

**Title: Badges as Quality and Reputation Signals: Economic Implications and Impact on Consumer Decision-Making [Working title]**

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**Motivation:**

Many digital platforms suffer from asymmetric information, which can prevent successful transactions and lead to market failure. For example, when buying a product or service online, sellers have private information about the quality of the product or service and buyers only know the true quality after the purchase has been made. Therefore, these interactions require trust between the two parties, which can be built through certification mechanisms. For example, Airbnb, Etsy, Ebay, and Amazon highlight sellers who have demonstrated very high quality through badges, such as being a "Superhost". These certification mechanisms are designed to help consumers distinguish between low-quality from high-quality offerings.

**Goal:**

The aim of the thesis is to understand the use of badges as a form of certification and platform endorsement to signal quality. Students should gain a general understanding of what badges are and whether they can be effective in filtering out low-quality offerings. It should also highlight the consequences of using badges. For example, what are the economic consequences for endorsed services? How and under what circumstances does it affect non-endorsed offerings? Does it create problems for the platform as a whole?

**References and Related Literature:**

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