

Research on the Relationship between Second-hand Market and Consumers

Yuxin Ge^{1,†} Chenyang Li^{2,†} Jinhui Li^{3,a,*,†}

¹ *No.1 Middle School Suzhou Jiangsu Province, Suzhou 215006, China*

² *Fushun No.10 Senior High School, Fushun 113004, China*

³ *Nanjing Commercial College, Nanjing 210036, China*

a.cherrypink@stu.sqxy.edu.cn

**corresponding author*

†These authors contributed equally.

Abstract : In the era of consumption upgrading, people are faced with abundant materials, also produced by over consumption of idle goods. With the increasing scale of second-hand goods circulation places, second-hand market ushered in the new problems and opportunities. While using low price as a gimmick to attract users, it exposes various problems, such as poor after-sales service, false promotion and poor product quality. At present, the main problem in the development of second-hand markets is that users do not trust websites. How to take effective measures to strengthen consumers' trust in second-hand markets is an urgent problem to be solved at present. The trust relationship between seller and consumers is a problem for further study. With the remarkable growth of the network and the rapid development of social e-commerce, strengthening trust has become increasingly important, and the trust relationship has become increasingly fragile under the influence of multiple factors. Second-hand markets might be beneficial to attach importance to customer complaints, correctly handle disputes, ensure the security of transaction payment, optimize return and exchange services, and protect customer privacy. It can optimize group bargaining mode, make significant strides in the interaction, sharing and exchange between consumers and friends with amusing consumption experience.

Keywords: second-hand market, problems, opportunities

1. Introduction

Second-hand market is a special market different compared with others, from which people collect their idle goods and buy, sell or change with each others. The supply is who sell idle old articles and the demand is who need to buy secondhand materials. It is split into two types, online and offline business model. Due to the acceleration of economic development and the mobility of daily necessities and the accumulation of groups, although the development trend of second-hand online trading market is no less than that of ordinary product sales portals, due to the depreciation rate and harm of second-hand goods, the product performance cannot be marked as new products, hence consumers can see at a glance, even a large number of sellers and buyers hope to enter the inactive secondary market.

2. Information of Second-hand Market

2.1. Provide Useful Products for Customers

The buyer plus the seller with the product itself and the market behaviors equals to the cause. So the reasons for the secondary market is the low price in the market and consumers are inclined to buy the goods in need. For example, it can clearly find out rational purchase decision of house purchase for buying secondhand house, because at present, the accumulated transaction volume of China's secondhand housing market has exceeded 30 trillion RMB, and the secondhand housing transactions in core cities have surpassed the new ones as the dominant. After reading the articles and collecting data, we can find that the market is receptive to secondhand housing estates with shorter housing ages, which is often regarded as secondary new housing estates, because such houses are exempt from personal income tax and value-added tax with lower transaction costs. In addition, the shorter the housing age, the more reasonable the residential design and the more comfortable to living will be.

2.2. Meet Customers' Needs

For consumers, not only can they save a lot of money, but they can also buy many products they like but don't have enough money to buy new products. This has also shaken the past people's "face-loving" consumption psychology, and secondhand trading has gradually become a relatively mature and rational consumption concept. The secondhand mobile phone which accounts for the highest proportion of transaction as an example. Every three to six months the function configuration of the smart phone will be changed greatly. In China's market with diverse consumption structure, first-tier and second-tier cities are not only the main market for the circulation of secondhand goods, but also the supply side of secondhand goods and the sinking market is becoming the inflow place. Namely is the attribute of the market plus the factor of buyer.

2.3. The Perceived Scale of the Market

Take China as an example, from 2017 to 2022, China's second-hand idle goods trading market will show an increasing trend. In 2017, the national second-hand idle goods trading market was 570.781 billion yuan. In 2021, the national second-hand idle goods trading market was 1,284.281 billion yuan. From the perspective of consumers, most of them were 26 ~ 35 years old after the 80s and 90s. These people are in the early stage of their careers, and their wealth accumulation is limited. They can trade idle goods to diversify more cost-effective goods. Quick search through the online portal can quickly find buyers in need, and convenient online communication can also help users sell goods faster. Among them, electronic and electrical products are the largest trading varieties. In 2020, the transaction amount of electronic and electrical products accounted for 41.34%; The transaction amount of furniture, clothing and fashion products accounted for 25.13%; the transaction amount of daily books and other categories accounted for 32.12%. Luxury goods only accounted for 1.41%.

3. Cognition of Second-hand Market

3.1. The Popular Products in the Market

Luxury Goods. Nowadays, in order to satisfy the current desire and certain vanity, more and more people like to buy luxury goods to symbolize their identity and show their social status. However, due to their limited economic strength, they cannot afford the expensive, new luxury goods, so they will choose to buy in the second-hand market.

Second-hand Cars. Since most office workers do not have the ability to buy a new car, they will choose to buy used cars. At the same time, they are most interested in the features of the car, how to maximize fuel economy to reduce costs, and not spend too much money on maintenance. Secondly, in order to meet business needs, but at the same time the budget is limited, the price of luxury new cars makes them hesitate, in this case, they will choose to buy second-hand brand cars.

3.2. Get the Product at a Lower Price

One of the most obvious things people feel about the second-hand market is that they can buy higher-value products with less money. This is because some of its value has already been used, and the surplus value determines its price. But this does not mean that second-hand products are devalued. Take luxury goods as an example, 98 %new and 99% new products, there is not much difference between them and those purchased from the counter and they can be obtained at a more favorable price. This kind of transaction do not affect earn profit from sellers and buyers and is also an efficient and economical way to consume. On the other hand, it also exposes a shortcoming of the second-hand market that is uneven quality, some second-hand products of very poor quality, there are also a lot of fake products in the market. For seller, consumers' views on the quality and price of goods reflect trust. If the price is too high, the low-income user group will decrease and the products traffic will decrease. The traffic is linearly related to the trust trend. When the traffic decreases, the trust trend will decline. Since most secondhand market items are better and cheaper. It also forms special groups with the same interests and interests, and this feature also guides users to buy or consume goods from a social market perspective.

3.3. Save Consumers' Time

Both online and offline platforms for second-hand car trading have saved consumers' time to varying degrees. As an increasing number of products are available for consumers to choose from, online trading platforms can enable consumers to quickly find products that meet their needs, thereby saving them time and cost [1]. The second-hand car trading platform ensures the safety of funds and provides consumers with more payment options. The advantage of offline trading is that buyers can choose sellers for face-to-face communication and negotiation, thereby more directly experiencing the advantages and disadvantages of the product, and changing a single payment method within a consensus [2]. The transaction process of purchasing a first-hand car is cumbersome and time-consuming, with a single transaction method. Trading in the secondary market can indeed save buyers numerous time. There are two main reasons for this, namely, the diversity of secondary market products and their flexible payment methods [3]. Such a convenient second-hand car market provides convenience for consumers. As the scale of the second-hand market expands year by year, the types of luxury goods circulating in the market are becoming increasingly rich. Customers with purchasing needs can have more options in this market and save waiting time when purchasing at the counter because it is already sold out [4]. Such a convenient second-hand car market provides convenience for consumers. The transaction process of purchasing a first-hand car is cumbersome and time-consuming, with a single transaction method.3. The influence of customers on the market. Customers are absolutely significant to the market, and customer consumption can form a market. Without customers, there is no market.

4. The Importance of Customers on the Market

4.1. Analysis on Different Consumers' Willingnesses

Habitual Type. They always would like to buy items of a certain regular brand. They trust and conversant these production from the brand and formed a habit of purchasing without thinking and choose. For example, some people smoking, they regularly buy and smoke cigarettes from one or more brands because they feel good about this brand or believe that the quality of this brand is stable.

Rational Type. They based on their own experience and knowledge, carefully analyze, compare the same things with other different stores, and make decisions about their purchases. In the process, consumers are highly subjective and do not want unexpected people to intervene. Also, they usually have moderate economic conditions even have much money, they only want to buy the most cost-effective things.

Economic Type. When selecting and purchasing products, they usually consider them from an economic perspective. Due to limited economic conditions, we are very sensitive to the price of products. Most of this type consumers have not too much money so they usually don't pursue quality, just look at whether the price is cheap. For example, some middle-aged and elderly smokers in countryside have long developed a frugal habit, preferring to low-cost cigarette brands, and are very sensitive to the price of these brands. I presume that these people are the main consumers in the secondary market.

Impulsive Type. Most of consumers have a rapid psychological response and this personality factor is impulsive when reflected in the implementation of the purchase. This type of behavior is susceptible to the impact of commodities, appearance quality, and advertising. It is primarily intuitive, and new and fashionable products have a greater attraction for it. Emotional type consumers buy somethings that they need and they generally have deep emotional experiences and the imagination and association power are particularly rich. Therefore, when purchasing a product, it is easy to be influenced by emotions and induced by sales promotion. Whether to purchase a product is often determined based on whether its quality meets its emotional needs.

Irregular Type. This buying behavior often occurs among new buyers. They lack purchasing experience and have unstable purchasing psychology, often purchasing at will or under orders; When choosing and purchasing goods, most of them have no independent opinions and show a loss of words and deeds. Consumers who engage in this type of purchasing behavior are generally eager to receive the help of product introductions and are vulnerable to external influences.

4.2. Purchasing Factors that Influence Consumers

There are roughly two types of purchasing factors that affect consumers: personal factors and psychological factors. Psychological factors are the above seven types. Personal factors generally include age, gender, race, ethnicity, income, family, situation, and so on. Random factors refer to the specific occasions and a series of conditions that consumers encounter when making purchasing decisions. There is time and space, and consumer purchasing decisions are made under unexpected circumstances. For example, someone may want to book a ticket to spend their last few days with their dying relatives. Or the occurrence of a situation that will delay or shorten people's decision-making process, for example, someone want to buy a new mobile phone, if the brand will introducing new pattern, after the new model is just introduce, the price of the old model will be reduced soon. Some people will wait until the new model comes out and by the old model.

5. The Factors that Affect the Development of the Second-hand Market

5.1. Trust of Buyers in the Seller

In recent years, China's electronic second-hand idle trading market has developed rapidly. Although the commodities are mixed with each other on trading platforms, electronic second-hand trading market software in China greatly ensured the buyer's trust to the seller. First, a security center platform is added to the software to provide fraud compensation protection services, so as to bridge the status gap between buyers and sellers in the transaction process caused by information asymmetry in the second-hand idle market, and to protect the rights and interests of consumers. Second, the trading platform requires real-name authentication, and sellers can release idle items only after being authenticated by facial recognition technology, which ensures to the greatest extent that every person traded by users on the platform is real and improves the credibility of sellers.

5.2. Asymmetric Information between Buyer and Seller

The Phenomenon of Asymmetric Information. The rise and prosperity of the second-hand market has provided convenient channels for activating idle resources. Through the second-hand market, unused items can be turned into treasures, purchased from others at relatively more cost-effective prices, and accumulated idle items can be sold at discounted prices [5]. The market is flooded with discrete types of goods with different quality. With the arrival of the new economic era, the role of information in the market economy is more prominent than ever before, and the study of information asymmetry is increasingly necessary. Sellers in the market have sufficient information about second-hand goods, while buyers have incomplete information about the goods. In economics, this phenomenon is called information asymmetry [6]. Information about these situations is fully understood and mastered by the seller of the product. It is impossible for buyers in the market to fully grasp the quality status information of discrete goods, because discrete goods vary greatly. As a result, the phenomenon of information asymmetry has emerged in the secondary market [7]. Thanks to adverse selection and moral hazard gave rise to by information asymmetry, even if there are a large number of voluntary sellers and buyers in the secondary market, the market is in an inactive state.

Information Distrust. Due to information asymmetry, buyers do not trust the information provided by the seller, and the seller can only make a unified pricing in the light of the average quality level of all goods on the market. Whereas, the average pricing in this market is distorted relative to most of the used goods on the market because it deviates from the value information contained in each product [8]. Market prices overestimate the value of second-hand goods that are below average in terms of quality and newness. "For goods with higher quality and older than average levels, if market prices underestimate their value, sellers will be reluctant to sell their goods at a lower price, and their willingness to sell will weaken" [9]. And as time goes on, some of these relatively high value commodities will exit the circulation market. As some high value commodities exit the market, the average level of commodities in the entire market decreases, and market prices decrease. For the same reason, another batch of high value goods withdrew from the market.

Negative Impact of Information Asymmetry. The vicious cycle and asymmetric market information will lead to two negative impacts on the market. Initially, defective products will overflow and flood the market. In addition, the market will continue to shrink and then disappear. The failure and inability to achieve the functions of general market economic laws and market dynamic equilibrium [10]. On the basis of traditional economic theory, when supply exceeds demand in the market, prices tend to decline, resulting in a decrease in supply and an increase in demand, thereby filling the gap between supply and demand. In the second-hand market, when supply exceeds

demand and prices decline, the demand for second-hand goods does not increase accordingly. The market operation mechanism described in classical economic theory has failed, and its essence lies in information asymmetry [11]. The price in the second-hand market is a reflection of the value of the average old and new degree and comprehensive quality level of all second-hand goods. Stimulated by price cuts, consumer demand has not increased accordingly.

5.3. Circulation of Goods

Balance Mechanism of Market Itself. Due to the failure and defects of the market's own balance mechanism in regulating the circulation of goods, it is urgent for the secondary market to take a series of measures to make up for the shortcomings of the market mechanism. There are manifold ways for the second-hand market to intervene in the logistics of goods [12]. A classic example shows that establish a unified market access mechanism, raise the threshold, and substantially make significant strides in the quality of goods circulating in the market. In addition, by using mandatory means to require sellers to disclose certain urgent information, deceptive behavior is reduced [13].

Refund and Punishment Mechanism. The secondary market has established a refund and punishment mechanism to regulate the behavior of market participants. By establishing a refund and punishment mechanism, buyers can be compensated when their interests are damaged, while forming a deterrent effect on sellers, guiding the market towards orderly, standardized, and honest development. Register seller information through real name and perform identity authentication to effectively prevent security risks in transactions [14]. The second-hand market builds a second-hand trading platform to collect and trade second-hand goods anytime and anywhere, which solves the limitations of second-hand commodity suppliers in terms of trading time and energy. It provides low-cost and practical items for students in urgent need of second-hand goods.

Establishment of Intermediary Platform. The establishment of an intermediary platform breaks through the original barriers of time and space, making full use of resources. After establishing an intermediary organization, the second-hand market does not need to spend most of its time and energy regulating and regulating market order, but only needs to manage and supervise the intermediary platform [15]. A fully competitive market is necessary. Ensuring full competition in the market is a way to compensate for the failure of some market function.

5.4. The Protection of Personal Privacy on Some Online Platforms

With the development of the Internet and the upgrade of fraud technology, a variety of fraud techniques emerge in an endless stream, such as unknown software and unknown sources of fraud link layer. Therefore, buyers in the process of shopping, users can first consider whether the website will be good protection of personal privacy before deciding whether to sign up for use, and emphasize their need for the security of the transaction. At the same time, it is necessary to double-check the identity information of the seller to make the transaction, so as to prevent being cheated. The uneven quality of the second-hand market is also a big hole in the second-hand market. Sellers are random individuals with a large base, and the supervision burden of seller information on the platform is relatively large. Compared with brand new products, it is difficult for the platform to control the quality of second-hand products. The second-hand idle platform lacks a unified standard. Except for the second-hand idle trading platform in vertical industries, most operators of the online second-hand trading market lack the cognition of the commodities traded on the platform. Since they have not seen the real goods before the transaction, the role of the platform is only reflected in the restriction on the performance of the agreement between the two sides of the transaction.

6. Conclusion

On the whole, owing to the rise of new objects, there are weak management, protection, and regulation. Despite the huge potential of the second-hand market, the risks existing in market transactions are increasingly infringing on the legitimate rights and interests of consumers. For a long term, there have been problems with the opaque information of business entities in second-hand transactions, leading to consumer concerns when purchasing second-hand cars. This paper explains the phenomenon of goods circulation from both theoretical and practical perspectives by depicting marketing information to save the searching costs. Based on the actual situation, it discusses the reasons and solutions for the existence of information asymmetry. Initially, the quality of users and the level of platform supervision need to be improved if the second-hand idle goods trading market continues for healthy development in the future, it is best for sellers to avoid information that may reveal personal privacy when publishing. The buyer and seller ought to use the communication tools recommended by the platform, e.g., the virtual call numbers. The platform can strengthen monitoring through technical means, make significant strides in the post tracking function, strengthen corresponding management systems, and disclose relevant market information through the network.

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