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Tiivistelmä-Referat-Abstract This research is focused on the quality uncertainty and market efficiency in E-commerce. The purpose of this study is to analyse the economics of lemons market in electronic commerce. In addition, I try to find methods to deal with this problem. Electronic commerce is presenting an exciting opportunity to reduce transaction costs, but its future may depend on how non-technological but fundamentally economic issues such as the lemons problems are solved, or it will essentially lead to the market failure. Repeat purchases play an important role in my analysis. In my opinion, one of the main reasons why electronic commerce players are losing money is because high-quality products cannot receive higher prices in high-quality markets. Due to lack of sufficient informed consumers, firms have to spend on dissipative advertising to signal product quality and consumers have to pay higher prices for high-quality products. By so doing, market efficiency cannot achieve. Thus, how to make consumers informed is the core of the problem of resolving lemons problems. I suggest that electronic intermediaries may provide information about product quality to consumers and reduce quality uncertainty. Actually, none of price, advertising and intermediaries is reliable to signal product quality. In order to reduce quality uncertainty and improve market efficiency, sellers are responsible to provide adequate information to buyers. Similarly, buyers should inform their preferences and tastes to sellers. My hope is that lemons could be turned into lemonade.			
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