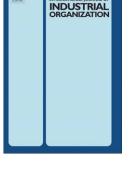
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### **ACCEPTED MANUSCRIPT**

# Reputation Premium and Reputation Management: Evidence from the Largest e-Commerce Platform in China<sup>\*</sup>

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January 28, 2016

#### Abstract

We study the life-cycle effects of reputation using a panel data set consisting of a 25% random sample of all sellers on China's largest e-commerce platform, Taobao.com. We find a substantial return to reputation, but only for established sellers. New sellers, in contrast, lower their prices to boost transaction volume and ratings. This reputation management by new sellers leads to a decrease in their revenue in the short run and even a decrease in their business' survival likelihood in the longer run. We show that such differential effects at different stages of a seller's business life-cycle can arise when the effect of reputation on future payoffs dominates that on current payoffs.

**Keywords:** reputation management, reputation dynamics, e-commerce **JEL:** L14, L15, L81

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