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Laura Robinson

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Online Art Auctions à la Française and à l'Américaine

eBay France and eBay USA

Laura Robinson

University of California, Los Angeles

This study extends previous research into online auctions by introducing a comparative cross-cultural dimension and focusing on heterogeneous goods. Samples of artwork auctions taken from two independent eBay sites—eBay USA and eBay France—are analyzed to detect culturally specific patterns of seller and bidder behavior. The analysis of these two samples reveals systematic differences in the art auctioned, winning bids, starting prices, and price dynamics, as well as bidders' "flocking" behavior and sellers' reliance on reserve auctions and other risk-management strategies. American sellers tend to offer more valuable items and to garner much better closing prices than French sellers. French auctions, by contrast, are dominated by domestic sellers; further, the number of bidders is more highly correlated with the final sale price in French than in American auctions. Finally, the data regarding art auctions disclose contrasting orientations to eBay's reputation system in that French bidders tend to be more attentive to negative feedback than Americans.

Keywords: *eBay; trust; reputation; flocking; online auction; France; United States*

In recent years, auction theorists (Bajari & Hortasçu, 2004) have started to study online auctions with the same methodological tools developed for the study of offline market institutions. Many of these studies go beyond modeling and simulation and explore transactions with empirical data. Such studies typically concentrate on one of three aspects of online auctions. The first aspect concerns the characteristics of the parties to the transaction such as sellers' reputational scores and levels of transactional experience (Anderson, Friedman, Milam, & Singh, 2004; Kollock, 1999) or the quantity of bidding activity (Bajari & Hortasçu, 2004). The second concerns the dimensions of the transactors' strategies such as bid timing or reserves (Katkar & Lucking-Reily, 2001; Roth & Ockenfels, 2002). The third examines the effects of different auction formats on auction outcomes. These studies are successful in revealing the many linkages between auction outcomes, on the one hand, and seller and bidder characteristics and behavior, on the other hand. They enrich our understanding of many causal mechanisms that contribute to outcomes such as bidder participation, starting prices, or closing prices on online auctions sites. To the extent that these investigations bring empirical data to bear on these issues, they typically draw data from American online auction sites. The American sites of eBay and Yahoo are the two most popular settings for analysis.

By contrast, there are only a handful of comparative studies that seek to uncover the effects of non-American cultural environments on either the behavior of online auction

transactors or the auction arrangements themselves. Vishwanath (2004) measures the relationship between seller ratings and the number of unique bidders participating in an auction for eBay laptop auctions in several national eBay sites. He finds that the correlation between seller ratings and the number of bids is twice as strong for auctions on eBay France as for auctions on eBay Germany and more than 10 times as strong for French auctions as for Canadian auctions (pp. 228-230). In other words, French bidders stay away from auctions initiated by badly rated sellers to a much greater extent than their German or Canadian counterparts.

Vishwanath (2004, p. 231) speculates that eBay France transactors socialized in the French "low-trust" culture do not trust information coming from sources without a high degree of "verifiability" because bidders on eBay France do not enter into transactions with people who are not highly recommended by other bidders via the Feedback Forum. In contrast, as measured by their willingness to bid on items offered by poorly rated sellers, eBay Canada bidders display much lower levels of concern regarding sellers' reputations. In a similar study, Vishwanath (2003) speculates that, in online auctions, Americans favor high-risk/high-reward strategies to a much greater degree than do participants socialized in low trust cultures.¹

Like Vishwanath's (2003, 2004) study, the present study extrapolates cultural patterns (Hofstede, 1980; Inglehart, 1997) from auction outcomes and the behaviors of sellers and buyers in online auctions. Data gathered from artwork auctions on two independent eBay sites, eBay France (<http://www.ebay.fr>) and eBay USA (<http://www.ebay.com>), are used to discern culturally rooted differences in sellers' and bidders' strategic preferences and behaviors. However much previous work on auctions features so-called homogeneous goods such as the laptop auctions studied by Vishwanath (2003, 2004) and most other eBay scholars.² In contrast, the present study chooses to study art auctions, or nonhomogeneous goods, because they offer several advantages.

Unlike auctions featuring replicable homogeneous goods such as collectible coins (Melnik & Alm, 2003) or tickets to a sporting event (Ariely & Simonson, 2003), auctions involving artworks are transactions where neither sellers nor bidders have an objective benchmark for the item's value. Artwork auctions often generate high levels of valuation uncertainty among sellers and prospective bidders. Such auctions are particularly revealing when it comes to the study of competitive bidding behavior where multiple bidders bid up the price of an item in excess of its objective valuation. Because objective valuation criteria are absent or unavailable in auctions of heterogeneous goods, sellers and bidders have few cues to follow when making decisions, except those cues provided by other sellers and bidders.

Only one existing study attempts to probe the interdependencies of bidding in online auctions involving goods with high levels of heterogeneity. Dholakia and Soltysinski (2001) compare the observable bidding behaviors of bidders in auctions involving four different types of goods. The items belonging to two of these categories are heterogeneous: Mexican pottery and Italian silk ties. The unique qualities of these items force bidders to base their evaluations on the information proffered by sellers. Comparisons of alternative listings are more difficult for these objects than for PlayStations or portable CD players, the other two categories in the study. In this study, Dholakia and Soltysinski (2001, p. 226) find that the proportion of "overlooked comparables," defined as auction listings within the

same product category that garnered no bids, increases dramatically as a function of the valuation uncertainty attached to specific classes of items. Italian silk tie auctions exhibit 10 times the level of overlooked comparables auctions as do PlayStation console auctions.

Nowhere is classificatory and interpretive labor so central to establishing a good's market value as in the case of fine art. This is as true of online art auctions as it is of traditional live art auctions. Kazumori and McMillan (2003) investigate offline and online auctions featuring artworks rather than more typical electronic devices or other pure commodities. As they note, fine art is not mass produced, and so there may be only a single exemplar of a particular genre. Many oil paintings, for example, cannot be reproduced and are essentially *sui generis*. Only one copy can be offered for sale. Even reproducible artworks such as lithographs may come in small batches or so-called limited editions. Because a particular artwork cannot be supplied in quantity, its price must rise in response to increased demand as is the case in offline art markets. However what is counterintuitive from the standpoint of microeconomics is that price reductions only very rarely accompany falls in demand.³

In terms of online auctions, art auctions pose some special hurdles. First, there is the problem of ascertaining the condition of the artwork, something that typically requires a detailed physical inspection.⁴ Thus from the perspective of the prospective buyer, an online art auction introduces a very high level of risk that is not present in online auctions of homogeneous goods such as computer components. Further, if the artwork is unique, such as a one-of-a-kind oil painting, and if there is no track record for comparable works, its price trajectory and future market value are very difficult to predict with any accuracy (Kazumori & McMillan, 2003, p. 12). Without such information, speculative art buyers may find it difficult to make estimates about future resale values. To formulate it differently, art auctions are unusual in that both buyers and sellers may be unable to establish "reference prices" (Ariely & Simonson, 2003, p. 115) that they can use to guide their price estimations. This uncertainty contributes to a high level of unconsummated auctions. As Kazumori and McMillan (2003) show empirically, the sale rate for live art auctions is much higher than for comparable online auctions (65% vs. 40%, overall), and this difference is most pronounced for paintings and prints (83% vs. 44%; p. 18).

Thus the present work builds on the existing literature in two ways. As in Vishwanath's (2003, 2004) study, this work exploits a comparative case study design to document differences in seller and bidder behavior in multiple independent eBay auction sites in different countries. In my case, I explore a sample of auctions from eBay France and eBay USA. Like Dholakia and Soltysinski (2001), I examine transactions featuring heterogeneous goods, in particular auctions of fine art objects. Yet in contrast to previous work, I eschew the regression analyses common in studies of online auctions. Instead I incorporate both quantitative and qualitative data to offer a more naturalistic analysis of seller and bidder behavior in art auctions. Chat data are combined with numerical data to yield a fine-grained picture of preferences and decisions in both the French and American eBay sites.

The Case Studies

Although eBay USA is not the first online auction site, it is one of the oldest and certainly the most successful. Launched in 1995 with a single trading category, Pez dispensers,

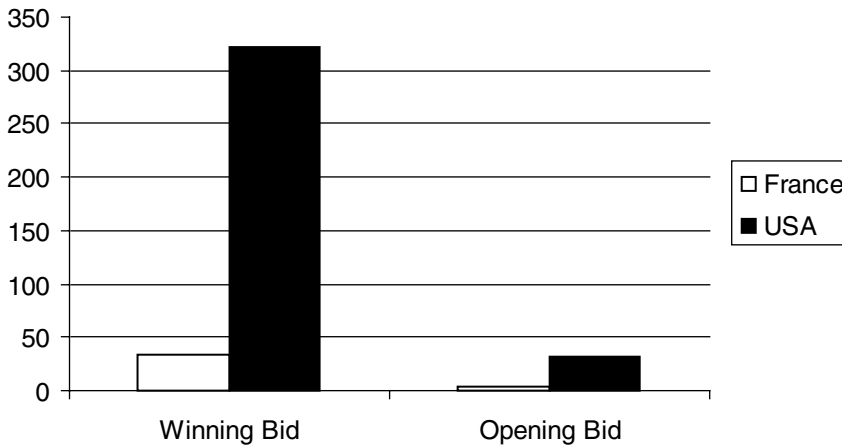
eBay has millions of registered users and hundreds of thousands of new item listings per day in literally thousands of categories. In France, iBazare was the predominant French digital auction house with aggressive media campaigns and partnerships in non-English speaking countries until 2001. However at this time, eBay USA purchased the French iBazare and transformed the French site into an auxiliary of eBay USA. The platform used by iBazare was transformed when eBay USA exported its system in its entirety to the French site without any significant changes, although as we will see, users in France and the United States use the same tools differently.

In 2003, I collected auctions of paintings at 5:00 p.m. for a 10-day period from April 1 to April 11 from eBay USA and eBay France. Each evening, I collected transaction data from all listed auctions by creating a web archive of each page of art auctions in the American and French eBay sites. At the end of the 10-day period, I then pulled up each archived auction from the web page archives. I then narrowed my sample by excluding auctions that fell into two categories: those that had not terminated during the time period and those that received no bids. After excluding any auctions that received no bids, I was left with transaction data from hundreds of art auctions in the American and French eBay sites. From these, I further excluded reserve auctions in which the reserve price was not met, thus annulling the auction.⁵ Because the American site hosted a much greater number of total auctions, I chose to take the first 100 auctions from each site that met these three criteria: (a) the auction finished within the specified time frame, (b) the auction received at least one bid, and (c) the reserve price was met, if a reserve was placed on the auction. Thus the final sample of 200 auctions comprises an equal number of auctions from the two sites: 100 from eBay USA and 100 from eBay France.

To control for variation because of the type of object being exchanged, I selected the subcategory of Paintings from eBay USA and *Peintures* from eBay France for study. When I conducted the study, the scheme for classifying art objects on the eBay France site was much less detailed than the scheme in the American site, with the all-encompassing category of Arts subsuming just 4 types of fine art (*Dessins*, *Gravures*, *Peintures*, and the catch-all category of *Autres*). Significantly, the categories diverge in both form and content from the categories established in the American eBay affiliate, where the higher level category of paintings is subdivided into no fewer than three intermediate level categories, according to the date of their production, and three lower level categories, depending on their geographical provenance (see the Appendix).

Even more important, I also collected discussion from the online art forums or chat spaces from both eBay France and eBay USA to record how eBay buyers and sellers understood and framed their own experiences on each site. Significantly, as we will see in the findings section, according to the chat data I gathered, many French art sellers intentionally disregarded the category classification scheme to boost their chances of successfully concluding their auctions. Indeed one French art seller charged that his fellow sellers were intentionally misclassifying their items to gain more attention and better bids. Therefore I selected the broad category Paintings from each site. Moreover, I conflated the category in the American site, which offers much finer-grained distinctions made among different subcategories to match the French category, *Peintures*. See the Appendix for comprehensive categories in each site at the time of data collection.

Figure 1
Winning and Opening Bids (Euros and Dollars)



Note: € 1.00 = \$1.10.

Auction Activity: eBay France and eBay USA

The most apparent difference between the two sites is the activity or popularity of the art auctions. Regarding the average number of bids per item and auction duration, on average French auctions receive 8.44 bids and last 9.6 days. American auctions on average receive 10.29 bids and last 8.7 days. Thus on average, American auctions garner 1.85 more bids in 0.9 fewer days than do French art auctions of paintings during the same time period, indicating greater activity both in terms of membership and revenue generated through sales. Not only are there greater numbers of bids per period in American auctions compared to French auctions, but the winning bids on the American site are significantly higher. More specifically, although the average winning bid for American paintings auctions is \$322.23, the average French winning bid, or *meilleur enchérisseur*, is only €33.87 (see Figure 1).⁶

Here we see that when auctions are concluded with a sale, the average American final price is almost 10 times that of its French counterpart. We further see that in French auctions, lower final prices are matched by a similar disparity in opening bids. Whereas 90% of French auctions begin with an opening bid, or *prix de départ* of €1, only 26% of American sellers open their auctions with a bid of \$1. Rather American auctions open with average bids of \$31.53, set by sellers. In sum, French sellers on average open their auctions at €4.3. In sum, we see that auctions on the American site garner more bids and higher winning bids in less time than on the French site.

The forum or chat data show that French sellers on eBay France are very aware of the disparity between the two sites in terms of auction activity. These chat data also illuminate how sellers on each site understand the levels of activity on each national site. In addition to the fact that Internet development in France is several years behind that in the United States, eBay USA also has a much larger national population from which to draw bidders.⁷ Therefore, it is no real surprise that, on average, French auctions last 1 day more than their

American counterparts and yet receive almost two fewer bids per auction. Chat from the American art discussion forum does not make reference to activity on other eBay sites; these buyers and sellers know that eBay USA is the single largest online venue with the largest online market. Activity on other national sites appears to be of no consequence to them. Rather, they confine their discussions of auctions to eBay USA.

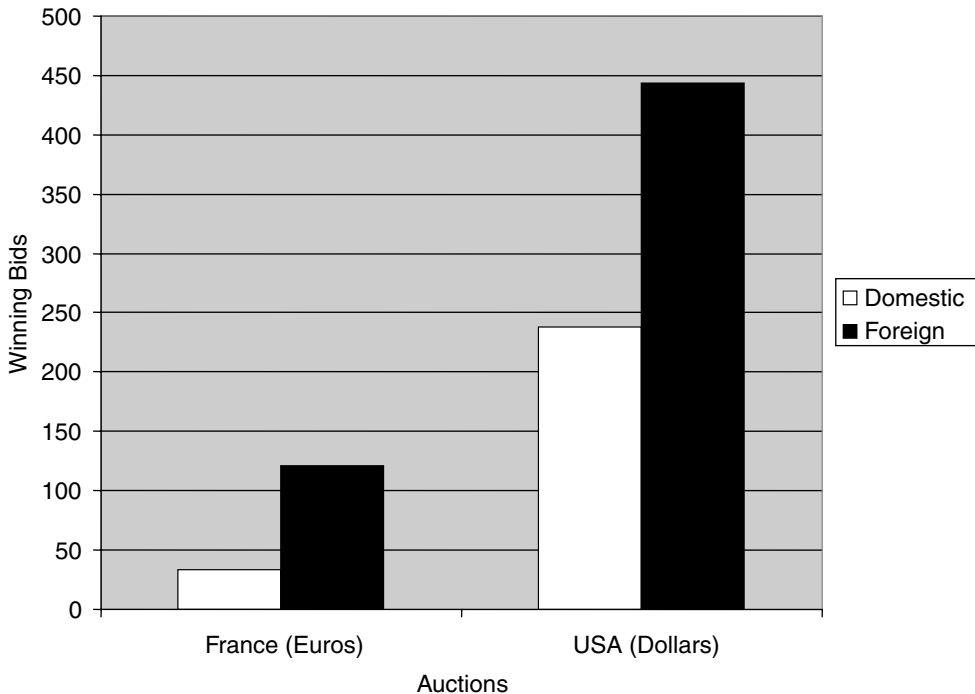
In contrast, French discussion data confirm large scale dissatisfaction with the number of hits that French auctions receive, especially compared to eBay USA, showing that French users are keenly aware of other eBay national sites. The data culled from the art discussion forum on eBay France demonstrate that the French are quick to compare activity on eBay France with that on other national sites. Self-reported French sellers in art auctions represent the majority of discussants who take the trouble to explore other national sites and compare them to eBay France. These French sellers lament the lower levels of activity on the French eBay site. They blame it on eBay's policy to isolate the auctions by national site and reference eBay's refusal to cross list French auctions on other sites.⁸ One seller states, "For pity's sake, look at the wealth of categories in eBay UK, Germany, and Spain. France has a rich cultural patrimony that creates all of our interest for foreign buyers—and they can't even find us!" As these discussants explain, unless buyers do an advanced search and choose to include other national sites in their search, only those listings in their country of origin will appear. Sellers listing to each national site are aware that their auctions are most likely to be seen by buyers in their particular site. These French users do not discuss future markets on eBay France that will grow as the Internet grows in France. Rather, these French sellers wish to access other national eBay markets that are already heavily penetrated.

Naturally this leads to the question of whether non-French buyers make the effort to look for objects on eBay France. French forum discussants explain that there is no need! French foreign discussion shows that the French are aware of Americans' penchant for French art. Ironically Americans have no need to visit eBay France to obtain it. French sellers report that there are more French works of art for sale on "foreign" sites than in France itself! Many French sellers report taking the time to visit eBay USA, eBay UK, and eBay Germany to compare activity and eBay policy across the different national sites. As one unhappy seller reports, "Explain to me why eBay UK has a Limoges subcategory with 131 objects Don't tell me there aren't 130 in France Can it really be more pleasurable to shop for Limoges among the English than in France! Unbelievable!" The French forum discussion reports the irony that *les anglo-saxons* are more French than the French themselves in terms of selling French art online. Indeed, a general search for French *objets d'art* such as porcelain from Limoges will result in several hundred hits on the French site, 1,000 to 2,000 hits on the U.K. site, and 4,000 to 5,000 hits on the U.S. site. In sum, the French site has lower levels of activity in terms of numbers of bids per auctions; French respondents explain that this is in part due to the vast array of French art wares already for sale on eBay USA.

French and American Sellers: Foreign and Domestic Preferences

According to the forum data, many French sellers on eBay France yearn for the opportunities on eBay USA, yet they do not choose to change sites. Instead of leaving eBay France, French sellers explain that they are unwilling to pay multiple listing fees to appear on both sites. As one seller explains,

Figure 2
Winning Bids for Foreign and Domestic Auctions



Note: € 1.00 = \$1.10.

If an object might interest a client in the US, I have to sell it on the American site through eBay.com and the fees are really much higher. Why are the fees so different? Why don't my objects on eBay.fr appear on the pages opened by the American buyers? . . . And yet I am not a complainer.

Indeed this in part explains the remarkable difference in percentages of domestic and foreign sellers in each national site. Although 40% of American auctions are run by foreign sellers, only 2% of sellers in France are foreign. Further, despite the great numbers of French goods on the American eBay site, none of the sellers in this sample is French. Ironically, although there are numerous foreign sellers on the eBay USA site, most are Scandinavian. We can speculate that the American bidders' willingness to transact with foreign sellers flows from their comfort with dealings involving anonymous others, something that makes their French counterparts distinctly uneasy.⁹

The number of foreign sellers has a very real effect on the revenues garnered by sellers on eBay France. In Figure 2, we see domestic and foreign origins in relation to final winning bids, indicating the relationship between high final bids and foreign auctions.

Here we see that the average winning bid on French foreign auctions is € 121.5, far in excess of domestic auctions that average € 33.87. The same dynamic holds true for American auctions, which garner an average of \$443.87 for foreign auctions, whereas

domestic auctions average \$237.79. Given that only 2% of French auctions are from foreign sellers, while American auctions boast 40% foreign sellers, the great disparity in auction revenue between each site appears to be further illuminated. However, if we take a closer look at the types of auctions hosted by foreign sellers on eBay USA, we see that foreign sellers specialize in high priced oil paintings; all but three auctions from foreign sellers are for oil paintings on the American site.

Auctions: Oils Versus Lithographs

In addition to site activity and foreign or domestic sellers, other differences include the fact that eBay France and eBay USA cater to different segments of the art market in the two countries. The percentage of paintings in acrylic is almost the same on both sites at 12% and 14% for the French and Americans, respectively. However, 79% of French auctions are of lithographs or high quality reproductions that in many cases are of a limited number signed by the artist. Only 2% of American auctions are of lithographs. In contrast, 69% of the American auctions are for oil paintings, compared to only 1% of French auctions. Differences between other media are not as dramatic. Although American auctions contain no offerings in pencil or photography, these media represent 2% and 1% of French auctions, respectively. Although French auctions do not contain any mixed media, 5% of American auctions are described by sellers as such. Finally, watercolors account for 2% of French auctions and 5% of American auctions.

Clearly the extraordinary differences in percentages of lithographs and oil paintings sold in part accounts for the great disparity of final successful bids. In Table 1, we see the respective media and final successful bids in France and the United States.

In each site, oil paintings garner the highest winning bids, on average at €85 and \$420. Lithographs receive among the lowest winning bids at €33 and \$12 on average. Because of the fact that lithographs represent 79% of the French auctions while oil paintings are 69% of American auctions, the extraordinary difference between French and American average winning bids becomes clearer.

Winning Bids and Coveted Items

Although the preference for oil paintings is in part responsible for much higher winning bids, American winning bids on art in all media are very widely dispersed relative to the French site. Out of 100 items, 11 are sold at prices of more than \$1,000, whereas on the French site only 10 items manage to clear the €100 barrier (see Table 2). Even when we compare the subcategory, acrylic paintings, which varies the least in quantity between the two sites, we find a smaller but still substantial discrepancy: an acrylic painting sells for an average of \$117 on the American site and an average of €40 on the French site.

An even more interesting pattern emerges when we use index values or ratio values to measure the relationship between the relative number of bids on a particular art item and the relative price of the winning bid. When we look at Figures 3 and 4, we can see that, although neither correlation is anywhere near perfect, the relationship between the two ratio measures is much stronger in the French site than in the American site. In other words, in

Table 1
Media and Prices

	France Prices in Euros	United States Prices in Dollars
Acrylic	33	80
Lithograph	33	12
Oil	85	420
Watercolor	58	38

Note: € 1.00 = \$1.10.

Table 2
\$1,000 and €100 Auctions

	Winning Bids France (Euros)	Number of Auctions United States (Dollars)
Lower than 100	91	39
100 to 203	9	24
203 to 499	0	20
500 to 999	0	9
Greater than 1,000	0	8

Note: € 1.00 = \$1.10.

Figure 3
French Price and Bid Index Values

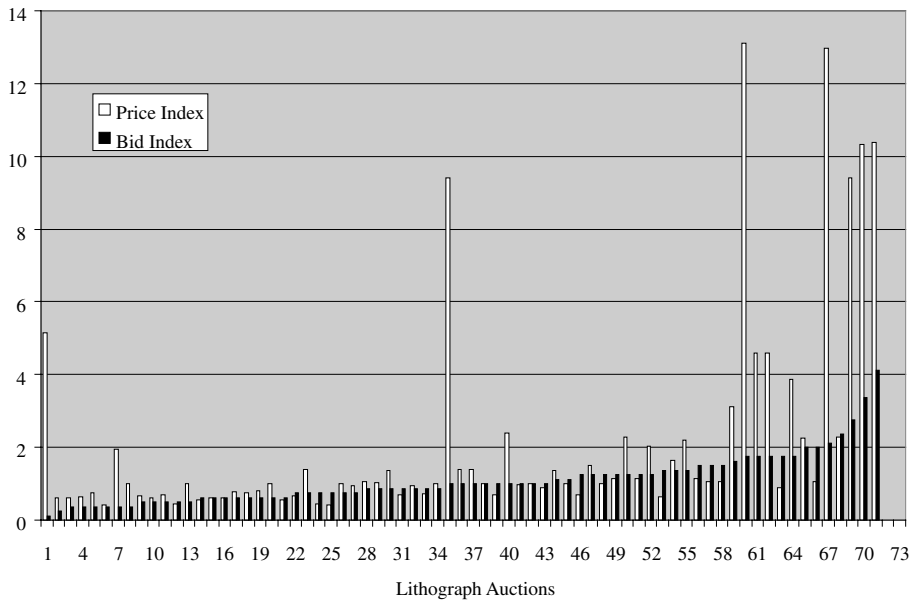
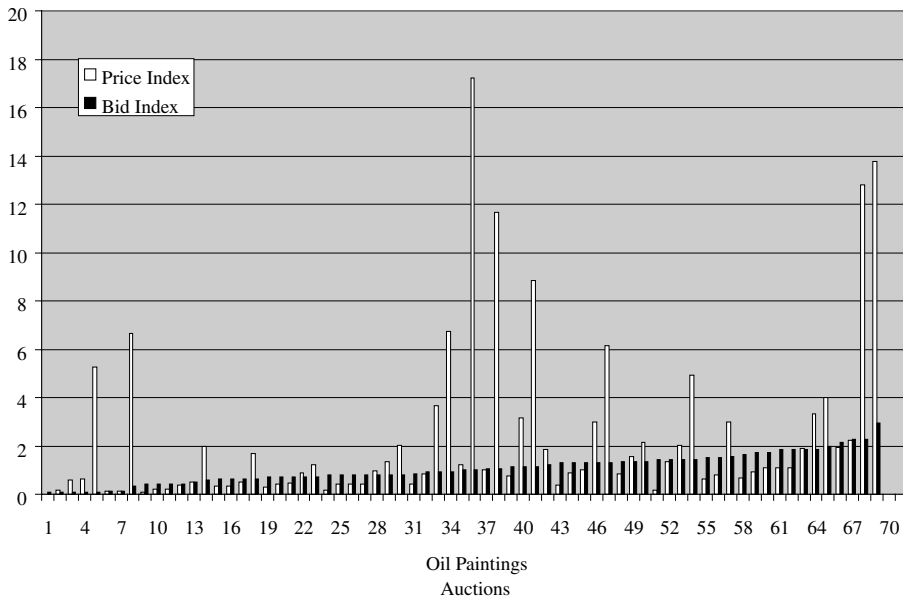


Figure 4
American Price and Bid Index Values



the French site, the more “coveted” (Dholakia & Soltysinski, 2001) an item is relative to other art objects, the higher the winning bid is in relation to other winning bids.

In the American site, by contrast, the relationship is not nearly as strong; there is a weaker association between the item’s popularity and its ability to fetch comparatively high winning bids. The American item receiving the highest winning bid, an oil painting selling for \$1,600, attracts only one bid, and the highest selling item, another oil painting, receives 14 bids, a figure right in the middle of the distribution. In the French case, however, despite the fact that starting prices are set at low levels, more than 10 bids are placed on almost every item selling for more than € 100.

Auction Strategies

This is all the more surprising given the fact that the French sellers make less use of reserve prices that can act to force prices up in second-price auctions where the item is appraised as unique and valuable by prospective bidders. Those unfamiliar with the psychological dynamics of bidding may think that sellers should simply begin their auctions with a high starting bid rather than employing a reserve auction. However, previous research indicates that, where expensive *sui generis* items are concerned, bidders will shun auctions with high observable minimum bids, rather than avoiding auctions with private reserve prices. In cases where feasible public minimum bids would scare off prospective bidders, equally high reserve prices work well for the seller (Robinson, 2001).

Figure 5
Successful Reserve Auctions

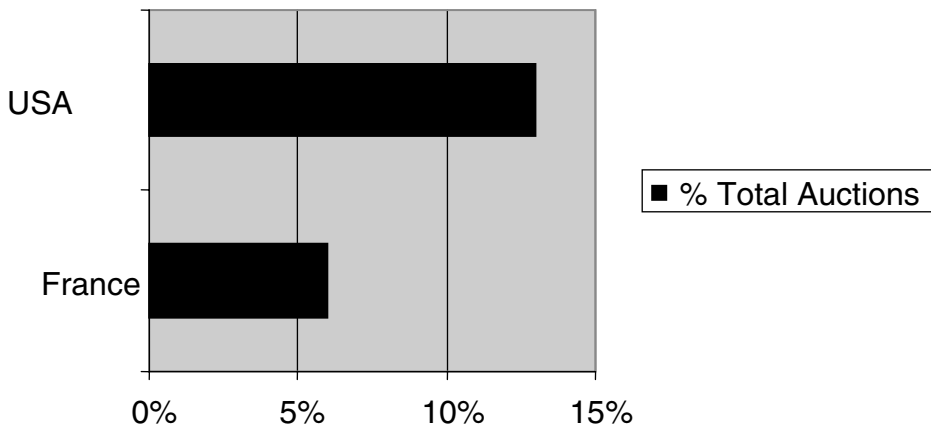
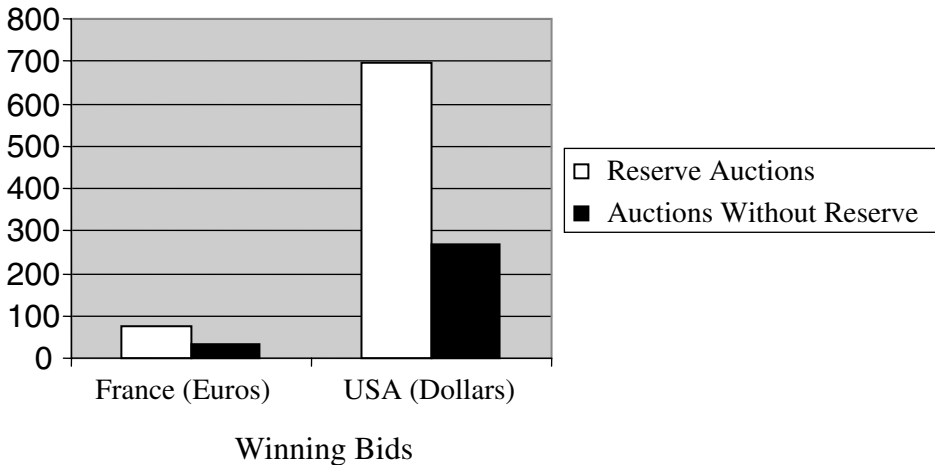


Figure 6
Reserve Auctions and Winning Bids (Euros and Dollars)



Note: € 1.00 = \$1.10.

In the French site, there are comparatively few offerings of oil paintings and other media that can command high prices in the offline market. French sellers are on the whole fairly comfortable with low starting prices and low selling prices. In addition, French sellers are less likely to pursue the reserve pricing strategy and, as a partial consequence, do not garner very high closing prices. In Figure 5, we see that more than twice as many American sellers successfully use reserve auctions, in which bidders meet or exceed the reserve prices than do French sellers. In sum, 13% of American sellers employ this strategy, as compared to only 5% of French sellers. In so doing, they also net far higher winning bids (see Figure 6).

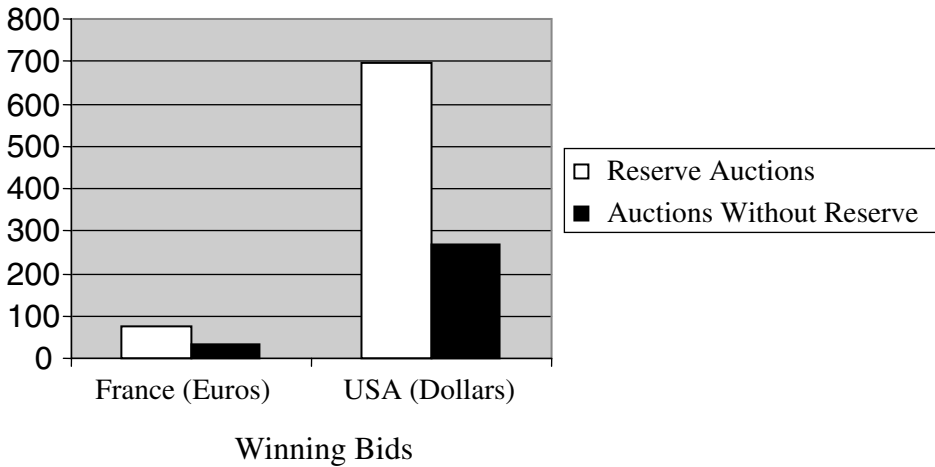
Above we see that for both French and American auctions, reserve auctions receive far higher prices of €76 and \$696.92 for reserve auctions in French and American sites, respectively. In contrast, unprotected auctions receive average winning bids of only €31.18 in France and \$266.24 in the United States. It is of interest that in each site reserve auctions result in average final prices that are 244% and 261% higher nonreserve auctions for French and American sellers, respectively. Thus by choosing not to use reserve auctions and beginning the vast majority of auctions at €1, French auctions garner final bids 9.5 times lower than their American counterparts.

Obviously, the French view risk management in very different terms than do Americans. Again, the forum data allow us to see findings on the use of reserve auctions in terms of how sellers frame the psychology of online auctions. Discussion on the American site considers the psychology of the reserve price. Here, sellers indicate that the reserve price signals an item of great worth. Signaling it as such may create hype over the auction that will increase bidding as buyers attempt to meet the reserve. In contrast, discussion on the French forum indicates that while psychology is also important, they employ very different strategies. Rather than creating hype over auctions through reserve prices, French sellers actually encourage each other to subvert the categories on the French auction site to win the highest bids. Savvy French sellers place their auctions in the category that garners the most attention, regardless of whether or not it is the appropriate category. As a forum participant explains to a newbie, "Visit all of the categories, then see which ones are the most successful . . . then put your own auctions there. It is sad, but unfortunately it is the least expensive way." Respecting formal categories exacts a real price. Another forum participant cautions, "It has been some time that a majority of the sellers do not respect the rules In consequence the sellers that do respect the rules see their objects lost in low-end rubbish." Significantly, even the forum moderator on the French site advocates this reclassification in a post! Thus, although the reserve price is a powerful signaling tool on the American site, it does not hold the same meaning for French sellers and buyers. Rather, French auctions signal value through selected classification with other auctions of valuable items, even if that classification is erroneous.

Seller Profiles and Reputations

This difference in auction strategies is accompanied by differences in approaches to seller ratings, specifically sellers' orientation toward eBay's Feedback Forum or reputation system.¹⁰ Each eBay user has a profile consisting of ratings by other users that all users may access to ascertain whether the individual would make a trustworthy exchange partner. Buyers and sellers rate each other by giving each other one of three scores (positive, neutral, or negative) and giving additional textual comments; the result is a publicly accessible reputation rating. The infrequency of negative comments, relative to positive comments (0.6% vs. 99.4%; Resnick & Zeckhauser, 2001), is something that has been interpreted in several ways. Although popular accounts may consider this as evidence of the trustworthiness of eBay transactors, scholarly researchers are not as sanguine about the feedback system's capacity to convey reliable information about transactors.¹¹ Researchers find that there is a substantial price penalty for sellers with few sales, but that the absolute number

Figure 7
Feedback and Price



Note: € 1.00 = \$1.10.

of negative comments has a rather small effect when the seller has compiled thousands of positives. The findings from Resnick et al.'s (2003) field experiment lend further support to the idea that a long track record yields both a price premium and a greater likelihood of a consummated sale.

The data bear out this finding in the American case. Those Americans who receive high bids on auctions despite negative feedback are predominantly "Power Sellers" who have track records encompassing thousands of successful auctions. However, there are far fewer Power Sellers in the French sample. Even more significant, the feedback system also seems to work differently for French sellers than for comparable American sellers in that sellers with negative feedback fare differently on the French and the American sites. While 84% of French sellers have at least one negative comment, only 41% of American sellers have at least one negative comment. This slight difference has important implications regarding the amount of final winning bids for the French. In Figure 7, we see the average winning bids for those with one or more negative comments compared to those sellers with no negative evaluations. For French sellers, even those who have already sold hundreds of items, even a single negative comment can lead to a sharp drop in the amount of the average winning bid. Although those French sellers with even one negative comment receive average winning bids on their auctions of €32.36, those with 100% positive evaluations average a much higher average of winning bids at €41.78.

However, American sellers with at least one negative comment actually fare better than those who have no negative feedback. The former garner winning bids of \$334.93, as opposed to \$303.95 for the latter. This difference may be largely a result of the higher volume of auctions that take place on the American site. Those Americans who receive high bids on auctions despite negative feedback are predominantly Power Sellers who have thousands of auctions to their name. In sum, although the average French seller has only

272 positive evaluations, the average American seller has 1,207. Thus, although the French are much more likely to have negative feedback from other French users (84%), they are also “punished” for it in terms of final winning bids. In contrast, although on average a greater number of Americans receive no comments (41%), even those with at least one negative comment (59%) on average are not discriminated against in terms of final winning bids. This corroborates the findings from Vishwanath’s (2003, 2004) study that suggested that French Internet users are less comfortable than Americans taking risks with unknown others on the Internet.¹²

Discussion

Although the French and American eBay sites operate according to the same auction format, there are marked differences in the auctions that take place on the two sites. As we have seen, on average the American site hosts shorter auctions that result in higher numbers of bids and much higher average final winning bids. American sellers are more likely to sell valuable oil paintings and less likely to offer inexpensive reproductions such as lithographs. French bidders avoid transacting with foreign sellers, prefer low-priced reproductions to more valuable oil paintings, and are more comfortable with low starting prices and with comparatively low selling prices. Studies of interpersonal interaction in the two cultures confirm that, as a general rule, Americans are more willing than French people to accept economic and other forms of risk. Americans trust that the institutional policing mechanisms and informal norms of behavior will combine to deter bad behavior (Luhmann, 1979). Data from this study confirm that American bidders take greater risks as evidenced by the greater degree of willingness among Americans sellers and bidders to participate in transactions involving valuable and one-of-a-kind art objects, even when there is substantial uncertainty about the object’s actual market value. Further, unlike the French bidders, Americans are also much more likely both to buy art from foreign sellers and to pay higher prices for it.

Concerning auction strategies, American sellers are more likely than French sellers to use private reserve prices to hook prospective bidders and get them involved in bidding competitions. In contrast, French bidders, even those who buy from high-volume sellers, care much more about the reputations of the sellers with whom they are transacting, as evidenced by the price premiums obtained by French sellers with better reputational feedback scores. Simultaneously, French users are also more likely to treat negative comments as meaningful indicators of a prospective transaction partners’ trustworthiness. In addition, French bidders are much more likely to flock to auctions already popular with other bidders. They are seemingly more susceptible to the “bidding frenzy” (Ariely & Simonson, 2003, p. 119) that overtakes bidders swept up in an engrossing competition with other bidders. French bidders, more than their American counterparts, seem psychologically motivated to best one other in popular auctions, while avoiding auctions that fail to attract other bidders.

Although this study points to some interesting differences between auction characteristics on the two sites, further studies will be needed before we can say with any certainty that the observed differences are due to some national cultural traits (Hofstede, 1980) rather

than differences in the immediate context of interaction. More specifically, further study will allow us to reach more definite conclusions about the confounding effects of differences in American users' and French users' exposure to the eBay system. As their track records attest, the American bidders and sellers have, on average, much more experience in transacting on eBay than do their French counterparts; it would therefore be interesting to devise a study to capture populations with similar levels of eBay history. Finally, there are several signs pointing to a convergence between the behaviors of French and American bidders and sellers. The few French bidders and sellers who brave foreign eBay sites treat feedback comments in a manner similar to the Americans and use styles similar to those populating the American eBay site. Domestic market French users employ high levels of critical evaluation in their feedback. Typical positive comments are brief: "Ideal transaction," "Very good," and "Without problem." However, normative positive American comments seem zealous in comparison: "Super fast delivery, better than expected, A+++++++", indicating the highly consensus-oriented nature of American culture. The small percentage of French users who engage in other eBay auction sites shows a marked Americanization of their feedback even if it is in French for other French users, "*Super ebayer sérieux de confiance a recommander++++++*." Given the French love and respect for the French language, the lack of accents and Americanized spelling of "ebayer" rather than "ebayeur" leap to the eye. This may seem to be only a small skirmish in the battle to preserve French language and culture from the hotly contested influences of Uncle Sam, but it is worth exploring in future studies. Only time will tell us how far the French will engage in non-French markets and to what degree those who do so will adopt American online habits. Further examination is needed of online auctions and cross-cultural differences in trust as well as risk management is needed. In this regard, this study should be seen as a jumping off point for sociologists to study not only online auctions but also the globalization of online culture.

Appendix

American and French Categories for Online Art Auctions

Categories Hosted by eBay USA	Categories Hosted by eBay France
Digital Art	<i>Arts</i>
Drawings	<i>Dessins</i>
Antique (pre-1900)	<i>Gravures</i>
Modern (1900-49)	<i>Peintures</i>
Contemporary (1950-now)	<i>Autres</i>
Folk art	<i>Céramique et verre</i>
Mixed media	<i>Faïence</i>
Antique (pre-1900)	<i>Porcelaine and grès</i>
Modern (1900-49)	<i>Verre et cristal</i>
Contemporary (1950-now)	<i>Design</i>
Paintings	<i>Instruments, machines, outils</i>
Antique (pre-1900)	
American	<i>Meubles et décoration</i>

European
 Other
 Modern (1900-49)
 American
 European
 Other
 Contemporary (1950-now)
 American
 European
 Latin American
 Other

Objets d'art
Argenterie
Objets de vitrine
Autres
Autres

Photographic images
 Antique (pre-1940)
 Contemporary (1940-now)

Posters

Prints

Antique (pre-1900)
 Architecture
 Botanical
 Costume
 Natural history
 Portrait
 Religion
 Topographical
 Other
 Modern (1900-49)
 Limited editions
 Open editions
 Contemporary (1950-now)
 Limited editions
 Open editions

Sculpture, carvings

Antique (pre-1900)
 Modern (1900-49)
 Contemporary (1950-now)
 Bronze
 Marble
 Metal
 Wood
 Other materials

Other art

Self-representing artists

Notes

1. On eBay France, there is significant interaction between levels of interpersonal trust and sellers' reputations (Vishwanath, 2004). Lower reputational scores have the greatest negative effect on winning bids on the French site. On eBay France, higher seller ratings result in an average increase in bids; this increase is 244%

for French auctions, compared to only 130% and 23% for eBay Germany and eBay Canada, respectively. In sum, individuals from cultures with low levels of trust, such as France, have a greater tendency to “rely on or verify source-credibility and favor highly-credible sources” (Vishwanath, 2004, p. 31). Here we see that online culture reflects the offline world. In another study of other national eBay sites, Vishwanath (2003) also finds that online behavior replicates offline cultures of high and low trust. In a study of Japanese, German, and American eBay sites, it was found that Japanese users are most influenced by uncertainty avoidance. They do not take risks to the same degree as do their German counterparts, who in turn are more likely to avoid uncertainty than are Americans. American users exhibit the greatest risk taking; they engage in greater bidder participation, resulting in higher final winning bids, with less information than do individuals from cultures with higher uncertainty avoidance such as France.

2. Most studies of seller behavior on auction sites such as eBay seek to illuminate patterns using samples of numerous auctions in which participants transact the same good. Thus, all of the auctions in Anderson et al.’s (2004) study of seller types and auction formats involve the Palm Vx handheld computer, whereas in a second study the analysis of bidder and seller reputations concerns identical Pentium III microprocessor units (Cabral & Hortasçu, 2004).

3. In the offline world, markets for fine art products do not function in the same way as classical commodity markets, as the German sociologist Olav Velthius (2003, pp. 193-196) shows in his study of the high-end retail art markets in Amsterdam and New York City. Velthius shows that, when paintings’ prices are set above the level at which they could fetch a buyer, dealers will sooner abandon the artist than lower the price. Dealers evince an extreme reluctance to reduce already-set prices. They explain that any reduction in price would damage the artist’s career by signaling a descending trajectory to prospective audiences and buyers. Thus, dealers may forego price reductions even if it means they cannot sell an artwork. Because dealers and prospective buyers often feel unequipped to make objectively defensible judgments about something as elusive as an artwork’s worth, some objective characteristic such as size is often substituted for more subjective criteria as a standard for establishing the value of an artwork.

4. Art dealers convinced of the necessity of inspecting artworks express considerable skepticism about online art auctions, particularly when there are large sums of money at stake (Kazumori & McMillan, 2003, p. 5).

5. Reserve auctions are sometimes referred to as secret reserve auctions because sellers’ reserve prices are secret or undisclosed to bidders. According to the eBay’s explanation of reserve auctions,

A reserve price is a tool sellers can use to stimulate bidding on their auction-style item while reserving the right not to sell below a price they have in mind. Many sellers have found that too high a starting price discourages interest in their item, while an attractively low starting price makes them vulnerable to selling at an unsatisfactorily low price. A reserve price helps with this. A reserve price is the lowest price at which you are willing to sell your item. If a bidder does not meet that price, you’re not obligated to sell your item. You set your reserve price, as well as a starting price, when you list your item.

6. When the study was conducted in April of 2003, the exchange rate between the dollar and the euro was approximately \$1.10 to €1.00.

7. According to Revcolevschi’s (2004) study, 90% of American households have PCs with Internet access, compared to 63% in France. According to this analysis, Internet development in France is approximately 5 years behind the United States because of five key factors. First, personal computers cost up to 40% more in France. Second, until the recent adoption of flat rate service, the French paid per-minute fees for both local phone tolls and Internet use, making it extremely cost prohibitive to go online. Third, the small francophone user base created a club effect in which francophone web content producers had few incentives to go online. Fourth, French users had smaller incentives to go online than did English-speaking users for two reasons. Until 1997, 90% of Internet content was in English. Moreover, the French used France’s Minitel system that already offered many of the Internet’s features. Finally, France’s history of state-controlled communications officially prohibited all communications without state permission, creating a historical tension in the adoption of new media.

8. Using the advanced search feature, users in one country may access auctions in another one, provided that they are aware of this tool.

9. Other explanations include language barriers and the credit card system in France that provides few of the security benefits common to American credit cards. As the visible presence of foreign sellers (40%) on eBay USA attests, many Americans are happy to risk their money with unknown sellers thousands of miles away. Observers of the French have long noted the French habit of showing and/or obtaining information through personal contacts

rather than impersonal sources (Carroll, 1987). Americans are generally willing to trust impersonal sources, and they prefer to obtain information from official sources rather than personal contacts (Carroll, 1987). By contrast, the French have no such basis for trust in the faceless other and do not assume that appropriate behavior will be reinforced (Platt, 2003). As anthropologists have noted, Americans tend to frame interactions with foreigners as reciprocally enriching, whereas French feel that strangers are not entitled to trust (Baudry, 2003). Platt (2003) reminds us that “*danger*” and “*étranger*” rhyme in French for good reason, which may explain the affinity for domestic auctions on eBay France.

10. In both sites, the reputation system or Feedback Forum is at the heart of the eBay phenomenon. Users rate each other regarding their satisfaction with completed auctions. Although scores of 1 (positive), 0 (neutral), and -1 (negative) may be given, the majority of feedback is positive. The total of all feedback ratings creates a composite score that is found next to the seller’s name. As the numeric values indicate, although neutral comments of 0 do not affect the score, positive and negative comments raise or lower the user’s score by 1 point. Significantly, each user may rate the other only once, even if he or she conducts multiple transactions with one specific user. In addition to the numeric scores, if a user would like additional information, he or she can review the written comments that users may leave in addition to the numeric rating. Although eBay does not remove negative comments from the system, a space is given for responses to negative comments, and there is the possibility of both users mutually withdrawing feedback. However, it should be noted that other studies indicate that it is possible for users to manipulate feedback (Robinson, 2001; Robinson & Halle, 2002).

11. Cabral and Hortasçu (2004) discovered that when a buyer leaves a negative comment about a seller, he or she stands a 40% chance of getting unwarranted retaliatory feedback from the seller. The odds of getting such feedback after leaving neutral comments are only 10%.

12. These findings are consistent with cultural differences between French and Americans in the offline world. Not only do the French show lower levels of generalized trust in others, but they also are quick to criticize others while refusing to acknowledge their own wrong doing (Platt, 2003). The ability to critique behavior has long been a hallmark of French culture; the French understand it as the intellectual ability to make distinctions. Ironically, this same behavior is considered unacceptable to most Americans who value consensus more than dissention (Carroll, 1987) and who define admission of wrong doing as admirable as long as it is accompanied by a sincere desire to make amends (Platt, 2003), an attitude that may seem hopelessly naïve to the French. Thus, French use of negative feedback supports Castells’ (1996) contention that American domination of web content and creation will not be a significant barrier to Internet participants from different cultures and language groups employing digital sites in culturally specific ways. French users understand and manipulate the exact same system in culturally unique patterns that translate the offline world into online behavior.

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Laura Robinson examines Brazilian, French, and American online communities in terms of interaction and norm building, national and collective identities, and cultural discourse. She may be reached at lauracr@ucla.edu.