

NYU Stern School of Business
Department of Information, Operations & Management Sciences
INFORMATION SYSTEMS RESEARCH SEMINAR

TOPIC: The Limits of Reputation in Platform Markets: An Empirical Analysis and Field Experiment

SPEAKER: Steve Tadelis (UC Berkeley)

DATE: Thursday, October 22nd, 2015

TIME: 12:30-1:45PM *Lunch will be served at 12:15PM.

PLACE: KMC 3-130

ABSTRACT

Reputation mechanisms used by platform markets suffer from two problems. First, buyers may draw conclusions about the quality of the platform from single transactions, causing a reputational externality. Second, reputation measures may be coarse or biased, preventing buyers from making proper inferences. We document these problems using eBay data and claim that platforms can benefit from identifying and promoting higher quality sellers. Using an unobservable measure of seller quality we demonstrate the benefits of our approach through a large-scale controlled experiment. Highlighting the importance of reputational externalities, we chart an agenda that aims to create more realistic models of platform markets. JEL D47, D82, L15, L21, L86

Joint work with: Chris Nosko.

BIO

Steve Tadelis is a Professor of Economics, Business, and Public Policy and the Joe Shoong Chair in International Business at UC Berkeley. More information can be found on his website here: <http://faculty.haas.berkeley.edu/stadelis/>