PEER TO PEER PROSPECTS
TRUST AND KNOWLEDGE

Wednesday 8 November 2017

William C. MacLeod
Vice Chair, BIAC Task Force,
Consumer Policy

wmacleod@kelleydrye.com
Background

- The potential Sharing Economy market is US $2 trillion globally, while PwC estimates the current market at $250bn.
  - $785bn in the US, $645bn (€572bn) in Europe, $500bn in China
  - Transport, home sharing, staffing, streaming and staffing expected to be the fastest-growing verticals
- Top 10 Sharing Economy start-ups by estimated 2017 valuation are:
  - 1. Uber (US$68bn, #1 global ride-sharing); 2. Ant Financial ($60bn, crowdfunding, QR code payments, P2P Wealth Management); 3. Didi Chuxing ($50bn, #1 China ride-sharing); 4. Airbnb ($31bn, #1 global homesharing); 5. Lufax.com ($18.5bn, #1 global and China P2P lender); 6. Meituan-Dianping ($18bn, #1 global and China on-demand delivery); 7. WeWork ($17bn, #1 office sharing); 8. Spotify ($13bn, #1 music streaming); 9. Pinterest ($11bn, visual sharing social network) and 10. Dropbox ($10bn, cloud/file sharing)

Trends

• Prices of shared services are falling
  • Airbnb rates that are between 30 and 60 per cent cheaper than hotel rates around the world.

• More information shared on an online platform can lead to greater trust between users.
  • But it can also lead to racial and gender bias.

• Difficult for a company to monopolize since the cost for customers to switch between sharing economy services is quite low.
  • Brookings, December 2016
    https://www.brookings.edu/research/the-current-and-future-state-of-the-sharing-economy/
Trust in Institutions

- Institutional Trust Trends

- Data from Edelman Trust Barometers 2008-2017
Trust and Action

% Respondents who completely or somewhat trust and take action by media format (Nielsen)

- The main takeaway – Action and Trust are correlated
Where Consumers Research

**Figure 2. Most trusted source of information on products and services**

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family/Friends</td>
<td>60%</td>
</tr>
<tr>
<td>Customer reviews</td>
<td>60%</td>
</tr>
<tr>
<td>Independent product/service experts</td>
<td>43%</td>
</tr>
<tr>
<td>Store staff/Retailer website</td>
<td>16%</td>
</tr>
<tr>
<td>Product manufacturer/service provider</td>
<td>12%</td>
</tr>
<tr>
<td>None of the above</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: Deloitte research, May 2014
Base: UK consumers 16+ (n = 2,000).
How do online customer reviews influence your decision to actually use a local business?

- Positive customer reviews make me more likely to use a local business: 50% (2016), 68% (2017)
- Negative reviews make me not want to use a local business: 68% (2016), 40% (2017)
- I tend to select a local business based on other factors such as location and price: 42% (2016), 36% (2017)
- I read reviews but they don't influence my decision: 12% (2016), 19% (2017)

Local Consumer Review Survey 2017
## Actions Taken

<table>
<thead>
<tr>
<th>Action</th>
<th>Satisfied</th>
<th>Dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Told friends and family</td>
<td>42%</td>
<td>32%</td>
</tr>
<tr>
<td>Posted a comment on the service provider’s or product manufacturer’s webpage</td>
<td>15%</td>
<td>8%</td>
</tr>
<tr>
<td>Emailed the service provider or product manufacturer customer service</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>Posted a comment on my own social media page (e.g. my Facebook page, my LinkedIn page, my Twitter feed account)</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Wrote a review on an independent review website (e.g. Trip Adviser or Reevvo, Trusted review)</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Posted a message/comment on a consumer forum(s)</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Called the service provider or product manufacturer customer service</td>
<td>7%</td>
<td>24%</td>
</tr>
<tr>
<td>Posted a comment on the service provider’s or product manufacturer’s social media page (e.g. their Facebook page)</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Sent a written letter the service provider or product manufacturer customer service</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Contacted a newspaper or a magazine</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Deloitte research, May 2014
Base: UK consumers 16+ (n = 2,000).
Consequences

Chinese umbrella-sharing startup loses most of its 300,000 umbrellas in three months

Raindrop, drop top, oh my we’ve been robbed

by Natt Garun | @nattgarun | Jul 10, 2017, 11:39am EDT
Conclusion

• Expect Failures and Successes
  • Umbrellas, Quackle, and nearly a quarter of Chinese Lending platforms.

• Questions and Discussion?