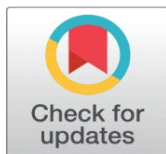
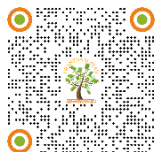


CHANGING CUSTOMER INTENTIONS AND BUYING BEHAVIOUR FOR SECOND-HAND GOODS IN EMERGING ECONOMIES – A WAY FORWARD TO SUSTAINABILITY POST-PANDEMIC

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ABSTRACT

Purpose: With the recent development in technology, the market of second-hand goods has widened to online platforms, which has provided consumers with more choices. This research paper examines the various factors that influence the buying decision of consumers for second-hand goods and how a shift from offline to online platforms has added to more sustainable growth in this sector. The study has analyzed how brand, price, risk, etc. influence the customer's buying behavior for second-hand goods.

Methodology/approach: For this purpose, a Conjoint Analysis statistical technique is used to prepare the questionnaire for the survey to determine how consumers value different attributes (features, benefits, functions) to an individual product or service. The objective behind using conjoint analysis is to understand what combinations of a limited number of attributes, influence the most to customers.

Findings: For the purpose of research survey was conducted on 100 people to understand their changing behavior towards second-hand goods and factors they keep in mind while purchasing the same. The study has found that around 78% of consumers prefer to buy branded second-hand products and between price and quality, they are more favorable towards cost-benefit. The study also revealed that consumers are shifting from offline to online markets as it helps them in cost-cutting and saving time. With increased preference for secondhand goods, long-term environmental sustainability can also be ensured to reduce wastage.

Practical implications: This study can help the second-hand goods industry like e-bay, Z-good and other online platforms in formulating different strategies to maximize the sales of second-hand goods and in decision making while making various strategies. As this study is focused on understanding consumer intention, this will help the management in building a sound consumer base.

Originality/Value: Though various research has been done related to the second-hand goods market, understanding the consumer's willingness to pay and the perceived quality of the product has not been studied intensively. Also, sustainability and second-hand goods have not been researched thoroughly.

Keywords: Consumer Behavior, Second-Hand Goods, Sustainability, Purchase Intention

1. INTRODUCTION

Buying and selling of Second-hand goods is something that has been done in the human society for ages. Second-hand goods may be defined as the reuse of old products while maintaining its original functionality. In recent times due to the global health pandemic and financial crisis second-hand goods market records a huge boost. According to the study of Business Standard, 54% of the potential buyer who were planning to buy a new car pre-pandemic are now seeking to buy a second-hand car after the pandemic. Different studies show that customers' habits of purchasing goods are changing, and the consumption of second-hand goods are increasing. Here the question arises why customers now prefer second-hand goods? There may be infinity answers to this question. One of the reasons is the customer now has become smarter and the need maximum value of their money. The other reason is that now there are environmental concerns in the minds of the people. Using second-hand goods will save resources and help the economy to maintain sustainability.

1.1. OFFLINE MARKET

It is the traditional market that includes retail shops, dealers, pawnshops, etc. In this mode one to one conversation takes place and there is a personal touch. The customer can check the product thoroughly until he is fully satisfied.

1.2. ONLINE MARKET

It includes online platforms like eBay, OLX, 2gud, etc. There is no one-to-one conversation, and it lacks a personal touch. The buyer can't touch or feel good. He can only make an estimate of the condition of the good through the pictures. The online market is generally used in an urban area where people do not have time to go and search for the product.

However, the growth of the internet combined with the introduction of new affordable electronic devices have given a huge boost to the online market in the past 10 to 15 years.

2. FACTORS AFFECTING CONSUMER BEHAVIOUR

There are various factors that affect the buying decision of the buyer. These factors may differ according to the age, gender, income, surroundings, and intention of the buyer. For example, a young person gives more importance to the style of the product while an old age person may prioritize reliability over style.

Some factors are listed below:

- 1) Price:** It is the most important factor that the customer takes into account while purchasing second-hand goods. Why will a person purchase second-hand goods? Why will he search for second-hand products then he can buy new ones which are easily available. The main reason is the price. The second-hand goods are generally 50% cheaper than the new one. Price of the good can affect the buyers behaviour in various ways like when the price of the product is higher, the customer will try to search more information about the product.

- 2) **Brand:** Brand helps the marketer to distinguish his product from other competitors. Today the quality of the product is judged by the brand of the product. Nowadays the consumers show the trust on the product by its brand name. For ex-Apple products are considered to be superior to its competitors. Customers easily get confused which product they should buy when all the products have the same features and similar prices. This is when the brand factor comes into play.
- 3) **Risk:** There are different types of risk that are involved in the purchase of the product. Moreover, second-hand goods are more associated to risk as these goods generally do not have warranty and after-sale service. Specific type of risk is associated with specific market. For ex if a customer purchase second-hand goods from the online market the customer can feel different risk like financial risk (ex: Is it safe to pay online?), Product delivery risk (ex: will the purchased product come in time?), Product quality and performance risk (ex: Is the product quality and performance is same as it is mentioned?) Convenience risk (ex: is it easy to return the product?).

Apart from the above factors, many other factors affect consumer behaviour. Like the customers who are purchasing product from the online market generally do a lot of research and pay more attention to the product's specs. The gender also plays an important role in the behaviour of the customer. Like the girls are generally attract towards pink colour and the boys prefer blue. The psychology of the customer has great impact on its buying behaviour like a person may think that if he purchases and uses a second-hand good then his status in society would decrease. Trust often plays an important role in the purchase decision of second-hand goods. A number of cases are seen every day regarding fraud with consumers where a consumer is deceived by a defective product. These incidents can be controlled in the offline market but are unavoidable in online market where both parties are unknown to each other. Due to this, consumers are very careful while purchasing second-hand goods and they prefer to buy second-hand products only from some known person. But recently, a change in this trend has been seen. Online companies are coming with new methods and techniques to cope up with this problem.

Some of the strategies used today are:

- **Excellent return policies:** Customers view generous return policies as an indication of superior customer service. They immediately reduce the potential risks associated with internet shopping. Acting as a middleman, online companies are making such policies that empower and protect both the sellers and the buyers.
- **Better customer care services:** When the customer is confused about a product, he/she might enquire about the same from the company. So, it is important to solve all their queries thoroughly and timely. These small things provide satisfaction to consumers and improve the image of the company.
- **Detailed information of the product:** Customers are more likely to make a purchase if they have more information about the product they are considering. Being explicit about the product's features expedites decision-making.

3. CASE STUDY

In the Second-hand Mobile Market consumer trust plays a very vital role. Since data is becoming the new currency, consumers are becoming more conscious about their data being misused. If the consumer sells his/her mobile phone in the market, there is a concern that data on their old devices might be accessed or compromised after trade-in. This mistrust among global consumers could be attributed in part to recent high-profile incidents of data misuse, such as the Facebook and Cambridge Analytical scandals. Therefore today, companies have established systems where old phone data will be completely erased and then sold to new buyers.

Flipkart's concept of refurbished products is a good example of it

These methods are very helpful to increase the trust of consumers due to which consumers are inclined toward second-hand products.

4. LITERATURE REVIEW

Since the 14th century, it has been possible to purchase previously owned items. Due to the rapid spread of the black plague during this period, Europe was experiencing a severe economic depression [Brown and Wahlers \(1998\)](#). This results in an increase in the sales of used items. Due to poverty, many individuals sell their used clothing. Then, until the 18th century, there was a development of second-hand items, but after that, due to industrialization and technological advancement, the creation of new goods grew rapidly, making them readily available on the market. People used to have preconceived notions about previously used things, believing that they were inferior products.

Now, due to recent technological changes like online platforms for shopping, available information on the internet, second-hand purchasing of goods can be seen on a mass level [Young et al. \(2010\)](#). Today we can find every product on the internet anytime at an affordable price. One of the biggest C2C platforms E-bay, where we can find many second-hand goods traded, reports 124 million users worldwide. The market of second-hand goods has played a very important role in extending the use of many goods through reuse, resale, recycling, renovation, and many new uses, also through which we can attain the goal of sustainable development [Mostafa \(2007\)](#). It is also seen that while purchasing of second-hand goods people mainly focus on the offline market as it has its own advantage and ignores the online second-hand market. Studies related to the behaviour of consumers are still in their developing stage [Rahman et al. \(2018\)](#). Though a literature review has been conducted with focus on second hand goods. A brief review of some studies is given below.

A study by [Brown and Wahlers \(1998\)](#) identifies three types of consumers: product seekers, political watchdog, and recyclers. Product seekers are those who are willing to purchase only environmentally safe products, political watchdogs are those who did not bother about products they are supporting environmental causes and recyclers are those who are currently recycling their products [Subramanian and Subramanyam \(2008\)](#). [Guide and Li \(2010\)](#) they study on the consumer's Willingness-to-pay {WTP} on second hand products through auction on the E-bay site by using auctions. And the result of their study comes the consumer willingness-to-pay for second-hand goods is lower than compared to new products. [Michaud and Llerena \(2011\)](#) also study on the consumer's Willingness-to-pay but with reference to when customers are well informed that these second-hand products are green products (Eco friendly) [Wang et al. \(2013\)](#). The results were amazing.

Authors find that after knowing the information, customers value second-hand goods more than normal products. However, they are not willing to pay premium charges for them [Hristova \(2019\)](#). [Hazen et al. \(2012\)](#) the author wants to find the reason for consumers lower level of willingness to pay for second-hand goods [Hristova \(2018\)](#). The result shows that due to doubtfulness about remanufacturing process they don't want to pay high price for second hand good. One more study by [Wang et al. \(2013\)](#) the author wants to study the reasons of the intentions of purchase of second-hand goods in the Chinese context. The result of the author shows that intention of purchase is directly influenced by the attitude of the customer and the behavioural control. And it is indirectly influenced by risk, perceived benefits, and knowledge of the product [Valdez \(1997\)](#). Although all these studies provide us some knowledge about consumer's willingness that he wants to pay for the second-hand goods and perceived quality towards the product. To the best of our knowledge, however, no research has been conducted on the decision-making process of consumers purchasing used products [Edwards and Ponsonby \(2017\)](#). We believe ours is the first study to examine this topic.

The main purpose of our study is to create new knowledge about habits of purchasing of second-hand goods and consumers buying behaviour by finding the factors which affects most while he makes purchase of second-hand products [Minter \(2019\)](#). To create new knowledge on this topic, customer behaviour for second hand products our study will analyse the influence of the brand of the product, price of the product, risk in buying etc. during the buying decision process. The results of our study will contribute to the knowledge second-hand and purchasing with mainly focusing on customer behaviour.

5. METHODOLOGY

A Conjoint Analysis was used to prepare the questionnaire for a survey on all different factors considered by consumers while buying second-hand goods. Conjoint Analysis is an arithmetical approach used to find out how consumers value various attributes or features of a particular product/service. The primary purpose of this approach is to ascertain what combination of a limited number of attributes influences the decision-making of consumers. A controlled set of limited potential attributes of product/service is given to survey respondents, and then the analysis is done on how they make choice between these attributes. It not only asks respondents to pick out specific attributes of products or services but also asks them to rank the attributes based on the importance they give to each attribute. Hence this approach offers more practical and accurate knowledge of customers' needs.

6. CONJOINT ANALYSIS FOR THE SURVEY

First, the relevant factors have been identified that are considered by consumers while purchasing second-hand goods like money saved, the number of years the product was used, the risk associated with the product etc. Then different levels were assigned to each factor like "Important", "Not Important or "Indifferent". Based on these factors, a questionnaire was designed. In this questionnaire, a set of potential factors were given to survey respondents. Respondents were asked to rate each factor based on these different levels. It helped to ascertain the level of importance the consumer is giving to different factors. Based on the survey results, an attempt to analyse was made that how they make choices between these different factors.

7. FINDINGS

According to the research conducted, a survey on 100 people to understand their changing behaviour towards Second-hand goods as well as factors they keep in mind while purchasing the same.

The main factors which have been considered for the purpose of research are:

- 1) Number of years product is used
- 2) Brand of the product
- 3) Expenditure after purchase to improve performance
- 4) Price V/s Quality
- 5) Risk of a defect in Second-hand goods
- 6) Feeling of using Second-hand goods over a new one
- 7) From where to purchase.

1) Number of Years product is used: Life of the product is one of the important factors considered by consumer while selecting any product. As the more number of years the product is used, efficiency deteriorates and vice versa.

2) Brand of the product: Brand provides a peace of mind to consumers. The brand of the product shows trust over the product. Consumers are more willing to pay for a more valued brand. Some people sometimes become ready to invest on the basis of the goodwill of the brand and reviews from their friends.

3) Expenditure after purchase to improve performance: Expenditure once incurred by the consumer after purchase really matter because there are some consumers who are willing to pay any amount while purchasing a product but the subsequent expenditure on their improvement becomes trouble for them. While there are some others who are willing to spend on improvement.

Example:

I purchase a Second-hand laptop of HP in 25000 rupees. But its hard disk is of HTT 500 gigabytes and ram 2 gigabytes. After purchasing it I further spend rupees 2500 to get an additional hard disk SDD 500 gigabyte and rupees 1800 to get ram 4 gigabytes.

As it can be seen from above pie chart, 67 % of population prefer to invest on improvement of Second-hand goods while rest other either remain indifferent or consider it as Not important.

4) Price V/s Quality: Some consumers prefer to choose Second-hands goods at a lower price giving less consideration to quality, while some other prefer to buy quality Second-hand goods giving less consideration to price.

5) Risk of defect in Second-hand goods: Purchasing a Second-hand goods is also risky from consumer perspective because the sometime seller may hide some facts regarding Second-hand goods like any defect, usage of product etc.

6) Feeling of using Second-hand goods over new one: Everyone wants to purchase a new product, but some have the perception to use Second-

hand goods either to save money or they remain indifferent because they have to only use them.

7) From where to purchase: This is always a question that from where to purchase.

These most famous alternatives are:

- 1) Friends or Relatives
- 2) Local market
- 3) Online

As per the above analysis:

Consumer Preferences Are:

- 1) First Preference - Friends/Relative
- 2) Second Preference - Local Market
- 3) Third Preference- Online

Not just the lower income group, but also the working class and even the upper income group have been reported to be interested in purchasing second hand things. People are more financially savvy and watch their spending habits prudently, and the changing trends in this dynamic environment have led to an increase in the demand for second hand products. A 2017 online poll of buyers of used goods indicates that younger users (ages 18-29) order and sell used things far more frequently than older age groups, with profit and freedom from unwanted items being the primary motivations for selling (Statista, 2017). The digitally active generation is brand-agnostic and prefers to purchase items with the highest utility at the lowest price. This type of behaviour from modern consumers and their unwillingness to leave the family nest, which also impacts their loved ones, has led to an increase in competition between makers and sellers of newly manufactured items and those offering used products online and offline.

8. CONCLUSION

As per the research, it can be concluded that people have become more financially aware and wisely monitor their spending habits, the changing trend in the dynamic environment leads to an upward shift in demand for second-hand products. The expanding role of the market for used goods provides value to the economy and promotes ethical and sustainable growth. It contributes to the realisation of economic gains on the secondary market. Our study takes into account the changing behaviour of consumers towards Second-hand goods and all the factors considered by them while purchasing Second-hand products.

It can be said that brand plays a very important role while consumer purchase second-hand goods. And to decide between price and quality they consider low price as a motivating factor. Also, it can be seen that many people prefer to invest on improvement of the goods. The attitude of the consumers also play an important role in his decision. Also, there is almost the same number of people that they are being excited about saving of their money while for others it doesn't matter.

With the introduction of E-commerce site like 2gud.com, amazon.com cashify.in, offering Second-hand goods and refurbished goods at reasonable price, consumers are still preferring Friends/Relative and local markets to buy Second-hand goods. In our survey, we found that 60 % of consumers prefer to buy Second-hands goods from their friends and relative over local and online markets. It can be concluded from the above research that consumers are not trusting on online

platforms. This means that Second-hand vendors need to put more efforts to win the trust of consumers. They need to develop attractive and trusted platforms. There should be guarantees with respect to the kinds of goods offered. So that consumers can gather information and emotional experience.

CONFLICT OF INTERESTS

None.

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