

# Effect of Badges: Evidence from a field experiment

**Mimansa Bairathi**

London Business School

**Anja Lambrecht**

London Business School

**Xu Zhang**

London Business School

Cite as:

Bairathi Mimansa, Lambrecht Anja , Zhang Xu (2021), Effect of Badges: Evidence from a field experiment. *Proceedings of the European Marketing Academy*, 50th, (93931)

Paper from the 50th Annual EMAC Conference, Madrid, May 25-28, 2021



## Effect of Badges: Evidence from a field experiment

### **Abstract**

Online marketplaces with asymmetric information often employ quality signaling features like 'badges'. However, little is known about the effect of badges on consumer behavior and market outcomes. Using data from a field experiment we examine the effect of badges on consumer search and purchase. We find that exposure to badges results in more search on the platform. Moreover, consumers who filter search results place more orders on the platform due to exposure to badges. This increase is driven by an increase in orders for badged as well as non-badged services. We propose that consumers who filter search results are closer to a purchase decision and hence more likely to place an order. Hence, additional search due to exposure to badges increases the likelihood of finding a match and results in an increase in orders for both, the services that get the badge and the services that don't get the badge. Hence, we find positive effect of badges on both badged and non-badged services.

**Keywords:** *Badges; field experiment; two-sided markets*

**Track:** Digital Marketing & Social Media