. Drivers of Second-Hand Purchases

	Lifestyle	Affordability	Variety	Convenience	Staying up-to-date
Total Score	48	63	58	54	41
Median	3	4	4	4	3
Mean	3.2	4.2	3.9	3.6	2.7

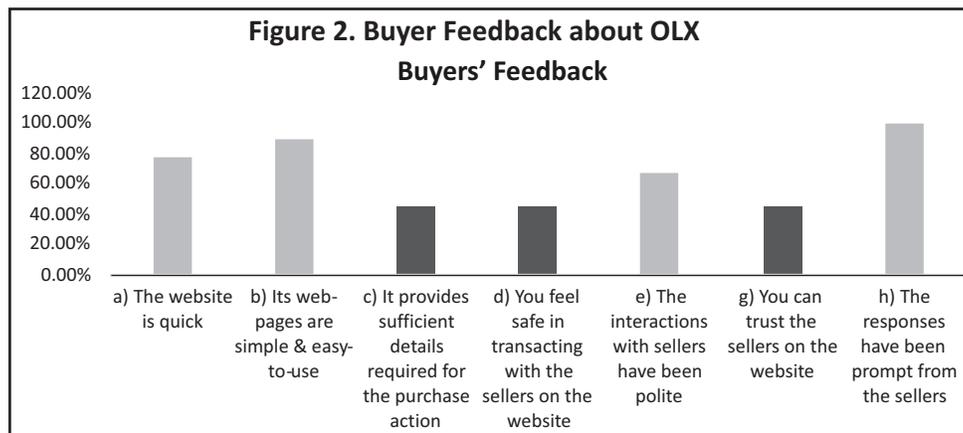
[5] Detailed questionnaire can be requested from the authors.

Table 3. Drivers of Second-Hand Purchase Behavior

Factor	Familiarity with the seller	Reputation of the seller	Locality of the seller/second-hand market	Proximity of the seller/second-hand market	Price of the product	Quality & appearance of the product	Brand of the product	Age of the product
Total	46	63	47	50	64	67	54	61
Mean	3.1	4.2	3.1	3.3	4.3	4.5	3.6	4.1
Median	3	4	3	4	4	5	4	4

Table 4. Comparison of Drivers of Online and Offline Second-Hand Purchases

Online over offline	Rank	Offline over online	Rank
Convenience	1	Trust	1
Better prices	2	Convenience	3
No commission for agents	4	Better prices	3
Fast process	3	Fast process	3
Variety	3	No access to internet/technology	5



an important driver of purchase decision ; trust and familiarity with the seller were reported as the key determinants of buying decision for offline channels. For both online and offline markets, the speed of the process was not a major parameter. The understanding is that in the online channel, the purchaser has to wait to meet the seller ; whereas, in the offline channel, the buyer has to spend time to search in different shops.

(4) Bad Experiences : Q. 9 to Q. 11 of questionnaire set 1 rated customer experience on different parameters. The responses revealed that authenticity of pricing was not a major issue - only 13% respondents felt they were probably over charged, while 53% felt they were not over charged. However, as many as 33% were unsure, and 14% were suspicious of the quality of the product for the price they had paid. Haggling over prices was not a major issue; only 27% buyers faced it. A possible reason is that the seller and buyer can easily communicate intentions over mobile phones through messages or mails and avoid bargaining in person.

Q.15 of questionnaire set 1 assessed the buying experience of customers on OLX on various parameters (Figure 2).Buyers were satisfied with the website performance in terms of speed and ease of use. The key gap areas identified are: lack of sufficient details required for the purchase action, apprehension of unsafe transactions on the website, and low trust on sellers.

The relationship between user rating on the above parameters and overall rating of the website was analyzed

using ordinary least squares multiple variable linear regression. The coefficients of different parameters provide the respective incremental change in the overall rating if they are satisfactory for the user with respect to the scenario where they are unsatisfactory. Hence, they provide a credible metric to assess the users' perception of the importance of these parameters for their overall rating of the website. Promptness of responses for the posted-advertisements was identified as the most significant factor, closely followed by trust issues and safety of the transactions. Details of the products were also fairly important to the purchasers.

Analysis of Seller Behavior

(1) Drivers of Used- Goods Sale : Q.3 of questionnaire set 2 intended to find the most compelling factors in sale of used goods. It was observed that mostly people sold a used product once its utility for them expires. Relocating to a new place/ house was equally important in driving second-hand sales. Need to purchase a new product in place of the existing one was ranked next. Need for money and space crunch were ranked last.

(2) Relevant Factors in Second-Hand Sale Process : Q.4 of questionnaire set 2 assessed which factor was important for a seller while making second hand sales. Sellers were found to be mostly indifferent to the factors suggested to them (Table 5). The sellers did not attach importance to buyer familiarity, or to location and proximity of second-hand market. However, among the given factors, quality was found to have some importance for the seller. Sellers are perhaps conscious of product quality to ensure ready buyers.

(3) Drivers of Online and Offline Second-Hand Sales - A Comparison : Q.7 and Q.8 of the questionnaire compared the drivers of used-goods sales online vis-a-vis offline. The Table 6 shows that convenience was an important driver of the decision to sell online. The seller is spared the task of finding the correct shops and spending time in displaying items. Online sellers believe that they get better prices online due to increased and direct interaction with buyers. Middle-men are eliminated from the process. Offline sellers find a different type of convenience in physical markets; the used product can be instantly liquidated. The middle-man makes immediate payment to the seller and the seller does not wait for a potential buyer. Hence, in both online and offline markets, technology is not a constraint.

Table 5. Relevant Factors in Second-Hand Sale Process

Factor	Familiarity with the buyer	Self-assessed price product	Locality of the buyer/second-hand market	Proximity of the buyer/second-hand market	Quality & appearance of the product	Brand of the product	Age of the product
Total	52	56	49	56	62	54	58
Mean	2.7	2.9	2.6	2.9	3.3	2.8	3.1

Table 6. Comparison of Drivers of Online and Offline Second-Hand Sales

Online over offline	Rank	Offline over online	Rank
Convenience	1	Trust	3
Better prices	2	Convenience	2
No commission for agents	5	Better prices	2
Fast process	4	Fast process	2
Large no. of potential buyers	3	No access to internet/technology	5

(4) Experience of Online Sale : Q.9 and Q.10 were used to rate the selling experiences of users on different parameters. Responses indicate that sellers were mostly happy with the kind of returns they received. Only 16% of the respondents felt that they did not get good returns, and 58% were happy with the deals they got. However, they felt they had to haggle a lot while dealing with buyers online.

Analysis of Potential Users' Behavior

(1) Drivers of Potential Purchases : Q.2 of questionnaire set 3 studied the drivers of potential online purchases by current non-users. These potential customers are those who had either indulged in physical sale-purchase of used goods or who had not done so, but intended to do so. Increased affordability and greater product variety are the two most important factors which attract potential customers to buy/ sell second-hand goods online (Table 7). This indicates price-sensitivity.

(2) Factors of Potential Buying Process : Q.3 of questionnaire set 3 determined what factors a potential customer gives importance to while buying second-hand goods. The top three factors are quality, age of a product, and seller's reputation (Table 8). Other factors, such as price, brand, and locality are closely important. Since the consumers had not transacted actively, he/she perhaps attached importance to all factors to be on a safe side. Also, he/she may be unable to differentiate between different factors due to lack of experience.

(3) Factors of Potential Sale Process : Q.5 of questionnaire set 3 was used to assess the factors important for a seller while making second-hand sales online. Quality and age of the product were important for potential sellers (Table 9). They also held self-assessment of product's price as important. If the seller ascertained a price that was not worth the effort to sell, he/she would continue to keep the product, or give away for free.

Table 7. Drivers of Potential Purchases

	Lifestyle	Affordability	Variety	Convenience	Staying up-to-date
Total Score	102	152	128	116	90
Mean	2.8	4.2	3.6	3.2	2.5

Table 8. Important Factors for Potential Buying Process

Factor	Familiarity with the seller	Reputation of the seller	Locality of the seller/second-hand market	Proximity of the seller/second-hand market	Price of the product	Quality & appearance of the product	Brand of the product	Age of the product
Total	108	76	76	120	88	36	72	52
Mean	4.2	4.4	3.9	3.7	4.2	4.7	4.3	4.6

Table 9. Important Factors for Potential Sale Process

Factor	Familiarity with the buyer	Locality of the buyer/second-hand market	Proximity of the buyer/second-hand market	Self-assessed price of the product	Quality & appearance of the product	Brand of the product	Age of the product	Familiarity with the buyer
Mean	2.7	2.9	3.3	4.2	4.3	4.2	4.3	2.7
Total	98	106	118	152	154	152	154	98

Table 10. Comparison of Drivers of Potential Online and Offline Second-Hand Purchases

Online over offline	Rank	Offline over online	Rank
Convenience	2	Trust	1
Better prices	3	Convenience	2
No commission for agents	3	Better prices	3
Fast process	4	Fast process	3
Variety	4	No access to internet/technology	5

Table 11. Comparison of Drivers of Potential Online and Offline Second-Hand Sales

Online over offline	Rank	Offline over online	Rank
Convenience	1	Trust	1
Better prices	2	Convenience	2
No commission for agents	4	Better prices	4
Fast process	4	Fast process	4
Large no. of potential buyers	2	No access to internet/technology	5

(4) Drivers of Potential Online and Offline Second-Hand Transactions - A Comparison : Q.7 and Q.8 of the questionnaire set 3 compared the factors which drive purchase of used goods online vis-a-vis offline for a potential user of the online market. While the convenience factor favored online markets over physical markets, the trust factor made offline channel a more favorable choice (Table 10).

Q.10 and Q.11 compared the factors which drive potential sale of used-goods online and offline. Results similar to potential second-hand purchases are obtained for sales (Table 11).

(5) Perceived Experience for Online Markets : Q.12 to Q. 14 of questionnaire set 3 assessed potential customers' perceptions regarding online markets of used goods. Potential customers were primarily concerned with being cheated for product-quality combination (39%). This shows the lack of trust on the authenticity of displayed prices. Potential users were also worried about possible haggling (62%). Potential customers did not express much concern about being overcharged for the product, given its quality (13%).

Implications for Managers

The study set out to uncover ways through which OLX could increase traffic to the website. The findings of the study contribute relevant inputs for marketers in this regard. Some of these are summarized below:

(1) For Positioning : OLX should position itself as a *trustworthy* platform for *affordable purchases* of a *huge variety* of products. For an increased appeal with buyers and an improved buying experience, OLX should institute a mechanism for rating the sellers. High-value items, like vehicles, should undergo quality certification. This can be done by OLX-appointed product-inspectors. This service can be provided at a premium. Selling experience can be improved through additional features on the website, such as increased degree of customization in advertisements and video advertisements. Sellers can be provided with tools to block unwanted buyers who trouble needlessly. Sellers should be made aware of the different features available on the website for signalling acceptable price ranges. Mechanisms to avoid fake buyers should also be highlighted. A provision to verify the authenticity of the posted prices will preempt tiresome bargaining. It was observed that sellers were as conscious of product quality as were the buyers. OLX can use this insight to provide sufficient tools on its website to help sellers display the quality of their products.

(2) For Promotion : OLX should continue its focus on current communication channels, that is, television and Internet. Advertisements should target students and salaried employees in the age group 22 to 45 years. Sellers dispose products majorly due to relocation and diminished utility of products. Advertisements for OLX should highlight these usage situations. OLX should remind price-conscious consumers of the value locked in their unused products. Its communication campaigns, additionally, need to convince these potential users that the time and effort required for an online sale are minimal compared to the price that can be asked. Buyers, on the other hand, make second-hand purchases for their affordability. Therefore, OLX should highlight its *very* low prices in its marketing communications.

Conclusion

Solutions to the research problems we originally set out with are identified as below:

(1) To Gauge the Needs of Potential and Actual Customers : The following needs were identified for:

- ✦ **Online Buyers :** Reputation of the sellers, price, quality, and appearance of the product.
- ✦ **Online Sellers :** Quality, appearance, and age of the product.
- ✦ **Potential Buyers/Sellers :** Quality, appearance, and age of the product.

(2) To Determine Purchase Drivers : The following purchase drives were identified - convenience and better prices (for online buyers, online sellers, and potential buyers/ sellers).

(3) To Uncover Users' Expectations from an Online Classifieds Website (Specifically, OLX) : Existing buyers gave the highest preference to convenience of finding products at lower prices. However, many respondents preferred offline sources which are perceived to be more trustworthy than online sources.

(4) To Measure the Ease and Effectiveness of Posting Advertisements on OLX : Responses showed that most of the users were satisfied with the speed and interface of the website. They were satisfied with standard templates for posting advertisements due to their ease of use. However, a small number of sellers demanded customized templates to post video advertisements.

(5) To Determine the Target Segment of Customers for the Purpose of Positioning of the Marketing Program : One of the most influential reasons for sale and purchase of second-hand products is job-transfer and relocation. Potential customers included students and salaried employees aged 22 to 45 years.

Limitations of the Study and Scope for Further Research

The present study was carried out for the urban geographies. Since online used-goods markets are targeting expansion into tier 2 and tier 3 cities, as well as rural regions, this study may give an incomplete picture.

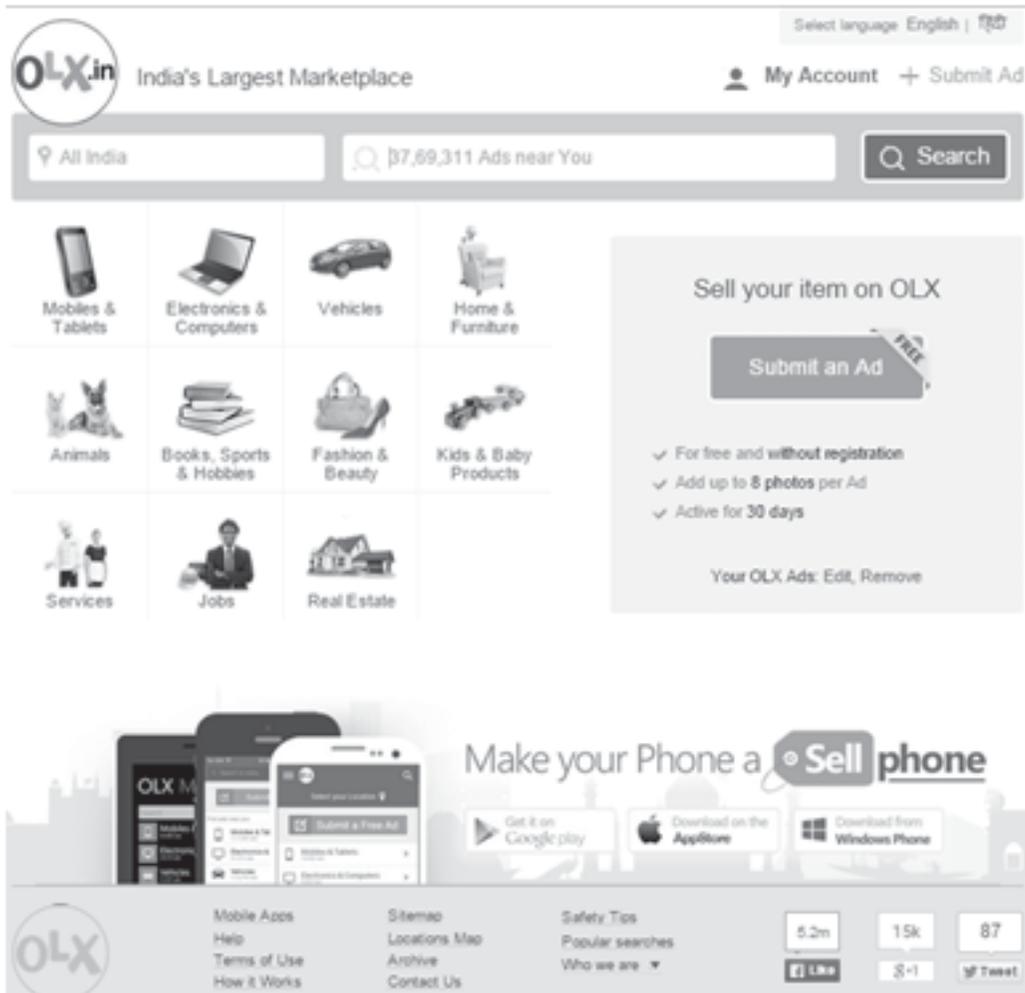
Further research can be conducted for rural geographies. Future research may be conducted to uncover any relationships between user demography and purchasing behavior. Simulations and experiments can be conducted to expose the respondents to near-actual environment before recording their responses. This will help the research document the actual behavior along with the intentions.

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APPENDICES

Appendix Figure 1. OLX Portal



Source: www.olx.in

Appendix Table 1. Research Matrix

DECISION PROBLEM	RESEARCH PROBLEM	RESEARCH QUESTIONS	INFORMATION SOURCES	DATA ANALYSIS
What should OLX do to increase traffic on its website?	1. To gauge needs of potential and actual customers. 2. To determine purchase drivers.	1. What is/are the major factor/s which a customer consider(s) while buying on OLX (Price, testimonials, brand, variety, geography, trust, etc.)? 2. What are the different needs for buying on OLX (job transfers, tenants, cost-constrained, aspirations). 3. Given the prospect of buying from strangers and price haggling, will a customer buy from OLX? 4. What is the role of the increasing middle class population in the development of the second-hand market?	1. Primary - Internet survey of a sample of OLX buyers. 2. Primary - Focus group interview . 3. Primary - Interviews of traditional second-hand product sellers (used mobiles and vehicles market). 4. Secondary - Study of consumer reviews from websites like techenclave.com	1. Analyze the consumer preferences to rank the purchase factors and assess the value of each attribute (element). 2. Determine whether the Indian market is equipped to tap the market potential of second hand industry by means of online portals like OLX. 3. Determine the similarities and differences in traditional and online second-hand market to create differentiated offerings.
	3. To uncover users' expectations from an online classifieds website (specifically, OLX).	1. What is the major benefit expected by a customer who visits OLX for a purchase? 2. What are the shortcomings of current services provided by OLX? (issues like lack of localization, standardization, fake buyers, price haggling, etc). 3. Is the customer willing to buy used products from strangers?	1. Primary - Internet survey, 2. Primary - Focus group interview, 3. Secondary - Analyzing feedback on consumer forums.	1. Rank customer (buyer) grievances to prioritize top features of the portal. 2. Analysis of most offered/purchased product segments across the existing product mix.
	4. To measure the ease and effectiveness of posting advertisements on OLX.	1. What features do sellers seek from OLX (product specifications, standardization, left-over life, etc)? 2. What are the problems faced due to putting up of contact number on the advertisement (haggling over price, disturbing at any time, product checking, etc)? 3. What is the utility of having standard templates for different product-categories? 4. What is the scope for making Ads more attractive? 5. Seller Segmentation.	1. Primary - Interview with advertisers. 2. Secondary - revenue model of the industry. 3. Primary - Focus group interview with customers (sellers on forum).	1. Analysis of seller-experience based on ease of transaction, price realized, etc. 2. Analysis of various selling situations (job-transfers, discarding unused items from households, etc).
	5. To determine the target segment of customers for the purpose of positioning of the marketing program.	1. To determine the characteristic features of the active users of OLX? Do they have any common traits? 2. What is the frequency of purchase of second-hand goods by various customer segments across all channels (business, students, professionals and families)? 3. What are the major product segments of this industry and what are the differentiating factors driving them?	1. Primary - Internet survey. 2. Primary - Focus group interview. 3. Secondary - Study of online portals like techenclave.com 4. Secondary - other online forums for second hand market.	1. Ranking product categories and focusing on improving user experience for the top ranked categories. 2. Ranking willingness, trustworthiness, etc of customers in various segments.

Appendix Figure 2. Snapshot of 'Sell Phone' Advertisement



Source: Abhinav04 (2014). Video file. Retrieved from <https://www.youtube.com/watch?v=KPsuoqGTV8I>

Appendix Table 2. Focus Group Discussion Details

Informant -	1	2	3	4	5
Gender & Age	Male, 40s	Male, 20s	Male, 20s	Male, 30s	Male, 30s
Profession	Security Guard	Student	Student	Student	Student
User status	Non-user	Non-user	User	User	User
Perception of usage ease	May be difficult	May be difficult	Easy, cluttered	Easy, Intuitive	Easy, simple
Perception of sellers/buyers	Transact with known people	Might get cheated	Good experience	Satisfactory experience, can be bad	Satisfactory experience
Transaction Issues	-	-	Not significant	Too many calls, got irritated	Too many calls
Perception about prices	-	May be high	Decent price level	High price	Value for money
Preferred product categories	-	Books (possibly)	Mobiles (did not try other categories)	Home appliances, bikes	Low value items books, furniture