How Digital Trust Powers the Sharing Economy

The Digitization of Trust

Frédéric Mazzella
Arun Sundararajan,
Verena Butt D’Espous
Mareike Möhlmann

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Don’t accept a ride from a stranger!” Remember that advice? Today, ride-sharing business models are turning that advice on its head. A variety of peer-to-peer marketplaces are enabling human exchanges on a scale unimaginable before, unlocking a massive, untapped potential for collaboration. The key building block of society – interpersonal trust – is being transformed from a scarce resource into an abundant one. Most strikingly, our research into trust in the sharing economy finds that people who avail themselves of such services are becoming inclined to trust the person giving them a ride not as “a stranger” but as a friend.

This article shares some findings from an ongoing, independent, non-commercial research collaboration between New York University and BlaBlaCar, the France-based platform available on three continents that matches empty car seats with passengers looking for a long-distance ride. Based on the responses of 18,289 BlaBlaCar members surveyed across 11 European countries...
The Evolving History of Trust

Until recently, an individual’s network of trust was restricted. For thousands of years, trust was limited to close circles of family and friends. One’s reputation in a community, typically a village, was the indicator people relied on to decide whether or not to collaborate with each other.

A fascinating study of medieval trade practices by Stanford’s Avner Greif reveals how people used to establish trust when communication channels and systems were weak, limited or absent. In the 11th century, it was more profitable for Mediterranean traders if they could ship their goods without actually having to travel with them. But for this to work, they needed to...

What Is Trust?
What exactly is trust? In many ways, the answer depends on the context. Trust in a romantic relationship means something different from trust in a commercial transaction. A particularly useful definition in the context of the sharing economy comes from sociologist James Coleman, who has defined trust as a “willingness to commit to a collaborative effort before you know how the other person will behave.”

Establishing trust depends on a multiplicity of dimensions. In a non-face-to-face (and sometimes face-to-face) setting, it first involves establishing authenticity. Is this person real? Are they who they say they are? Second, it involves assessing intentions. Do these folks have good intentions or are they looking to rob me? Third, it involves assessing expertise or quality. Is this person a good plumber? Are these people truthfully representing how interesting their neighborhood is? Are they polite? Is that living room as airy as it looks? Does the car have as much legroom as the photo indicates?

For some interactions, verifying that a person is good at what he or she does might be a primary consideration if, for example, you are hiring someone to paint your fence. For other high-stakes interactions, like getting a ride from a stranger, intentions may matter more than expertise: you are probably more interested that the person isn’t a criminal. For still other higher-stakes interactions, like hiring a babysitter, you would want to be satisfied with all three dimensions: some guarantee that the person is authentic and has good intentions, and that the person actually knows what he or she is doing. If you interact repeatedly with someone, you start to learn about these aspects over time.

In short, trust is the leap of faith without which little human collaboration can exist. It has allowed mankind to overcome its limits and to cooperate with one another. It is at the heart of any social system, whether families or businesses, and central to any social construct, from money and ownership to citizenship and democracy. It is the glue that holds our world together.

However, when you are trying to transact with a semi-anonymous peer, and for the first time, how do you verify identities, intentions and capabilities? Let’s look at the different ways in which human beings have accomplished this in the past.

How Digital Trust Powers the Sharing Economy

(France, Germany, Hungary, Italy, Netherlands, Poland, Portugal, Russia, Spain, Ukraine and the United Kingdom), we identify the mechanics of online trust and the resulting levels of trust created. We show that, if given the right digital tools, individuals are able to achieve significant levels of trust without ever having met in person. We believe this signals the start of an economic and social revolution, wherein strangers become peers, moving the world toward a new era of trust – friendlier, more personal, more connected and, eventually, more empowering to the individual.

EXECUTIVE SUMMARY

Over the centuries, each significant economic expansion has been enabled by the accompanying creation of new trust systems – from village-based trade and informal trader networks, through contracts, government standards and financial institutions, to today’s corporate brands.

Emerging digital platforms are catalyzing a new expansion that will reintegrate into our economic interactions the social aspects of commerce that were marginalized by 20th century capitalism, creating a new form of crowd-based capitalism powered by the digital trust grid.

This article shares the findings of an ongoing research collaboration between New York University and BlaBlaCar. The authors identify the mechanics of online trust and the resulting level of trust created. They show that, with the right digital tools, many of which are encapsulated in their DREAMS framework, individuals can achieve high levels of trust without ever having met in person. This signals a radical move toward a friendlier, more personal, more connected, more empowered world of trust.