

MISQ Archivist

The Value of Reciprocity in Online Barter Markets: An Empirical Investigation

Shun Ye, Siva Viswanathan, and Il-Horn Hann

Abstract

This study empirically examines online peer-to-peer (P2P) barter markets, in which individuals trade goods or services without the use of money. Using detailed transaction data and weblog data from a leading online P2P barter market for books, we examine the role of reciprocal relationships in the initiation and fulfillment of exchanges. We find that avid users with a higher demand for books are more likely to establish and utilize reciprocal relationships compared to non-avid users. In examining the value of reciprocal relationships, we find that the use of reciprocal relationships provides significant value throughout the entire market exchange process. First, reciprocal relationships enable an avid user to find new books and new exchange partners through exploratory browsing, which lowers her search costs. Second, browsing reciprocal partners enables an avid user to discover books in new topics, despite that reciprocal partners share similar book tastes with the user. Finally, reciprocal relationships help improve the exchange outcome through lower rejection rates and faster delivery speeds. Our findings provide important insights into the role of reciprocal relationships in facilitating exchanges in online markets and provide useful implications for the design of decentralized online P2P markets.

Keywords: Online barter markets, online sharing platforms, reciprocity, information asymmetry, empirical analyses