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Solution Exemplars and Sales Performance of Crowdsourcing Solvers: the Moderating Role of Reputation and Competence

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Full Research Paper**Solution Exemplars and Sales Performance of Crowdsourcing****Solvers: the Moderating Role of Reputation and Competence***Quanwu Zhao¹, Zhiyuan Zhou², Xi Yang^{3*}*^{1 2 3}School of Economics and Business Administration, Chongqing University, Chongqing, 400044, China

Abstract: An increasing number of signals are using to entice solvers to make online purchases by seekers in the competitive online markets today. However, how solution exemplars are in terms of their reputation or competence to improve sales performance has not yet been investigated. Extending signal theory to the online service marketplaces, we analyses the effect of solution exemplars' structural characteristics on seekers' sales performance such as quantity, diversity and popularity, exploring the moderating impact of seeker's reputation and competence. We test the model using data from ZBJ.com, a popular crowdsourcing contest platform in China. Our analysis conducts a series of interesting findings, the impact of exemplar quantity and popularity on sales performance is positively significant, contrary to solution exemplar diversity. Regarding the moderation effects, reputation is proved to be negative, which is opposite to competence. We also elaborate on the theoretical contribution and practical significance.

Keywords: solution exemplars, online service marketplaces, reputation, competence

1. INTRODUCTION

Online service marketplaces are online transaction platforms hosted by a third party to facilitate exchanges for solutions between solvers and seekers (e.g. Innocentive (www.innocentive.com) and Zhubajie (www.zbj.com)), which is different from traditional online product marketplaces. While in online service marketplaces, the final solution often does not exist yet, which needs to be customized according to the needs of seekers. Therefore, and potential solvers still face the problem of information asymmetry, which deters them from purchasing ^[1]. For solvers, the key to online service marketplaces success is be better than competitors at addressing such information asymmetry, in order to entice seekers to buy.

One common strategy is to give seekers extrinsic cues, such as warranties, online reputation indexes and a visually appealing web site quality ^[2], which would be called "signals" in the signaling literature ^[3]. Some scholars have certified that effective signals can reduce information asymmetry and enhance a seeker's trust in transacting with a seller, thereby promoting purchase behavior ^[4]. In the online service marketplaces, the platforms offer the "solution exemplars" display interface as a kind of signals, which can be used to build professional-looking websites and highlight the solvers' experience visually. It is an important signals in online service marketplaces. However, little work has been done to research the signals of solution exemplars in online service marketplaces.

Solvers are commonly found to compete by using solution exemplars to initiate many diverse and distinctive actions, as they can display different types of solution exemplars and their cooperators.

Thus, the structural characteristic of solution exemplars and solver-specific factors could impact sales performance in a highly nascent and competitive online service marketplaces ^[5]. This study aims to examine these two research question on which the literature is resoundingly silent: what is the different effects of solution exemplars' structural characteristic on the actual sales performance of solver and how does solvers' reputation and competence moderate these relationships in online service marketplaces?

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To approach these research questions, we depicts how three dimensions of solution exemplars' structural characteristic—exemplar quantity, exemplar diversity and exemplar popularity— impact solvers' performance, contingent up on reputation and competence. Then we test the model using data from 244 solvers in May 2020 on ZBJ.com, which is a popular online service marketplaces in China.

2. RESEARCH CONCLUSIONS

The results show that the impact of exemplar quantity and exemplar popularity on sales performance is positively significant. Contrary to our expectation, the relationship between exemplar diversity and sales performance is non-significant. Regarding the moderation effects, reputation is proved to moderate the impact of exemplar diversity and popularity on performance negatively. As predicted, at high levels of competence, sales performance is positively related to exemplar structural characteristics.

This study has important practical significance for both service platforms and solvers.

For platforms, a complete exemplar display function system should be built to encourage solvers to display solution exemplars, reducing information asymmetry, and attracts more seekers to trade on the platform finally.

Our results suggest that solvers should be more concerned with the quantity and quality (popularity) of the solution exemplars rather than the diversity, especially seekers with high reputation. Simply put, the seeker creates an active and friendly image, as well as a need to be professional in presenting valuable exemplars, which will attract more seekers.

Compared with solvers' reputation, they should pay more attention to the impact of competence. That is, the structural characteristics of solution exemplar is always positive impacting solvers' sales performance under the high competence. On the contrary, our research results also show that when the solver's reputation is relatively high, the solver should be very cautious and not spend too much time in providing a variety of exemplar displays.

3. RESEARCH CONTRIBUTIONS

Compared with previous studies, our research has three theoretical contributions. First, although the exemplar display of solvers is crucial to performance in online service marketplaces, it is rarely studied. We study the impact of the structural characteristics of solvers' exemplar on sales performance for the first time. Secondly, we divide exemplar structural characteristics into three categories through literature research: exemplar quantity, exemplar diversity and exemplar popularity. Finally, we also discuss the moderating effect of reputation and competence of solvers.

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