An Empirical Study of Tradera’s Reputation System

A successful transaction has two winners.

------- Tradera AB

Abstract

Millions of dollars change hands daily through online auction markets. Online trading communities like eBay and Amazon.com are emerging as increasingly important factors of the economy. Various Reputation systems are important components in such electronic markets. Existing evidence suggests that there are a number of problems with such systems. This paper presents an empirical exploration of reputation systems. Two studies of Tradera’s discussion forums are reported. The result of the first, pilot study suggests that both sellers and buyers are worried about getting a retaliatory negative feedback if they leave a negative feedback for an unsatisfactory transaction from their trading parties. Retaliation from the non-paying bidders seems to be the most severe threat and trouble for sellers. A set of negative feedbacks were then gathered from Tradera and data were manually analyzed in order to verify the results from the preliminary study. The results from the second study confirmed the result of the pilot study. A general evaluation of Tradera’s current reputation system is made based on the results of the second study. This paper aims to make a contribution to the literature on online reputation system by developing a typology of seller complaints about Tradera buyers and providing a tentative definition of retaliatory negative feedback based on the findings of both studies. Proposed solutions to the problems of non-payment and feedback retaliation are also presented.

Keywords

Reputation systems, retaliatory negative feedback, online auction, and trust

1. Introduction

The Online Reputation Systems (it will be mentioned as RS in rest of the paper), also known as online feedback mechanisms are widely used by online shops and online trading communities like eBay. They are treated as the “virtual word-of-mouth” that helps to establish trust between the unknown buyers and sellers (Yang et al. 2008). A well-functioned RS is also expected to
“assist users’ decision-making, encourage trustworthy behavior and deter participation by unskilled or dishonest users” (Dellarocas 2003).

A typical reputations system is what eBay ran before May 2008, i.e. a bi-directional medium where buyers and sellers “leave post-transaction feedback about each other and text comments”. Each feedback contains “a numeric rating \{+1, 0, -1\} and a short text comment” (Khopar et al. 2005). The trading parties used to comment on the quality of product, the promptness of shipping and promptness of payment etc.

Although RS is far more effective than the traditional word-of-mouth in that it brings together trading parties on a much greater scale and at a much higher speed, many buyers are skeptical about the functional mechanisms of RS. In spite of RS, online fraud, especially auction fraud has been on the rise. It seems that most RS are able to be manipulated by dishonest users. Several reputation frauds have been identified by earlier studies in this area. The most well-known are ballot staffing (i.e. “seller colludes with other buyers to undertake fake transactions in order to enhance her reputation”), bad mouthing (i.e. “a seller is targeted by a group of buyers to deliberately lower her reputation”) (Bhattacharjee and Goel 2005) and shilling (i.e. “seller uses colluding bidders to inflate the final price”) (Rubin et al. 2005). Yang et al. also mention in their article “RepTrap: a Novel Attack On Feedback-based Reputation System” several types of seller fraud: self-promoting (i.e. falsely increasing reputation), slandering (i.e. false reducing reputation), whitewashing (i.e. repairing reputation after bad behaviors), and denial-of-service (i.e making the system wrongly accuse honest users or objects). (Yang et al. 2008)

According to the earlier findings of research, imperfect systems seem to be only taken advantage of by the sellers. In our daily lives, the auction houses are usually believed to be protectors of sellers, buyers uniquely innocent victims, and sellers uniquely swindler. Such kind of views is quite dominant and may be great obstacles for a promisingly more prosperous online market, despite the blend of communication and technology has provided a solid base for electronic commerce.

Correspondently to this view many of prior studies of eBay’s RS focus only on the improvement of RS to prevent dishonest seller behavior. However, trust is bi-directional behavior. While understanding buyer behavior is also critical in improving the functioning of RS, little literature has been published to address the dishonest buyer behavior. Since most of us are first of all consumers, do we have a natural bias toward sellers? Aren’t there any challenges that RS face from the ignored direction i.e. the buyer?

In order to find out an answer to the above questions, a case study of Tradera will be carried out and reported in this paper. My choice of Tradera is justified for two reasons. First, Tradera is the leading online trading community in Sweden and the Nordic countries. Second, it is part of eBay, the “World’s Online Marketplace” (Khopar et al. 2005), and not without its own features in policies and other mechanisms. The research questions examined in this paper are: does the RS at Tradera function as it should be? Are users satisfied with it? If not, what’re the main complaints?

The rest of the paper is structured as follows. In Section 2, related works in this area are

\footnote{After that time, bi-directional reputation system that eBay used has been changed. Currently only the buyers could leave a negative feedback for a transaction.}
introduced. In Section 3, a study of Tradera’s discussion forums (Section 3.1) and a study of a negative feedback dataset (Section 3.2) are presented. In Section 4, a typology of sellers’ complaints about buyers (Section 4.1), a definition of retaliatory negative feedback (Section 4.2), a general evaluation of Tradera’s RS (Section 4.3) and proposed solutions to problems are described. Section 5 concludes the paper.

2. Related Work

A number of authors have been interested in the importance of trust in facilitating online transactions: Chong et.al. (2003), Dellarocas(2001), Ba et.al (2003) etc. The importance of RS has been recognized as a very important mechanism to promote and enhance trust between unknown trading parties.

In particular Khopar et al. (2005) points out that “the RS can improve the efficiency of marketplace in three different ways: 1. Signals. A seller’s feedback can serve as a signal to buyers of how risky it’s to purchase from that seller. 2. Sanctions. Sellers will strive to avoid negative feedback, in order to avoid adverse future impacts on their sales. 3. Selection effects. Because buyers will be better able to distinguish high quality from the low quality, high quality sellers will not leave the market. Indeed, the low quality and fraudulent sellers may be driven from the market”. (Khopar et al. 2005)

Dellarocas (2000) identified two classes of RS fraud: ‘a. unfair ratings by buyers where a group of buyers colludes with a seller to inflate that seller’s reputation or lower other sellers’ reputation; b. Discriminatory seller behavior where sellers provide a few specific buyers that “don’t like” with bad service (negative discrimination) or provide a few selective buyers with exceptionally good service (positive discrimination)” (Dellarocas 2000). It is worth to point out that buyers that Dellarocas refer to are no more than sellers’ confederates, and should not be counted as buyer cheating actually. While several other researchers realize that sellers face problem of cheating (Gavish and Tucci, 2008), their works don’t address the problem.

Gregg and Scott (2008) presented a typology of complaints about eBay sellers that could be used to classify negative feedback posted at online auction sites. Then they made an analysis of complaints placed in eBay’s RS in 2003 and 2005 using the typology of complaints. They hold that “in order to understand the complaints being left in online auction RS, it is necessary to determine what problems are currently reported as negative feedback in RS, and the proportion of problems that contain allegations of fraud” (Gregg and Scott 2008).

Resnick and Zechhauser (2000) pointed out that despite that the RS help people decide whom to trust, encourage trustworthy behavior, and deter participation by those who are unskilled or dishonest, “significant challenges remain in the operating phase of such systems: eliciting, distributing, and aggregating feedback”. They mentioned “the difficulty of ensuring honest reports” i.e. one party could blackmail another, threatening to post negative feedback unrelated to actual performance. There’s also “potential difficulty in aggregating and displaying feedback” i.e. some RS fail to convey important subtleties of online interactions, e.g. reputations of the people providing the feedback, transactions value etc (Resnick &
Resnick and Zechhauser speculated that “the potential for lawsuits and for retaliatory negative feedback may be two disincentives for users to provide negative information”. (Resnick & Zechhauser 2002).

3. Empirical Study

Tradera, is the object of the study reported in this paper. Tradera AB was found in 1999 and bought by eBay in April 2006, is the largest online auction site in Sweden and Nordic countries. It has today 1 500 000 registered members and estimated millions visitors every month. There’re about 900 000 active auctions on an average day.

3.1 Pilot study of Tradera’s “discussion forums”

3.1.1 Method

My purpose of this study is to find out what are Tradera users’ main complaints about this system. A qualitative method is used for the purpose. Online trading communities often have discussion forums designed to facilitate communication between the members. Members usually exchange their opinions and experiences of trading and everything related there by posting questions, comments etc. Understanding these opinions and complaints is thus very useful for understanding the behaviors of the members and the problems of the system. In my exploratory pilot study, qualitative data i.e. users’ opinions and complaints from 6 of 7 Tradera’s discussion forums are first collected and then read through. Patton, M. Q (2002) divided qualitative data in his work “Qualitative research and evaluation methods” into 3 categories: interviews, observations and documents. If this division is perfect, then data used in this study should fall into the category “observation” because users’ conversation, behaviors, interactions in those forums are “observed” by the author without users’ awareness of author’s presentation in any sense. The six forums have the following titles: “about membership”, “about buying”, “sell as private person”, “sell as firm”, “the community and feedback system”, “Tradera’s tool and functions”. Under each forum there are different threads. A thread usually is created by a user in form of a question or complaint when she needs some help or support, and other interested members would post their replies and discussions under the same thread. A long thread can be 5-6 web pages. Totally about 1200 threads are going on at the 6 forums under a year’s time.

3.1.2 Result

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3 http://www.newsdesk.se/pressroom/ebay
4 The last forum with the topic “about using eBay” is excluded in this study.
As the result of one month’s in-depth “fieldwork”, the existence of two prominent problems gives the author a very deep impression: 1. both buyers and sellers are complaining about feedback retaliation. 2. Sellers complain they are suffering from non-paying bidders. Complaints by buyers are also observed: no delivery, long shipment time, improper shipping charges, lost or broken package, object not as described etc. Since they are less intensive, and they have been discussed in many above mentioned works, they will not be the focus of this paper.

Examples of typical user complaints are as following:

Retaliation from non-paying bidders:
The reputation feedbacks are pages full of lies. As a seller I can’t leave a negative feedback to a buyer who didn’t carry out the transaction without getting back a retaliatory feedback. I have 5 negative feedbacks. All of them were from the buyers who didn’t pay! Many choose not to leave any feedback in order to escape retaliation. There’re certainly many Tradera users who are considerably more unserious than their feedback profile show. What’s then the value of RS?

Retaliation using another account:
One buyer would buy a necklace from me without going by auctions. I answered that it’s not allowed by Tradera and if he was serious, he could bid my auction or buy it with the “buy now” price. He sent me a new email and said that he could consider buying it with the “buy now” price, but I have to offer him free shipment in that case. I said that he can either accept the conditions of purchase or turn to another seller. After that I blocked him. Forty minutes later, my necklace was sold at the “buy now” price by another buyer, but to my great surprise, this buyer has the same name as the previous who tried to buy without auctions and bargained. In other words, the same buyer has two different username. Result?? One negative feedback from the one who bought at the “buy now” price. Tradera can do nothing about it. Pity!

Unfair negative feedback was received because of buyer’s own fault:
Here are the stories of my latest two NEGATIVE feeds. The first who I contacted by telephone thought that the shipment time is 1 or 2 days...though it’s clearly stated in my advertisement that it can be up to 7 working days! The second one insisted that she sent the money in an envelope to an address in Gothenburg... I said that Gothenburg was not my post address and I didn’t allow a payment method “send money in an envelop” then she yelled that

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1 Unfair negative feedback left by the second party in response to the negative feedback the first party has provided is called a retaliatory negative feedback. See Section 4.2 for the definition and discussions.
2 These examples are translated from Swedish into English, and small revisions have been done for the sake of clarity.
3 Here the seller means that the buyer will buy the object directly from the seller, without going through the bidding procedures of Tradera. Making transactions in this way is not allowed by Tradera’s policy.
4 The seller can prevent a buyer from biding her auctions if she blocks her.
5 The user uses capital letters here probably to convert her feeling of receiving the undeserved negative feedbacks.
she wouldn’t bother to make the transaction and put down the telephone receiver heavily… and then I got a negative comment which stated that I didn’t have the willing to resolve the problem and was unpleasant??? Sooooo UNFAIR!

Retaliation from the previous buyer
I happened to see that a buyer and a seller who had some dispute in last December and gave each other tough negative feedbacks. The buyer then bid and won another 11 auctions of the seller in January and obviously not paid for them, and those red feedbacks¹⁰ hail. The seller received thus 11 negative feedbacks by this way plus the one she got last December, and her sellers score reduced substantially because of this.

Suspected buyer fraud:
A woman bought an infant carrier from me and paid by Payson¹¹. Today I get a letter from the company of Payson which told me that the buyer has noticed that she hadn’t got the object! Does anyone know if that’s a new way of cheating the seller?

Buyer fraud and blackmail
Does a buyer complete her part of transaction after payment? NO. This buyer has paid in time, but she will return a new dress she bid and won, because she thought the dress style doesn’t really fit her after she tried on it. She required that I pay back all the money including shipping cost to her, because she thought that she could do so, just like the open shop. I politely refused. I told her if she insisted to return she must stand for the shipping cost herself. Then she invented an excuse saying she newly found there’s a hole on the dress, and demanded that I either take back the dress and refund whole including the shipping cost, or refund half of the price as the compensation for the hole. When I asked her to send me a photo of the hole, she delayed a lot of time. Finally she sent me a photo and insisted she no longer wanted to keep the dress since I’m the most unpleasant seller she had ever met. If I don’t refund her she’ll report me to the Konsumentverket¹². She obviously made a hole on the dress in order to threaten me! She refused even to send the dress back before she gets back all the money. Some buyers are so unbelievably selfish who back out a transaction without taking any own consequence at all. Is this buyer a good one then, only because she has paid for her dress, and then behaves as an idiot? Do you still think that the buyer has completed her part after payment and deserve a positive feedback, or should I warn others off her?

Some prominent problems can be identified from the above user stories: non-payment problem, retaliatory feedback problem and buyer fraud. The last problem may be not as common as the first two, but gives the author a deep impression, possibly because the author has got used to regarding buyers as victims.

¹⁰ Negative feedbacks are displayed in red color while positives in green under a user’s feedback profile.
¹¹ The user here means Payson Guaranty, which is a digital payment method similar to PayPal used above all by auctions sites. The recipient, usually a seller, will have to get an approval of the goods from the buyer before the payment is transferred to her Payson account.
¹² The Swedish Consumer Agency.
The concern for retaliation among buyers is also observed and it’s not less prominent. Are the problem of feedback retaliation and non-payment really as serious as the sellers complained in the discussion forums? Who are more likely to leave a retaliatory negative feedback, the buyer or the seller? In order to verify the problems found in the first study, and find answer to the above questions, the author decide to carry out a second study of a set of negative feedbacks made by Tradera users.

3.2 Feedback dataset

3.2.1 Method

Predetermined auction/object numbers decide the user list.

In order to verify the results of the pilot study, i.e. whether the feedback retaliation and non-payment are serious problems, it’s necessary to investigate users’ negative feedback. Negative feedback is a part of user profile for some users, and it’s thus necessary to fix up a list of users from whom to extract the negative feedback. The problem is that no list of user name is publicly available, lest a list of users who’ve got negative feedback. Since every Tradera user is assigned a numeric ID that relates to their user profile, one intuitive way is to randomly select fixed number of users by sample their ID numbers. After a test of extraction of user data by inputting 500 randomly selected user ID between 10000 and 1500000, many user profiles extracted were found to have 0 feedback record since registration. Reason is not clear, but can be that many users registered without making any transaction. This method of extracting data was regarded ineffective and then abandoned.

When we get to an auction site, we naturally come upon the object categories and auction lists which are ordered according to the time left before the auctions end. Each auction on the lists has a correspondent advertisement on which there are a seller and sometimes also a bidder. But since these auctions are still running, it usually has only a seller, which means that the data might be biased and the number of auctions (data volume?) involved may have to be doubled. In addition, such lists are updating all the time and thus not dependable. Moreover, it’s difficult to choose one or several categories without being suspicious of bias.

Finally the author decides that the user list could be obtained by sampling fixed number of newly-ended auctions according to predetermined auction number that’s assigned to each auction advertisement when the auction is created. The reasons to do that are: 1. adjacent auctions are not necessarily of the same category. 2. newly-ended auctions involve active users and thus effective data. 3. only auctions advertisement less than two-months old remain to be seen with their detailed information like object description, conditions of purchase and so on, which would be useful information in judging whether a negative feedback is a retaliatory negative feedback.

For the sake of both efficiency and convenience, an auction number that is an integer multiple of 100 or 1000 (for convenience) is chosen, 100 consecutive auctions from this

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13 This range is decided by the size of Tradera’s registered membership.
14 By efficiency it means that the starting auction (number)’s subsequent auctions should be ended at the time of extraction to make sure it also contains the bidding information.
selected one are collected. This procedure repeats several times. 1500 auction advertisement (i.e. transactions) were then collected by this way and both the trading parties in the 1000 transactions were collected to make up the user list to be analyzed. (Table 1)

<table>
<thead>
<tr>
<th>Auction number</th>
<th>Seller with negative feedback</th>
<th>Seller without negative feedback</th>
<th>Buyer with negative feedback</th>
<th>Buyer without negative feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>89000000</td>
<td>Siv_69(134)</td>
<td></td>
<td>lotta65_1(137)</td>
<td></td>
</tr>
<tr>
<td>89000001</td>
<td>Dvdjake(1064)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>89000002</td>
<td>Slott_till_koja(2268)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>89000003</td>
<td>nypon08(268)</td>
<td></td>
<td>bondbo(1098)</td>
<td></td>
</tr>
</tbody>
</table>

**Table 1**

**Users without 100% positive feedback make up the negative feedback list.**

Those users with negative feedback then are picked out, and their negative feedbacks within 6 months are collected (Table 2) by manually browsing through their feedback history. One reason to choose a time range of 6 month is to make sure all the feedback records are available at Tradera’s website. Only records within 12 month (max 1000 records) are said to be available and they’re being updated daily. To make sure all the negative feedbacks not be affected by updating, a time range of 6 months is selected. It turns out however that large-volume users tend to override 1000 records even within 6 months, and it’s possible a couple of records disappear as a result of this. The other reason is the information of the number of negative feedback a user receives within 6 months is available in a user’s feedback profile, making it easier for data collection.

Every negative feedback is then checked to see if the recipient has also provided a negative for the same transaction. If she does, the correspondent negative feedback is also collected (Table 3).

<table>
<thead>
<tr>
<th>User Name</th>
<th>Feedback Score</th>
<th>Negative comments</th>
<th>Related comments</th>
</tr>
</thead>
</table>

The reason for not selecting all auctions at once is to avoid selecting auction from few categories and/or few large-volume users.
3.2.2 Quantitative and qualitative methods

In order to calculate how serious the problems of feedback retaliation and non-payment are, some calculation must be made to find the answers to the following basic questions (Most of the users involved in this study turn out to have been both buyer and seller sometime in their trading history. They are calculated as buyer or seller because of the very role they play in each studied problematic transaction):

1. How many of the negative feedbacks are left by a single party? Which party provides more negative feedbacks in this set? What’s the percentage of non-payment cases in all the negative feedbacks left by seller only and in all the negative feedbacks respectively?
2. Which party provides totally more negative feedbacks?
3. How many couples of negative feedbacks are provided by both parties? Which party tends to provide the first negative feedbacks in this set? What’s the percentage of feedback retaliation? What’s the percentage of seller and buyer retaliation respectively?
4. What’s the percentage of user with single role and both buyer and seller roles?
Although most data collected in this case are nominal, most of the calculation and analysis except those related with retaliation are quantitative and objective, this study can be seen to a large degree as a quantitative method. In order to judge if a negative feedback is retaliation, every couple of negative feedbacks are analyzed by comparing the feedbacks themselves and detailed information from the advertisement, as well as by comparing both user’s feedback history and so forth. Since this analysis involves personal interpretation, a qualitative method is also used in this study. Section 4.2 will discuss the criteria used for the analysis of feedback retaliation.

3.2.3 Results

Because some of the auctions end with no buyer, 1000 auctions advertisements provide total 1476 users (both seller and buyer), and after removing the repeated users, 1040 distinct users are derived. The reason for not distinguishing the seller and the buyer role here is that a user’s role will be decided by her role in the very negative feedback(s) in question, which may be different from her role in the auction advertisement(s) collected directly. All 1040 users’ negative feedbacks between Oct 28 2008 and Apr 28 are browsed through (Apr 28 is the starting time for this data collection). 134 of 1040 users received total 478 negative feedbacks. In order to check whether a negative feedback is retaliatory, the related feedback must also be studied, which are not included in the 478 negative feedbacks collected directly. 183 related negative feedbacks given by 134 users first or as a respond to negative feedbacks they had received are also collected. Since the recipient of a negative feedback has an opportunity to respond to the negative, i.e. a one line text comment as an explanation can be added right blow the text of the negative feedback one has received, these comments are also included in the study. Totally 661 negative feedbacks and related comments were studied. All these data form the basis for analyses in this paper.

1. Buyers tend to provide the first negative feedback. Totally sellers provide more negative feedbacks (Reasons can be that more sellers are involved in the dataset, because each of 1000 auctions has a seller, but not necessarily a buyer; sellers usually engage in many more transactions).

- Totally more negative feedbacks are issued by sellers than buyers. 54.6% are provided by sellers, and 45.4% by buyers (Figure 1).
- Sellers provide negative feedbacks more often 57.6% as opposed to 42.4% for buyers, when only one of the trading parties provides negative feedbacks (see left bottom panel in Figure 2).
- Buyers are the first provider of negative feedback 64.5% of the time; sellers are first 35.5% of the time when both parties provide feedbacks for one auction. When both provide negative feedbacks, buyers go first about twice as often as sellers (right bottom panel in Figure 2).
2. Non-payment is the primary source of seller complaints against buyers. Percentage of unpaid transaction in all problematic transactions is very high.
- 98.8% (168 pieces) of all the negative feedbacks provided only by sellers are due to non-payment; 85.3% (145 pieces) of them are combined with no response despite repeated reminders.
- 25.4% of all the negative feedbacks are caused by non-payment; about half of the retaliatory feedbacks are related to non-payment. Total about 31.4% of all the negative feedbacks are related to non-payment. (Figure 3)
3. Buyers provide more retaliatory feedbacks than sellers.
- 12.1% of all the negative feedbacks are thought to be feedback retaliation (Figure 3).
- 32.2 of sellers’ negative responds to received negative feedbacks are considered to be retaliation; 64.6 of buyers’ negative responds to received negative feedbacks are considered to be retaliation (Figure 4).
4. Among all the cases of feedback retaliation, 33 buyers provide 42 retaliatory negative feedbacks, while 13 sellers provide 38 retaliatory feedbacks. When all the 46 users are examined closely, only 11 of them have pure buyer roles, the rest 35 users have both buyer and seller roles. No user is found to have a pure seller role.
4. Discussion

As the results show that sellers are less likely to leave retaliation, then why do sellers in most cases leave complaints after instead of before their receiving a negative feedback, if they don’t leave a negative feedback for the sake of retaliation? Some preliminary conclusions are made based on data collected from discussion forums.

1. Sellers think it more reasonable to leave feedbacks upon the conclusion of a transaction.
2. Sellers are tolerant of other buyer misbehaviors so long as a buyer has paid and is not a cheater.
3. Sellers weigh a possible feedback retaliation that impacts their reputation more than their discontentment caused by buyer misbehavior.
4. Sellers have to defend against an underserved negative.

Resnick and Zechhauser (2000) and many other researchers think that the presumptive challenge to Internet-based feedback systems is to get buyers to provide feedback with reasonably high frequency, and to provide it honestly (Resnick and Zechhauser, 2000). If their concern is that the buyers may give up their right to complain and even leave “dishonest” positive feedbacks for problematic transactions, this paper will warn people about another kind of buyer dishonesty. The buyer’s misbehavior such as leaving retaliatory feedback seem have been ignored by many. If the reliability of seller’s reputation is significant for buyer decision, then retaliatory feedback as unfair rating should also be prevented and reduced.

Resnick and Zeckhauser’s analysis showed that “buyers’ reputations matter substantially less, since sellers can hold goods until they are paid. The greatest risk is that they will not get paid. Moreover, even if sellers wished to rely on buyers’ reputations it would do little good, since it is not possible to exclude buyers with bad reputations from one’s auction.” (Resnick and Zeckhauser) This is almost true for today’s Tradera sellers. If the buyers’ reputations matter substantially less, then we might speculate that

1. The buyer roles don’t care much about their own reputations.
2. The seller roles are relatively less likely to threaten buyers with negative or retaliatory feedback.
3. The buyer roles are more likely to threaten the sellers with negative feedback if they have pure buying roles.
4. The sellers’ retaliatory feedbacks matter little for buyers with pure buying roles.
5. The pure seller roles lack the incentive to make feedback retaliation.

4.1 A typology of complaints about Tradera buyers

As this paper mentioned earlier, Dawn G. Gregg and Judy E. Scott presented a typology against eBay sellers. In this paper a typology of complaints against Tradera buyers is derived
from both the study of the Tradera’s user discussion forums and the study of the negative feedbacks collected from Tradera. It is worth noting that the sellers’ complaints provided in Tradera’s forums are far richer in both content and form than the feedback dataset and thus are the main sources of this typology. See appendix for the typology.

4.2 General characteristics of retaliatory negative feedbacks

The results show that about one of three seller negative responds is retaliation and about half of the buyer responds to negatives are retaliation. Some interesting phenomenons are also noticed in the process of data collection: positive rating with negative content and negative rating with positive content. Users have also developed “wise” strategy in order to escape retaliation: wait until the last minute to leave feedback, before the right for rating expires.

Not all negative responds are retaliation. The non-retaliatory feedbacks may be caused by: misunderstanding, fault of a third party, personal differences. Dellarocas pointed out that the calculation of reliable reputation estimates is complicated by the fact that most attributes of quality can only be measured subjectively, e.g. the food or décor quality of a restaurant is highly dependent on the tastes of individual raters. Despite the seller’s service is consistent over time, there might exist rating dispersions (Dellarocas 2000). This may be one explanation of why so many buyers think they’ve got feedback retaliation, while from the seller’s perspective they haven’t. On the other hand it is easier to judge whether a buyer has given a retaliatory feedback, because non-paying bidders’ excuses are not difficult to identify.

One reason that retaliatory feedbacks can furiously exist is that they coexist and hide among large number of non-retaliatory feedbacks, as it is time-consuming for experienced users and difficult for inexperienced users to identify them. However some general characteristics of feedback retaliation can still be derived from my analysis of data. To the best knowledge of the author, no study on feedback retaliation has been done so far, and this paper is intended to fill in this blank.

The following definition of Retaliatory feedback is found on an eBay website: negative feedback that is left in response to negative feedback from a trading partner. It is perceived to be unfair. It occurs when one partner in a trading transaction is unhappy enough to leave negative feedback about the other party, often after failing to resolve a dispute amicably. The second party then leaves a negative in response automatically, without regard to their satisfaction in the transaction or their partner's performance, simply because their partner left a negative report about them.

Generally a retaliatory feedback has the following characteristics:
1. It is clear or it can be read from the messages that the second party has done something wrong.
2. The second party usually doesn’t provide a comment below the negative feedback she has got.

17 Long shipment time and loss of object by post is a main source of buyer complaints.
18 http://ebay.about.com/od/glossaryofebayterms/g/gl_retfeed.htm
3. The second party is shown not have tried to seek a solution to the dispute before, and no intention to resolve the situation after receiving her negative.
4. The feedback in question or/and comment is/are obviously lie or ridiculous excuses.
5. The person who provides the retaliatory comment is in most cases one that has bad user profile, i.e. received many negative feedback in history, most likely for the same reason(s).
6. The person in question is likely to leave retaliatory feedbacks regularly, and some patterns can usually be identified.
7. The retaliatory feedback is often used as a strategy to force the other party to mutual feedback removal, i.e. negative feedbacks are able to be removed by e.g. Tradera if the buyer and the seller come to an agreement within a certain time period. Therefore the party who proposes mutual feedback removal in the feedback is most likely the one who retaliates.
8. A large proportion of buyer retaliatory feedback is related to non-payment, while a large proportion of seller retaliatory is related with seller fraud.

4.3 Evaluation of Tradera’s reputation system.

Registration: although Tradera requires the ten-number personal identity number for registration\(^{19}\), cases of false members with false information are often reported by the members in its discussion forums. There are users who steal others’ personal number, and there are users who operate with several different accounts. Under this system, registered information such as the real name, post address, and telephone number are said to be able to be changed at any time without Tradera’s knowledge. It’s said that an identity number was not even needed to register a Tradera account some years ago. In spite of the existence of false membership, the negative feedbacks left by suspicious members won’t be removed even if they’ve been suspended by Tradera. If these are true, the reliability of Tradera’s Rs then is doubtful.

At Tradera a user’s feedback profile consists of 3-4 components: Feedback score, positive feedback percentage, detailed Seller Ratings (only for sellers who have received more than 10 feedbacks from buyers), feedback comments.

A user’s feedback score is calculated by the differences of unique positive feedbacks and unique negative feedbacks. Feedbacks from a same seller or buyer can only be calculated once. This is not much different from other bi-directional feedback systems.

Positive feedback percentage: The percentage of positive negative rating depends only on recent performance and in this case the recent 100 unique feedbacks within 12 month. One feature of this mechanism is that it weighs more recent activity more heavily. It’s very common to see the negative feedbacks are buried under layers genuine or otherwise positive feedbacks. It’s obviously more favorable frequent users (buyers and sellers who make lot transactions) recently, and relatively unfavorable/unfair for those who don’t make frequent transactions. The defect of this feature is that it makes bad users easy to salvage reputation by making large number of low-value redeeming transactions following a few “deceiving transactions”.

\(^{19}\) http://www.tradera.com/regtrader/register1.aspx
Two findings about the positive feedback percentage may be a little surprising: Firstly user for example with a 65% feedback percentage is still buying or selling as freely as others. Secondly, frequent users who have a high positive percentage say 99% may have got over 700 negative feedbacks in the past year. It’s said that users who break Tradera rules can be suspended and it’s told and confirmed by some users at discussion forums that members who’ve got “-3” as feedback score must be suspended by Tradera. Nothing can be found about how low a user’s positive percentage can be. It seems that Tradera has a high tolerance for negative feedbacks, which should be changed. There should be a stricter way of calculating positive percentage for frequent users.

**Detailed Seller Ratings:** here an anecdotal rating of the seller by her optional buyers is provided which is based upon four specific aspects of the transactions: item as described, communication, shipping time, shipping charges (only for sellers who have received more than 10 feedback ratings from the buyers) Buyers rate each aspect according to a rating scale of 1-5. The average score is shown at the bottom. The number of members who have given/transaction in which the buyer has given a rating is displayed on the right of the graph. This is also quite good, though malicious buyers have a chance to put sand in the wheels.

**Feedback comments** (classified into 4 categories: feedback as seller, feedback as buyer, all feedback, feedback left for others.) Only 1000 feedback records are available. When I tried to trace all the negative feedbacks that some users received within 6 months, not all of them are available, because not a few users made more than 1000 transactions within 6 months. This means that bad users may whitewash their bad records. Tradera should make more feedbacks record available.

The detailed information of an auction: auction title, link to the auction description, price etc disappear 2 months after the end of the auction in one’s feedback history. This detailed information can be very useful for analysis of feedback comments. Tradera should also be able to make them available for a longer period.

User account-related information: In my second study many users’ profiles are found to be marked with “inactive account”\(^{20}\). Since registration is free at Tradera, it’s hard to understand what an inactive state means. Users at discussion forums showed the same concern: Why my trading party has suddenly an “inactive” state? What’s the difference between “inactive” and “suspension”\(^{21}\)? Tradera should be able to inform its users about these both as general information and as specific notices for involved users.

### 4.4 Proposed solutions.

**Solution for retaliatory feedback:**
Tradera has not any solution to address the problem of feedback retaliation according to its users. Some of the following solutions are proposed by Tradera users and improved by the author.

1. Buttons that quickly show all the negative feedback that one has got and one has left should be created. It’s troublesome to browse through 1000 feedbacks to look for a few

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\(^{20}\) The original Swedish expression is “Kontot är avaktiverat”.

\(^{21}\) The original Swedish expression is “Kontot är avständ”.
negatives. Negative ratings are usually informative especially when we put them together. On one hand, it makes users easier to identify patterns of bad behavior; on the other hand, it makes it much easier for others to avoid seller assessment strictness\textsuperscript{22}, stoning effect\textsuperscript{23} etc. More functions for users to sort negative feedbacks should be added: e.g. different colors or icons should be assigned for the ratings that were left first and as replies (table 1).

| All negative ratings Karl received as seller | All negative ratings Karl provided as seller |
| All negative ratings Karl received as buyer | All negative ratings Karl provided as buyer |

\textbf{Table 4}

2. More space for more complete stories of a negative feedback. Users who’re wronged should be allowed to provide more proofs and explanations right below the received negative, so that they don’t feel necessity to provide a negative reply. Those who provide retaliation tend to run out of explanation before a real trial.

3. Follow-up symbols. Since some of the negative feedbacks are merely caused by misunderstanding, there should be a better way to encourage both parties to clarify the misunderstanding and resolving the problem than the mutual feedback removal. There’re users who show surprise, ask for apology or offer to solve the problem in their respond to the received negative. A chance should be given to those who want to prove that they don’t deserve a negative, that they haven’t left a retaliatory feedback, and that they’ve really solved the problem after their response to negative.

Solution is that an additional symbol, say, a yellow plus sign be added besides the red minus sign of the negative, to signify that this negative has been rectified, upon the request of both parties. By introducing this follow-up symbol, that retaliatory feedbacks left by really unserious, fraudulent users who never have intention to solve the problem will become more obvious and easy to identify by unskilled users.

5. The sellers leave only feedback about the payment: non-paying bidders have no right to leave feedback. Sellers who lie about the payment will be severely punished.

Within a certain period of time e.g. 10 days she must leave a feedback about the payment. If she doesn’t, the buyer is treated to have paid and the seller loses the right to complain about payment. The buyer loses her right to leave feedback if she doesn’t pay within 10 days. After the buyer gets the object, the seller can only provide explanations for a negative she receive from the buyer, not negative feedback. By this way the problem of non-payment will also be reduced.

\textbf{Solution for non-payment problem:}

Tradera’s sellers take it as a heavy burden to chase up the non-paying-no-response bidders,

\textsuperscript{22} Documented empirical findings show that most eBay buyers weigh negative ratings much more heavily than positive ratings when assessing the trustworthiness of a prospective seller, i.e. buyers are relatively lenient when they rate and correspondingly strict when they access a seller’s feedback profile (Dellarocas 2001).

\textsuperscript{23} An earlier analysis of usage history for a large panel of eBay sellers suggest that buyers appear to be more willing to give negative feedback to sellers who have already received other negative feedback. This is called stoning effect (Khopkar et.al 2005).
who are said, used to waste them a lot of time, energy. Tradera’s suggestion and solution to unpaid transactions are: **Ring if you are not able to reach the buyer within several days.**

After you tried all ways and not reached the buyer within a proper period (about 10-14 days after auction ends) you can ignore the transaction. You can then apply for crediting of your listing fee and set out your auction again.

1. Non-paying buyer list to warn other users: if a user has been reported for the same misbehavior e.g. non-payment by 5 different members under a certain period of time, then it appears on a blacklist issued by Tradera at its site.

2. Non-payment reporting system: buyer file report about non-paying bidders; Tradera issue warnings to buyers; buyers receiving a certain number of warnings will be suspended.

3. Buyer detailed rating: similar to seller detailed rating, the buyer is able to be rated by some indicators: payment, communication etc, though it should be made public which seller has given which rating, not anonymous.

Buyer misbehavior will have significant impact on the security and usability of Rs, especially when Payson, PayPal and similar payment methods have been introduced by auction houses and seem to be a trend. As the users in Tradera’s forums believe these payment methods protect only the buyers’ profit and could be abused by crooked buyers.

5. Conclusion

Although users are assigned a buyer or seller role in the analysis of data according to the exact role(s) they play in each transaction, most of the Tradera users involved in the study act both as buyer and seller. We can say that buyer and seller roles are not absolute and they’re not conflicting. Whether a user is a good user depends probably on her personality in the offline world. Never forget that some users behave both badly as seller and as buyer, both in the virtual world and in the real world. Some users get negative feedback both as seller and buyer, and leave negative feedback as both seller and buyer. Since that’s true, we’d better at least temporally forget the slogan “The customer is god”, “The customer is always true”. Some buyers obviously have been spoiled. Buyer is an important trading party whose behavior is also significant component of a successful transaction. A successful transaction has two winners. The efficiency of the market and welfare of both parties should be considered, especially at Tradera, where most transactions are between private persons.

“Treat others in the way you want to be treated” is a piece of advice recommended by experienced sellers to new sellers in Tradera’s discussion forums. This would also be recommended by the author to all the buyers.

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25 A similar system is already adopted by eBay
26 A payment method that ensures the delivery of the auction items to buyers and payment to sellers when an intermediary third party acts as keeper of the payment before the buyer approves the goods. More information see www.payson.se
27 PayPal is similar to Payson but more well-known payment method. More information see www/paypal.com
References


Appendix

(A typology of sellers' complaint about buyers)
Back out with excuses

- A test of beginner to see how an auction functions.
- A wrong click owing to mistake: a dog has rushed on.
- Have not read the auction title, auction description before end of the auction.
- Perceived unprofitable transaction: cheaper object occur after winning bid.
- Perceived unreliable object quality or seller competence: the seller can’t provide more pictures of the object.
- Perceived unreliable seller: can’t find the seller’s information on Eniro or hitta.se.

Back out with suspicious excuses

- Have no money
- A child has placed a bid
- No need for the object anymore because of having newly got one for free or as present.

Back out without any reason.

Require for backing out from the transaction
Disappear forever after bidding.

Never respond to email and phone, before she receives a negative.

Disappear without payment

Find excuses for no communication (some of the following reasons can be genuine, but in most cases are used as excuses by dishonest users.)

Have not received payment information from Tradera or the buyer

The payment information is wrong

Have already paid

Ask the seller to wait for an unspecified period

Have not received any information from Tradera and the seller and therefore not be able to contact seller

Computer is crashed

Have been lying in hospital

Someone is dead and has been very sad

Have been away for travel

Forgetfulness
Make unreasonable requirement after auction ends

- Require other shipping methods or payment methods than those specified in the advertisements.
- Require long delay of payment.
- Bargain for a lower price.
Buyer fraud

- Leave wrong registered information. (The email-address and telephone are false)
- Badmouthing (by competitors or earlier unsatisfied trading partners)
- Withdraw payment after sending the seller the digital receipt of payment, usually in the cases of transferring through the internet bank on holidays.
- Make false accusation:
  - Scam returns or Unwarranted returns. E.g. return a broken camera and keeping the seller’s new.
  - Return of empty box
  - Blackmail for miniscule defect

- Claim for refund despite receiving the goods
- Claim for compensation despite nothing has happened with the delivery.
- Claim for compensation for inexistent object defect.
- Exclaim ‘item not as described’ and refuse to pay the rest when installment is used.
Act in a way that conflict with the conditions of purchase

Being impolite, unpleasant, unbeliving, uncooperative, aggressive, critical, chasing the seller for shipment (making mail bombing), overreacting.

Give too prompt negative feedback without contacting the seller and seek a resolution.

Leave negative and refuse any negotiation.

leave negative first in spite of own fault, e.g. not having read the object description.

No return of item in spite of receiving refund.

No feedback after receiving goods.

Leave negative feedback in spite of resolved problem.

Leave negative feedback for small inconvenience in spite of precaution and apology: e.g. 2-3 days late shipping or communication.

Threaten with negative feedback if requirement is not met.

Keep delaying payment without precaution.

Pay in a way that the seller doesn’t accept or unavailable: e.g. PayPal guarantee.

Pay without notification or marking their payment.

Reluctant to pay the winning price.

Misunderstand terms, such as shipping time and thinks item is late and leaves a negative too hastily.

Misunderstand the object size, color, quality etc., despite clear description in auction description.

Leave a negative to avoid payment.