

Running head: COMMUNITY IS SECURITY

Community Is Security:

Online Security Communication at eBay

Abstract

As e-commerce fundamentally changes the way Americans do business, many people are left confused. A tremendous challenge and opportunity for practical theory is to understand and influence how websites are rhetorically created as safe places to do business. This paper focuses on the case of online auction eBay to understand how eBay has successfully drawn millions of users to its site in spite of perceived risks and uncertainties. eBay has argued that community is security at its site, and the paper isolates key elements of community eBay employs to help define the new phenomenon of the online community of commerce. Finally, it examines recent changes to eBay's system, suggesting that so-called improvements might actually weaken the community security already in place—a warning to other sites that might imitate eBay's community approach.

Communication Is Security:

Online Security Communication at eBay

Online auctions contain a lot of uncertainty. In addition to the value uncertainties present at any auction, uncertainties that inhere in the medium itself create more fears. A prospective bidder must be willing to bid against unseen competitors and then send money to an unknown person for an item the bidder has never been able to handle and examine in person. The bidder must trust the seller to produce the item safely packaged and exactly as described. The bidder must also trust the whole mysterious computerized process to be fair and not rigged in any way.

Uncertainty about the safety and security of online auction sites and other e-commerce venues creates tremendous opportunities for practical theory. E-commerce will require more fraud controls than traditional trade (Bons, Dignum, Lee, & Tan, in press), but it will also require more communication about safety and fraud that educates people to the point that they become users. Online security communication largely deals with building understanding in timid, and often technologically unschooled, audiences. In this paper, the study of an online auction's security communication provides insight into how e-commerce sites can promote community as security. Many commercial sites devote at least some attention to community (e.g., amazon.com, espn.com), but often community is a glorified label for chat room or discussion board. In eBay's case, however, community means more than that. This paper considers the fears of online auction participants, eBay's community response, and what features of community dominate eBay's online community of commerce. Finally, the paper questions whether additional security measures might actually erode the community foundation of eBay's online security communication.

### Online Auctions: Trust and Security

Online auctions represent an appropriate entry point into online security communication because they are closely related to their offline counterparts. Their ascending bid auctions are very similar in nature to the familiar English auction form by which antiques, used cars, property, tobacco, and countless other items have been sold for a very long time (Smith, 1989). Many payments at online auctions are still made the old-fashioned way checks or money orders sent via snail mail. Both general and specialty auctions clamor for the attention of bidders and sellers of everything from antiques to junk to cigars to patents. Among person-to-person online auctions, however, the largest is eBay.

At the close of 1999, eBay reported more than ten million registered users ( eBay Inc. announces, 2000). eBay was the first auction of its kind, launched in September 1995 ( Company overview, 1999); in the burgeoning area of electronic commerce, being first counts for a lot. Internet markets are what Frank and Cook (1995) would call winner-take-all markets, in which early success is critical to establishing a disproportionately large lead over number two. In eBay's case, its early entry has resulted in dominance of online auctions to the tune of four million auctions a day as of February 2000 ( eBay Inc. announces, 2000).

But security threats and perceived security threats abound at eBay and other auction sites, often exacerbated by heavy media coverage of isolated debacles. When the Today show listed an autographed jacket for sale on eBay with the proceeds to benefit charity, for instance, bids got as high as \$200,000 but the highest legitimate bid turned out to be just \$11,400, prompting a large donation from eBay's corporate coffers (Buel, 1998). Underage bidders occasionally drive up auction prices with no intention of paying, such as the 13-year-old who bid

more than \$3 million on various items in 1999 ( 13-year-old, 1999).

EBay asserts that these and other embarrassing but heavily reported stories (such as illegal items for sale that have included a baby boy and a kidney [ Baby sale, 1999; Seyfer, 1999]) are anomalies. EBay CEO Meg Whitman says there are 99.97 percent of eBay users who have a fun, positive and rewarding trading experience (Whitman, 1999a). There are also many opportunities for uncouth individuals to abuse the system as the National Consumers League vice president for public affairs puts it, [EBay] s a very good place to shop, yes, and it s a good place for con artists (Nelson, 1999, p. 4G). Rheingold (1993) sagely observed that computer-mediated communications provide new ways to fool people (p. 67). The National Consumers League reported more than 5000 fraud complaints for online auctions in the first six months of 1999 far and away the most common type of online fraud (McKee, 1999). Many potential problems, whether isolated or recurring, create the need for effective online security communication to reassure potential users that they can participate in virtual auctions with some modicum of safety.

As traditional auction house Sotheby s vice president C. Hugh Hildesley has observed, No illustration will give you a precise sense of what an object is really like (Kinsella, 1999, p. W14). PC World executive editor Dan Tynan, though advising people watching CBS This Morning to read item descriptions closely, admitted You can t exactly kick the tires or hold it to your ear (1999). Because bidders cannot closely inspect or handle merchandise offered online, counterfeit merchandise is a serious concern, and some trademark owners have alleged that half or more of the items for sale on eBay bearing their names are fakes (Quick, 1999). Con artists can fail to deliver goods after receiving payment. As with offline auctions, items are typically sold

without any kind of warranty, caveat emptor. Bidders inability to examine items in person also makes the condition of items suspect until they actually arrive. Oldstuff reported that more than half of his recent purchases arrived with unreported damage (AuctionWatch, eBay Outlook, You ve heard of deadbeat bidders? 18 July 1999).

Sellers have their own safety concerns. The biggest are buyers who leave derogatory feedback without cause and deadbeat bidders, who win auctions and never send payment. Although sellers might have more of a stake in transactions if eBay represents their livelihood, buyers assume more risk on each individual transaction; as traderbill reminded the eBay Outlook on AuctionWatch, the buyer is taking a lot bigger risk than any seller is. The buyer is sending you money on faith that you will keep your side of the contract. If they are wrong, they lose ALL their money. If you as a seller are wrong about a buyer, you still have the merchandise! ( What would you do with this one? 26 June 1999).

Glenn McDonald (1999) noted that ultimately, all person-to-person auction transactions involve an element of risk (p. 4). Other risks include stolen goods for sale, bidder stealing,<sup>1</sup> bids altered by hackers, theft of personal information, and bid siphoning.<sup>2</sup> With all of these potential dangers, security communication must educate users about precautions and somehow persuade them that the benefits of eBay outweigh the risks. And eBay recognizes the need for security communication in her latest quarterly letter to the community, CEO Whitman (2000) reiterated eBay s goal to create the safest and most secure online trading community in the world (p. 2).

One columnist has labeled eBay s current fraud prevention measures creative self-policing (Weisul, 1999). eBay calls its approach simply community. Ebay s primary security

communication has been that community itself is security. If all interactions are in full view of other community members, there is tremendous incentive to act fairly and honestly. This community comprises the corporate entity eBay and its employees as well as all ten million registered users (both buyers and sellers). To understand how eBay constructs this notion of community security and to see how much that message is enacted by users, I have studied and used the website itself I am a member of the community with a feedback rating of 49. I have also examined corporate public statements (e.g., press releases and speeches), interviewed eBay executives, read company publications eBay Life (online) and eBay Magazine, and lurked for weeks on several bulletin boards posted on eBay and AuctionWatch where eBay users discuss their experiences.

#### eBay's Solution: Community Is Security

Since its inception, eBay has presented community as the foundation of security on the site. As CEO Meg Whitman puts it, We like to say that our community has actually built eBay (Anders, 1999b, p. R68). Its trademark description is the world's leading person-to-person online trading community ( eBay starts, 2000). Community as security would not be effective at all were it not for eBay's founding belief that people are honest and trustworthy ( Company overview, 1999). eBay's community is based on five basic values :

We believe people are basically good.

We believe everyone has something to contribute.

We believe that an honest, open environment can bring out the best in people.

We recognize and respect everyone as a unique individual.

We encourage you to treat others the way that you want to be treated. ( Community

values, 1999).

The rationale for the emphasis on community as a security function is that everything is done in public all your transactions, all the comments people have made about you as a buyer or seller you're putting your good name, your reputation and your livelihood up for public view every time you list something on eBay or every time you bid on it (Kevin Pursglove, personal communication, August 11, 1999). Brad Handler, eBay's associate general counsel and director of law and public policy, says that the core message eBay offers on security is still, be informed, be aware, be alert, be safe, and you'll have a great experience. It was [from the beginning] caveat emptor with all of these other tools around it to help you, like feedback (personal communication, August 11, 1999). When he was asked about eBay's online security communication strategy, senior vice president and general manager of international and premium services Steve Westly's response was that strategy point number one is this is an open and safe environment with zero tolerance for fraud or bad behavior (personal communication, August 11, 1999).

So while community is the basis of security, common sense and basic precautions on the parts of individual bidders and sellers is also fundamental (Steve Westly, personal interview, August 11, 1999). eBay's Community Guidelines (1999) reinforce this notion of individual responsibility for safe trading, with instructions like, Before you make a bid, you should verify the item you're bidding on and the seller's honesty as best you can, including e-mailing any questions about the item and shipping or payment terms and checking the seller's feedback. This requirement of individual responsibility reinforces trust theory that too much trust is dangerous: accepting too much risk or too much ignorance can lead to an unsafe situation that could have

been avoided (Castelfranchi & Falcone, in press).

eBay: A Community of Commerce

Howard (1997) cautioned critics not to apply the community label to online groups too casually. Among eBay users on discussion boards, there exists a tension between community and commerce, perhaps because eBay so aggressively pushes the community moniker while also profiting from a high-flying stock. Whitby refers to eBay as the site where community is the most abused word in the English language (eBay Discuss New Features, 2 August 1999). But Burke (1996) has written that community, in fact, depends on tensions that without dissent and discussion, the whole of community will never be greater than the sum of its parts.

This tension bears out Arnett's (1986) warning from Buber that inviting community is better than demanding it, which can lead to rebellion. Some users have argued that allowing themselves to be interpellated into the community causes them to surrender rights they would demand and receive if they were customers. Reporters have also questioned the truth of the eBay community one referred to it as the so-called personal trading community, and another demurred that calling eBay a community site is probably stretching definitions a bit. Sure, it has a somewhat rabid following of Beanie Baby/Fiestaware trading netizens, but these folks don't form bonds with each other (Mendoza, 1999, p. C6; Carmichael, 1998, p. 48). Peck (1987) warned about pseudocommunity, which he said in his experience included all groups who loudly referred to themselves as communities but actually lacked the engagement and acceptance of individual differences to work as one. Burke (1996) agreed that defining community with certainty necessarily interferes with it, repressing divergent views and damaging communal life. Arnett (1986) also cautioned against confusing community with mere

association; for community to exist, members of the group must be committed to both the people and ideals of the organization. eBay is structured so that to bid and sell regularly, a user must demonstrate commitment to eBay's ideals; commitment to people is also possible, but not mandatory.

Some users are not so sure about the community approach. Maryjo complained that the eBay community was only spin control to avoid having to provide good customer service (AuctionWatch.com, eBay Outlook, If eBay's a community, where's the voting booth? 15 June 1999). In the same thread, relic7 agreed that the sense of community...has been used primarily for manipulation and public relations.

The commerce/community conflict is illusory, however, because eBay is both it is a community of commerce. It is one of the new kinds of communities Rheingold (1993) predicted would be made possible by creative applications of new technologies. As Wellman and Gulia (1999) observed, Online relationships are based more on shared interests and less on shared social characteristics (p. 185-186). Because social characteristics are not as readily apparent on the Internet as they are in the offline world, the shared interests based in commerce are an entirely appropriate foundation for the kind of community that exists at eBay. Community members at eBay generally join a social circle by virtue of buying and selling in the same category, sharing experiences as sellers, or sharing some collecting interest on a bulletin board. In all of these situations, commerce is the basis for interaction; were it not for the fact that transactions are being conducted, people would have no reason to be part of a virtual community together. This commercial orientation is not peculiar to eBay, however. Other communities have been commercially based as well markets, the pillars of the community in a small town, the reason

for towns in the first place all are based on some sort of commerce. It is no diminishment of eBay's community, then, to call it a community of commerce. And eBay embraces this approach, with CEO Meg Whitman commenting, One thing that really is true about eBay is it is a community-commerce model, with users who help one another (Anders, 1999b, p. R68). In her speech to the National Press Club, Whitman (1999a) added, Many users tell us they're developing friendships that come only from a community with a strong sense of values and respect for one another.

McMillan and Chavis (1986) defined the sense of community as a feeling that members have of belonging, a feeling that members matter to one another and to the group, and a shared faith that members' needs will be met through their commitment to be together (p. 9). These feelings and commitments are just as valid if they are wrapped up in commerce. In fact, the empowerment that eBay provides people in the form of a full-time occupation or extra income for education or travel can provide an impetus for maintaining community bonds and relationships.

#### Community Rooted in the Virtual and the Actual World

eBay and other e-commerce communities are new phenomena because their communication is not wholly online or offline. Allucquere (1991) reminded readers that virtual communities still have to originate in the physical realm, and eBay certainly depends on using the physical realm. The listing of items and bidding on items is clearly online, as is the feedback system and most communication immediately following the auction regarding forms of payment and address; but that online contact is supplemented by traditional snail mail for payment and shipment. On occasion, buyers and sellers might also call each other to confirm details of the transaction. Thanks to a new regional auction feature on eBay that allows people to look for

items that are physically located in their areas, there are also new opportunities for in-person meetings. I have a friend who has bought on eBay and picked up in person a computer and a windsurfer in the past year. Quarterman (1993) has argued that traditional communication media that supplement the online interaction actually facilitate community formation.

Though eBay's emphasis on community as security is novel, all kinds of auctions depend on community. Auctions are, after all, social processes for determining value through communication. Smith (1989) wrote that a sense of community is necessary if the auction process is to be seen as legitimate (p. 13). Auctions work best as economic tools of pricing and allocation if they take place in a community capable of defining the situation (Smith, 1989). The need for community is even greater, however, at online auctions where there is no auctioneer present to oversee everything after the auction is over, the rest of the transaction (payment, shipping, etc.) is worked out between buyer and seller. Without a community, legitimacy and definition become quite difficult.

Fundamentally, communities are defined and constituted...by rhetorical discourse (Hogan, 1998b, p. xvi). Taking one rubric for what community is and imposing it on a virtual community like eBay, however, would be a mistake. eBay is not a classic community in the spatial or geographic sense. But members of electronic virtual communities act as if the community met in a physical public space (Allucquere, 1991, p. 104). Senior director of communications Kevin Pursglove compared the need for trust at eBay to the need for trust in a neighborhood where people would feel comfortable living (personal communication, August 11, 1999). eBay CEO Meg Whitman has used a spatial metaphor to explain new demands of eBay as it expands from small community to big city. (Anders, 1999a, p. B1). More recently, she

explained eBay's growth in 1999 from a vibrant community about the size of Portland to more users than the population of Michigan, the nation's eighth largest state (Whitman, 2000).

Conventions for offline communication cannot automatically be transferred to the online environment of eBay. The virtual world is different Howard (1997) prefers the term network text to computer-mediated communication because it implies a different form of communication altogether, while CMC implies that there is still conventional speaking and writing, only repackaged slightly, mediated.

Common perceptions even scholarly conceptions of community are often naive. Elias and Scotson (1974) charged that many concepts of community are fashioned as if the nearest approximation to the most normal, most desirable form of social life were some imaginary pre-industrial villages (p. 38). Critics who say online community isn't real community are confusing the pastoralist myth of community for the reality. Community ties are already geographically dispersed, sparsely knit, connected heavily by telecommunication (phone and fax), and specialized in content (Wellman & Gulia, 1999, p. 187). Additionally, traditional physical neighborhoods and communities defined by geography have been in decline for some time (Schuler, 1996). Which traits of community, then, work together in the online environment to build eBay's unique community of commerce while creating and maintaining security?

#### Traits of eBay's Community Security

Baym (1998) and Donath (1999) pointed out individual identities as one critical element of online communities. The most obvious manifestation of community members maintaining individual identities is in their selection of usernames. This aspect of community serves as a security function at eBay, however, in the form of feedback ratings and icons.

Feedback ratings are based on the comments in the feedback forum, the online report card for eBay users. The number that appears next to a person's username is the difference between the total number of positive comments about the user's transactions and the total number of negative comments about the user's transactions. The higher this number is, the more confident most bidders and sellers will feel participating in an auction with that person.

Various icons are also automatically placed after usernames, depending on the status of the user. New users or users who have recently changed usernames appear next to a pair of sunglasses this icon serves as a caution to potential bidders or to sellers, because it indicates either a recent change in status as a member of the eBay community or a person with little experience at eBay. In contrast, stars of different colors are assigned to people who attain increasing feedback ratings yellow for 10-99, turquoise for 100-499, and so on. Taken together, the individually chosen username, the feedback rating that illustrates the amount of positive experience a person has on eBay, and the icon that generalizes based on the feedback number create an individual identity for each eBay user.

Of course, in leaving space for individuality, compromises must be made in community. Donath (1999) highlighted tensions of online community that definitely coincide with tensions of eBay's community of commerce: privacy and accountability, reliability and self-expression, security and accessibility (p. 56). eBay associate general counsel Handler believes the tension between community and commerce would more appropriately be labeled a tension between privacy and fraud (personal communication, August 11, 1999).<sup>3</sup>

A phrase or expression with special community meaning expresses one's identification with the online community it is akin to moving to a new region and picking up the local accent

(Donath, 1999, p. 39). McMillan and Chavis (1986) included a common symbol system in their description of membership as a community trait, and Hogan (1998a) also included special vocabularies as an identifying characteristic of communities. eBay users have developed a simple but specialized set of phrases and terms, especially on the subject of security, to describe their experiences. A *deadbeat bidder* is a person who wins an auction but never sends payment. To be *NARUed* (Not a Registered User) is to be suspended from eBay for some transgression. To *neg* someone is to leave a negative feedback comment for someone who was not ethical or fair in a transaction. The development of insider words and phrases such as these helps to establish eBay interactions as the interactions of a defined community.

When Sarah asked AuctionWatch eBay Outlook members for advice on what to do with a seller who never delivered, she got an answer *neg* them. She also got an admonition to uphold community standards from Galileo: "To me if you don't leave a neg, then the [feedback] system is more worthless than I had thought!" (Preparing for first Neg., 8 August 1999).

Jason (1997) wrote that mission and reciprocal responsibility are key elements that contribute to a sense of community. McMillan and Chavis (1986) discussed the importance of influence to community both the ability of the group to influence its members and the ability of individual members to influence the group. That influence potential seems present at eBay. According to Westly, at senior staff meetings, we talk about what's right for the community (personal communication, August 11, 1999). The eBay Community (1998) web page reinforces this idea: eBay also encourages open and honest communication between the community and the company. Frequently, members of the community organize grassroots movements to improve the environment in which they work and play.

As an example of eBay including the community in decision-making, consider the company's delisting of guns, alcohol, and tobacco in 1999. A letter to users announced, "After careful (and painstaking) consideration, we think it's best for eBay and the eBay community to disallow listings of certain alcohol and tobacco products on eBay..." ([Aw@ebay.com](mailto:Aw@ebay.com), 1999). In response to outcry on the eBay bulletin boards about new fees for reserve auctions, eBay rolled back proposed fees (Thurm, 1999).

Consider also the proposed Verified User program. Senior vice president Steve Westly acknowledged that one reason the Verified User program (announced in January 1999 to begin in March 1999) is, as of this writing, still not in effect, is due to the vocal opposition of users on eBay's bulletin boards.<sup>4</sup> eBay does rely on user feedback when contemplating changes, and eBay also relies on users for some enforcement of terms of service. Rather than having a systematic way to spot questionable auctions, eBay depends on users to spot them and alert the company (Seyfer, 1999).

The reciprocity of eBay users is not necessarily the same thoughtfulness the same people would demonstrate in the non-virtual world. Wellman and Gulia (1999) believe that people tend to be more willing to helpfully interact with others online than they would be to help strangers in the offline world. The fact that the feedback forum works at all is an indication that the reciprocal nature of community is at work at eBay. There are no rules that a person must leave feedback, and yet users do not all users, but enough that people can accumulate meaningful feedback profiles. This kind of reciprocity and supportiveness reinforces the notion that eBay is truly a community and that the community is willing to self-police (Wellman & Gulia, 1999).

One of the simplest ways eBay reinforces the idea of reciprocity is in its use of the term

community members rather than customers or clients. In a letter to the eBay community, for instance, Whitman (1999b) thanked users for their loyalty. I want you to know how grateful I personally am to you our community members for having stood by us through all of this. In his letter to users about new security features in the SafeHarbor program (including insurance, the ill-fated Verified User program, and new feedback policies), founder Pierre Omidyar (1999) affirmed that community participation is the foundation upon which eBay was built. A press release credited the site's success to the close relationship eBay has built with its community (eBay soars, 1999).

On the other hand, rcatcher expressed the feeling that when eBay ignores users suggestions, you are in effect, telling us that you really do not care to foster this spirit of community you have often referred to (AuctionWatch, eBay Outlook, To Suggest, or Not to Suggest? 13 August 1999). But in spite of the need for individuality, communities hold together not because of independence, but because of interdependence (Schuler, 1996).

Whitman said, Most relationships are based on good, open communication. When we remember that and are good at that, we tend to come out to the right answer in a way that our community feels pretty good about (Anders, 1999b, p. R68). There have been changes in how much eBay allows its users to exercise interdependence, however. In April 1999, in answer to a question about people meeting on eBay and transacting business outside the normal auction system (thus denying eBay its commission), Whitman (1999a) said, right now we don't actually necessarily think that that's a bad thing, because it creates a community that policy changed later in the year when a fee was introduced for items with reserve prices that did not end up selling on eBay. The goal of the policy was to recoup some of the lost fees that eBay experienced when an

item would not meet reserve (and therefore not officially sell ) but would be sold to the high bidder at some reduced price.

Whitman says eBay's method of researching its publics is so far superior [to the offline world] I can't even describe it to you. We get instant feedback on eBay about almost everything that we do. You know instantly.... It's also far easier to survey the user base.... You really can do polling and surveying and try to see what needs are not being met far faster (Anders, 1999b, p. R70).

Arnett (1986) located shared narrative as the most fundamental part of community formation: For a community to survive, it must have a story. That story must be one that individuals can relate to, feel a part of, and affirm. It is a communicative vision of where they are going and why that keeps a community vibrant and healthy (p. 173). The ritual repetition of a community narrative reinforces community ideals (in this case, particularly those regarding trust and responsibility) and also maintains a baseline against which users can measure progress.

The founding of eBay is lore that any dedicated eBay user knows. Founder Pierre Omidyar created eBay as a place for his girlfriend to build her collection of Pez dispensers ( Company overview, 1999). Categories grew, users grew, Omidyar started hiring help, and September 1995, eBay has become one of the Internet's signature commerce sites along with sites like amazon.com.

Get-rich-quick stories abound as well, with minor variations (e.g., Grant, 1999; Chatzky, 1999). Chatzky (1999) wrote about Glenn Wright, for instance, a building contractor who will make seven figures this year selling a stash of antique fruit-crate labels he and a partner had sat on for years (p. 24). Whitman (1999a) told of a woman who has transformed her entire small town

into eBay land, and of people living with illnesses but still able to earn money because of eBay.

eBay Life contains a section each month called How Has eBay Changed Your Life?

The answers become part of this shared narrative, almost in the style of a conversion story.

Belinda, who was not close to her dad as she grew up, now spends every Thursday evening

surfing eBay with him and maintaining a close relationship even though he is seriously ill ( How

Has, 2000). Donna, thanks to her eBay business, gushed about her new life I am able to stay at

home all day with my daughter, and my husband and I have time to spend with each other ( How

Has, 1999).

A shared history like the eBay founder's narrative and stories of people whose lives have changed because of eBay contribute to the emotional connection necessary for community (McMillan & Chavis, 1986). Personal investment is another aspect of this connection, and on eBay that investment includes time searching and listing, money invested in an eBay business or a collection, the emotion that goes with the competitive nature of an auction, and the investment of oneself in finding friends and interacting with buyers and sellers through auctions and through bulletin boards.

Hart (1998) has argued that for every community, there is also an uncommunity, an assembly of the befouled and besotted who have heard the Word and rejected it (p. xxv). Hate,

he charged, paradoxically builds community with enmity in the service of amity (p. xxvi). The

uncommunity that reinforces eBay's community is made up of all those who threaten the security of the online auction: deadbeat bidders, NARUs, frauds, and sellers who gouge buyers on shipping and handling costs.

Status is another important concept in eBay's community. The desire to gain or maintain

privileged status motivates loyalty to the community and provides a self-interested motive for selfless behavior that builds community. When status is an issue, newcomers are bent on improving their position and the established groups are bent on maintaining theirs (Elias & Scotson, 1974, p. 38). And when feedback ratings and colored stars are at stake, status is definitely an issue on eBay.

The feedback forum is one manifestation of people's desire for status. Sellers and buyers alike encourage their counterparts to leave feedback after each transaction. More positive feedback means a higher feedback rating, a more desirable icon next to it, and, ideally, more confident bidders or sellers in the auctions that person will participate in. This desire for status also makes the very threat of negative feedback a strong motivation to follow eBay's terms of service. As Baym (1998) observed, online communities create situations where people can be shamed into following norms by making their transgressions public: the feedback forum is the place where that happens on eBay.

One revered form of status cannot be acquired by newbies: the status ascribed to longevity. eBay employees are conscious of this sort of status: most know the order in which they were hired relative to everyone else in the company. Westly (personal communication, August 11, 1999), senior vice president and general manager of international and premium services, proudly told me that he was the 22<sup>nd</sup> employee at eBay, which now, of course, employs hundreds. My wife (a casual bidder) prides herself on having followed eBay since before it was eBay (it started as AuctionWeb). Longtime users posting on bulletin boards often refer to the pre-eBay "old days" of AuctionWeb (e.g., Cricket, AuctionWatch, eBay Outlook, eBay History, 22 August 1999).

eBay has created some special relationships for Power Sellers from time to time, but the most difficult status symbol to reach is the shooting star, an icon posted by the usernames of people with a feedback rating of more than 10,000. When the first person ever reached that milestone in 1999, Parrothead88 was featured in eBay's online newsletter, eBay Life (First 10,000, 2000).

#### Perspective: the Real Dangers of Online Auctions

Of course, offline auctions are not without their share of risks as well, just as other forms of traditional commerce are not necessarily safer than their online counterparts. Some people actually fear traditional auctions because they are afraid they will be recognized as bidders when all they intended to do was wave at a friend or scratch their noses (Kinsella, 1999). The multiple people bidding and being recognized by auction workers creates a possibility for confusion that could not happen online. Live auctions can find auctioneers recognizing phantom bids, bidding to the chandelier, running, or trotting (Cassady, 1967, p. 166). As evidence of security risks offline, witness the current price-fixing investigation of famed auction houses Sotheby's and Christie's by the Justice Department (Peers & Davis, 2000).

Online interactions of all kinds are, for the time being, at least, subject to often groundless fears due to inexperience. Gelman and McCandlish (1998) believe that in general, stories that circulate about electronic abuse are blown out of proportion, and that evils exist online in proportions approximating those of the physical world. The online world represents a microcosm of the world around us, with its knowledge, its wonder, and its darker side (p. xxi).

Some critics have suggested that a consequence of eBay's successful venture could be a decline in participation in live auctions. Sclove and Scheuer (1996) hypothesized that the growth

of electronic transactions might create erosion of convivial public spaces. Such has not been the case yet, and one traditional auctioneer has even speculated that increased attention to and comfort with the auction format might lead to increased business for traditional offline auctions (Gordon, 1999).

### Conclusion

Community might be able to police frauds and help newbies learn the system, but community has no answer for denial of service attacks, such as the one that clogged the eBay site and others in February. In announcing the denial of service attack, eBay assured users that this does not compromise any data, but acknowledged that it did impact accessibility to the site ([aw@ebay.com](mailto:aw@ebay.com), 2000). Whitman gave no indication in interviews that eBay had contemplated such a security problem, and admitted, I don't know how you can contemplate everything that hasn't ever happened before (Anders, 2000, p. B18).

The primary non-community-based security initiatives that have lasted almost a year now are eBay's free insurance (up to \$200) and i-escrow services. These were added as two more tools for users to choose from in order to feel confident in trading. The problem is that these new security measures don't build trust, they compensate for a lack of trust. And, in fact, they remove problem-solving a level from the community the community doesn't deal with the problem, an outside organization does. The use of an escrow service relies not on trust between parties but on a trusted third party (Rea, in press). Insurance does not build trust, it replaces trust by reducing the need for trust (Rea, in press). What does insurance and escrow communicate? Not, This is a safe place, but, It's a risky world out there. Anders (1999a, p. B1) suggested that these measures are meant to manage a community with too many strangers.

In announcing SafeHarbor 2.0, which introduced many of these non-trust-based security measures (e.g., Verified User, \$200 insurance with a \$25 deductible, and feedback improvements to avoid abuse), eBay indicated a paternalistic change in stance toward its community, calling the new plans comprehensive programs that help promote safe online trading as well as protect the community from fraud....eBay vigilantly looks to protect its community (EBay launches, 1999). Rather than the community policing itself, reporting deadbeats and frauds and remaining vigilant on its own behalf, the community will be (passively) protected by eBay management. Certainly the feedback forum still creates a touchstone of community involvement, but there is definitely a move toward control rather than the kind of reciprocal cooperation characteristic of a healthy community.

Some users also question these improvements. Qxq wrote a fable: The owners decided that all the users were untrustworthy, out to create scams, cheat each other, but worst of all, cheat eBay out of their rightful fees. They felt they needed to control the users, and began manipulating them (AuctionWatch, eBay Outlook, EBay...A Cautionary Tale, 24 August 1999). Oldman wrote, Kind of makes you wonder about the meaning of eBay community and if it ever really meant anything to the leaders of eBay (AuctionWatch, eBay Outlook, Business ethics and the Internet, 29 July 1999). Tedfos asks why, if eBay is as safe as it purports to be, iEscrow is being pushed by the company maybe I just don't get it (eBay Discuss New Features, 16 August 1999).

As e-commerce grows in reach and importance, so will grow the importance of online security communication. As one of the most successful e-commerce sites around, eBay provides important lessons about establishing a community of commerce and maintaining community as

security through explosive growth. But its success includes a cautionary note for other e-commerce sites that would imitate the community security philosophy: in its haste to add more tools to users' security possibilities, eBay could end up damaging the very foundation of its first five years of secure operation. Can community be coupled with non-trusting security measures?

Today users can visit eBay's homepage and click directly on "Why eBay is Safe" (1999). Of the four reasons offered, the first and most heavily emphasized is community-dependent (check the bidder's or seller's feedback). The other three, however, are not: insurance, eBay's SafeHarbor safety staff, and escrow services. The eBay User Agreement (1999) affirms that the community at eBay is built on trust. Time will tell if it remains built on trust or if that trust—and perhaps even that community—disappears.

## References

- Allucquere, R. S. (1991). Will the real body please stand up?: Boundary stories about virtual cultures. In M. Benedikt (Ed.), Cyberspace: First steps (pp. 81-118). Cambridge, MA: MIT Press.
- Anders, G. (1999a, January 15). How eBay will battle sham bids, mislabeling. The Wall Street Journal, pp. B1, B4.
- Anders, G. (1999b, November 22). The auctioneer (interview with eBay CEO Meg Whitman). The Wall Street Journal, p. R68, R70.
- Anders, G. (2000, February 10). eBay s CEO reacts to hacker attack, seeks joint action on web security. The Wall Street Journal, p. B18.
- Arnett, R. C. (1986). Communication and community: Implications of Martin Buber s dialogue. Carbondale, IL: Southern Illinois University Press.
- \_\_\_\_\_ [aw@ebay.com](mailto:aw@ebay.com). (1999, September 13). [Internet]. Alcohol and tobacco on eBay. eBay Announcements Board.
- \_\_\_\_\_ [aw@ebay.com](mailto:aw@ebay.com). (2000, February 8). [Internet]. System status. eBay Announcements Board.
- Baby sale listings taken off eBay auction site. (1999, September 7). Baby sale listings taken off eBay auction site. [Lafayette, IN] Journal and Courier, p. A3.
- Baym, N. K. (1998). The emergence of on-line community. In S. G. Jones (Ed.), Cybersociety 2.0: Revisiting computer-mediated communication and community (pp. 35-68). Thousand Oaks, CA: Sage.
- Bons, R. W. H., Dignum, F., Lee, R. M., & Tan, Y. (In press). A formal specification of

automated auditing of trustworthy trade procedures for open electronic commerce. In C. Castelfranchi & Y. Tan (Eds.), Trust and deception in virtual societies. Dordrecht, the Netherlands: Kluwer Academic Publishers.

Buel, S. (1998, December 29). Online trader eBay feeling growing pains. San Jose Mercury News.

Burke, P. (1996). Skepticism and the question of community. Research in Phenomenology, 26, 98-115.

Carmichael, M. (1998, October 19). Message for eBay off-target. Advertising Age, p. 48.

Cassady, R., Jr. (1967). Auctions and auctioneering. Berkeley, CA: University of California Press.

Castelfranchi, C., & Falcone, R. (In press). Social trust: A cognitive approach. In C. Castelfranchi and Y. Tan (Eds.), Trust and deception in virtual societies. Dordrecht, the Netherlands: Kluwer Academic Publishers.

Chatzky, J. S. (1999, April 30-May 2). Going once. Twice. \*Click\* Sold. USA Weekend, p. 24.

Community guidelines. (1999). [Internet]. [Http://pages.ebay.com/aw/guidelines.html](http://pages.ebay.com/aw/guidelines.html) [17 November 1999].

Community values. (1999). [Internet]. [Http://pages.ebay.com/help/community/values.html](http://pages.ebay.com/help/community/values.html) [1999, November 17].

Company overview. (1999). [Internet]. [Http://www.ebay.com/aboutebay98/overview/index.html](http://www.ebay.com/aboutebay98/overview/index.html) [10 February 1999].

Donath, J. S. (1999). Identity and deception in the virtual community. In M. A. Smith & P. Kollock (Eds.), Communities in cyberspace (pp. 29-59). London: Routledge.

EBay announces fourth quarter and year end 1999 financial results. (2000, January 25). [Internet]. [Http://pages.ebay.com/community/aboutebay/investor/q4-99.html](http://pages.ebay.com/community/aboutebay/investor/q4-99.html) [9 February 2000].

EBay community (1998). [Internet]. [Http://www.ebay.com/aboutebay98/community/index.html](http://www.ebay.com/aboutebay98/community/index.html) [1999, February 10].

EBay launches the most comprehensive trust and safety upgrades to the world's largest person-to-person trading site. (1999, January 15). [Internet].

[Http://pages.ebay.com/community/aboutebay/releases/9901.html](http://pages.ebay.com/community/aboutebay/releases/9901.html) [5 October 1999].

EBay soars to new heights. (1999, January 29). [Internet]. [Http://www.ebay.com/aboutebay98/releases/9901.html](http://www.ebay.com/aboutebay98/releases/9901.html) [10 February 1999].

EBay starts new year as number one e-commerce site. (2000, January 18). [Internet]. [Http://pages.ebay.com/community/aboutebay/releases/index.html](http://pages.ebay.com/community/aboutebay/releases/index.html) [9 February 2000].

Elias, N., & Scotson, J. L. (1974). Cohesion, conflict and community character. In C. Bell and H. Newby (Eds.), The sociology of community: A selection of readings (pp. 27-38). London, Frank Cass & Co., Ltd.

First 10,000-level feedback shooting star awarded. (2000, January). [Internet]. eBay Life, <http://pages.ebay.com/community/life/ebay-life-pA4.html> [9 February 2000].

Frank, R. H., & Cook, P. J. (1995). The Winner-Take-All Society. New York: The Free Press.

Gelman, R. B., & McCandlish, S. (1998). Protecting yourself online: The definitive resource on safety, freedom, and privacy in cyberspace. San Francisco: HarperEdge.

- Gordon, B. (1999, May 13). The auction business is changing! Auction Marketing Institute [Internet]. [Http://www.auctionmarketing.org](http://www.auctionmarketing.org) [1 September 1999].
- Grant, L. (1999, May 17). Going, going, gone.com. USA Today, pp. 1B-2B.
- Hart, R. P. (1998). Introduction: Community by negation an agenda for rhetorical inquiry. In J. M. Hogan (Ed.), Rhetoric and community: Studies in unity and fragmentation (pp. xxv-xxxviii). Columbia, SC: University of South Carolina Press.
- Hogan, J. M. (1998a). Conclusion: Rhetoric and the restoration of community. In J. M. Hogan, Rhetoric and community: Studies in unity and fragmentation (pp. 292-302). Columbia, SC: University of South Carolina Press.
- Hogan, J. M. (1998b). Preface: Rhetoric and community. In J. M. Hogan (Ed.), Rhetoric and community: Studies in unity and fragmentation (pp. xii-xxiv). Columbia, SC: University of South Carolina Press.
- How has eBay changed your life? (1999, December). [Internet] eBay Life. [Http://pages.ebay.com/community/life/ebay-life-pB3.html](http://pages.ebay.com/community/life/ebay-life-pB3.html) [1 December 1999].
- How has eBay changed your life? (2000, January). [Internet]. eBay Life. [Http: pages.ebay.com/community/life/eBay-life-pB2.html](http://pages.ebay.com/community/life/eBay-life-pB2.html) [9 February 2000].
- Howard, T. W. (1997). A rhetoric of electronic communities. Greenwich, CT: Ablex.
- Jason, L. A. (1997). Community building: Values for a sustainable future. Westport, CT: Praeger.
- Kinsella, E. (1999, July 2). Auctions without anxiety. The Wall Street Journal, p. W14.
- McDonald, G. (1999, August). Savvy shopper: Sold! How to win at web auctions. PC world online, pp. 1-6.

McKee, P. C., III. (1999, 8 October). [Internet]. Internet fraud watch: Internet special alert. [Http://www.fraud.org/intemet/intset.htm](http://www.fraud.org/intemet/intset.htm) [2000, February 14].

McMillan, D. W., & Chavis, D. M. (1986). Sense of community: A definition and theory. Journal of Community Psychology, 14, 6-23.

Mendoza, M. (1999, June 12). Auctions put on hold after eBay web site crashes. [Lafayette, IN] Journal and Courier, p. C6.

Nelson, C. (1999, April 25). Ontiquing changing tradition-bound business of relic-hunting. The Tennessean, pp. 1G, 4G.

Omidyar, P. (1999, January 15). [Internet]. Regarding SafeHarbor 2.0: a letter to the eBay community. [Http://pages.ebay.com/community/news/letter-011599-safeharbor.html](http://pages.ebay.com/community/news/letter-011599-safeharbor.html) [1999, November 16].

Peck, M. S. (1987). The different drum: Community-making and peace. New York: Simon & Schuster.

Peers, A., & Davis, A. (2000, February 4). A seasoned foe heads prove of auctioneers. The Wall Street Journal, pp. B1, B4.

Quick, R. (1999, May 14). Sleaze e-commerce. The Wall Street Journal, pp. W1, W10.

Rheingold, H. (1993). A slice of life in my virtual community. In L. M. Harasim (Ed.), Global networks: Computers and international communication (pp. 57-80). Cambridge, MA: MIT Press.

Quarterman, J. S. (1993). The global matrix of minds. In L. M. Harasim (Ed.), Global networks: Computers and international communication (pp. 35-56). Cambridge, MA: MIT Press.

Rea, T. (In press). Engendering trust in electronic environments roles for a trusted third

party. In C. Castelfranchi & Y. Tan (Eds.), Trust and deception in virtual societies. Dordrecht, the Netherlands: Kluwer Academic Publishers.

Schuler, D. (1996). New community networks: Wired for change. New York: ACM Press.

Sclove, R., & Scheuer, J. (1996). On the road again? If information highways are anything like interstate highways watch out! In R. Kling (Ed.), Computerization and security: Value conflicts and social choices (pp. 606-612, 2<sup>nd</sup> ed.). San Diego: Academic Press.

Seyfer, J. (1999, September 3). Bidding of kidney on eBay reaches over \$5 million before it was halted. [Lafayette, IN] Journal and Courier, p. C8.

Smith, C. W. (1989). Auctions: The social construction of value. Berkeley, CA: University of California Press.

13-year-old bids over \$3M for items in eBay auctions. (1999, April 30). USA Today, p. 10B.

Thum, S. (1999, August 24). eBay customers pressure auctioneer to change plans for charge, bidding. The Wall Street Journal, p. B9.

Tynan, D. (1999, July 7). Online auctions. CBS This Morning.

User agreement. (1999). [Internet]. [Http://pages.ebay.com/aw/user-agreement.html](http://pages.ebay.com/aw/user-agreement.html)  
[1999, February 10].

Weisul, K. (1999, January). eBay launches anti-fraud measures. Inter@ctive Week 6:3, p. 12.

Wellman, B., & Gulia, M. (1999). Virtual communities as communities: Net surfers don't ride alone. In M. A. Smith & P. Kollock (Eds.), Communities in cyberspace (pp. 167-194).

London: Routledge.

Whitman, M. (1999a, April 20). Luncheon Speech. Washington: National Press Club.

Whitman, M. (1999b, December 30). [Internet]. Letter to the Community from Meg.

[Http://pages.ebay.com/communiy/letter.html](http://pages.ebay.com/communiy/letter.html) [11 January 2000].

Whitman, M. (2000, January 26). [Internet]. Quarterly letter from Meg.

[Http://pages.ebay.com/community/news/letter-012600.html](http://pages.ebay.com/community/news/letter-012600.html) [9 February 2000].

Why eBay is safe. (1999). [Internet]. [Http://pages.ebay.com/help/basics/n-is-ebay-safe.html](http://pages.ebay.com/help/basics/n-is-ebay-safe.html) [1999, December 7].

Notes

1. Bidder stealing occurs when a person other than the seller e-mails the high bidder at an auction and instructs the bidder to send payment to a given address. A prompt payer who doesn't check to make sure that the e-mail came from the seller's e-mail address may be end up paying a bidder-stealing scam artist.
2. Bid siphoning takes place when someone e-mails the high bidder on a piece, offering that person a substantially similar item for a fixed price. This causes one or more bidders to drop out of the bidding at the auction and depresses prices for the seller.
3. Senior vice president Steve Westly brought up the same tension, calling it a tradeoff between privacy and safety (personal communication, August 11, 1999).
4. When interviewing eBay executives, I asked all three why the Verified User program had not been implemented, [then] four months after it was scheduled. I received three completely different answers. The one I judged most forthright came from associate general counsel Brad Handler, who said, That is a fun and exciting story which we can't actually talk about (personal communication, August 11, 1999).