

Foreword

Electronic market platforms such as eBay or the Amazon marketplace enable sellers to offer products and services to national as well as to international buyers. They provide consumers with the opportunity to search and compare products and services basically worldwide. While transactions in electronic markets reduce market entry barriers for sellers and the search costs for potential buyers, the temporal and spatial separation of anonymous transaction partners gives rise to opportunistic behavior. Sellers might end up not delivering correctly; customers might end up not paying. Such behavior would absolutely undermine the effectiveness of electronic markets. In order to reduce the likelihood of such behavior, platform providers have installed certain “anti-opportunism” devices. For instance, payment can be secured through third parties such as PayPal, or a seller’s reliability can be judged based on information on his previous record. International electronic market platforms, however, use the same reputation mechanisms and systems to address these challenges in different countries in spite of those countries’ different institutional environments. The focus of Christopher Schlägel’s book is to investigate the influence of different institutional environments on the relation between the sellers’ reputation and the economic outcomes in electronic markets. He uses different methods and various data sets to investigate the challenges that arise in transactions in electronic markets. The results of the four studies included in the book show that both formal as well as informal institutional environments influence the relation between reputation and economic outcomes of online transactions. Sellers’ reputations become more important in countries with lower levels of trust and higher levels of uncertainty avoidance. Moreover, the results show that the attributes that determine a negative reputation vary across countries and have country-specific effects on the economic outcomes. Finally, the results also show that third parties have no influence on the trust building function of reputation. These insights have various implications for theory and practice. They can help the providers of electronic market platforms to customize their reputation mechanisms with respect to the revealed needs and preferences of the respective users. The book is mostly identical with Christopher Schlägel’s Ph.D. thesis. It contributes to the growing stream of research that investigates the influence of cross-country differences on transaction partners’ economic behavior in electronic markets. The results of his work have widely been presented at international conferences and were received with great interest. The thesis was impressive with respect to the results but also with respect to Christopher’s craftsmanship in the areas of data collection and analysis. Everybody involved in the creation of these studies has greatly benefited from this experience. Using its results in practice can contribute to further improve the effectiveness and efficiency of electronic markets and, thus, to make the earth a still flatter place.

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