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Reputation Badges vs. Star Ratings: A New Era of Digital Trust?
[Working title]

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Date: As of now
Type: Bachelor's Thesis, Master's Thesis
Language: German or English

Motivation:

Reputation systems are critical in digital platforms, acting as trust-building mechanisms by allowing users to evaluate the credibility of peers, sellers, or contributors. However, as these systems mature, they often face reputation inflation - where ratings unrealistically converge toward the maximum, reducing their utility. This inflation diminishes the ability to distinguish truly trustworthy actors, undermining the purpose of the system. To address this problem, platforms increasingly endorse certain products or sellers with reputation badges to signify exceptional performance or credibility beyond numerical ratings. Examples of these badges include eBay's Top-Rated Seller or Amazon's Choice.

Goal:

The goal of this thesis is to establish a link between the use of reputation systems, such as the display of star ratings and textual reviews, the problem of reputation inflation, and the implementation of platform endorsement. The goal is to understand the potential benefits of displaying additional reputation badges to help users make decisions that best suit their needs. Students should gain a general understanding of the potential drawbacks of using traditional reputation systems and the concept of reputation inflation. In addition, students should become familiar with the concept of badges and why they can be a relevant additional source of information for consumers.

References and Related Literature:

Bairathi, M., Zhang, X., & Lambrecht, A. (2024). The value of platform endorsement. *Marketing Science*.

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Ert, E., & Fleischer, A. (2019). The evolution of trust in Airbnb: A case of home rental. *Annals of Tourism Research*, *75*, 279-287.

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