

Rate this transaction: Coordinating mappings in market feedback systems

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Abstract:

Reputation feedback systems assign feedback scores to traders with the aim of separating them according to reliability. There is now a substantial literature on what these mechanisms do well and not so well. Conspicuously absent is a unifying theoretical framework to guide thinking on improving these systems. We propose an approach based on prototyping. We construct a prototype market with a seller selection problem. We use the prototype to examine competing approaches to eliciting feedback from traders. Using entropy to benchmark informativeness, we show that the informativeness of feedback elicitation approaches depends on the ability to solve a coordination problem such that traders use a common mapping to turn experiences into ratings. In theory, different approaches can be about equally informative although the map to coordinate on is more ambiguous in some cases. We then test the approaches in the lab. The resulting data finds that the most informative feedback is associated with the elicitation methods where the solution to the coordination problem is least ambiguous.