



ARE TRUST & IDENTITY HOLDING BACK FURTHER GROWTH OF THE SHARING ECONOMY?

....5 charts to analyse and grow participation in the sharing economy



TRUST AND IDENTITY

A consumer requirement or a willing risk?

In the very early days of eBay back in 1996, eBay founder and CEO Pierre Omidyar wrote to his users saying, “Most people are honest. And they mean well...But some people are dishonest. Or deceptive...It’s a fact of life.”¹ This belief that most people are inherently good created one of the world’s most innovative companies, created incomparable value for internet users all over the world and kick started the sharing economy.

It was (and still is) this sentiment and the review and ratings feedback loop present in eBay interactions that enables brand new eBay users to “give the benefit of the doubt to somebody and that they wouldn’t be disappointed”². Whether it’s back in the early days of the web or the well-lit virtual streets of today’s internet, participants on both sides of the share need to believe they can trust in the strangers they participate with.

“Most people are honest. And they mean well...But some people are dishonest. Or deceptive...It’s a fact of life.”

Pierre Omidyar, eBay CEO

Identity is the first part of the trust process, based on the assumption that if a person is using their true identity then they are likely to behave honestly and responsibly in way that creates a positive outcome.

Fast forward to today and eBay for example has over 158 million active buyers and 800 million listings worldwide. To date, AirBnb has facilitated 10 million nights of accommodation. And BlaBlaCar motors 40 million passengers and drivers a year.

However, whilst such heady numbers suggest mainstream use, how precisely is that translating to take-up by the average Joe on the street? What participation rate is the sharing economy enjoying and is concern around identity and trust holding back participation and growth?

As a unique peer-to-peer identity confirmation platform, HooYu surveyed over 2,000 consumers for this report to answer these questions. In this report we will offer insight into

1. What are the current participation levels in the sharing economy?
Chart 1: Participation in the Sharing Economy
2. Is participation being held back by trust and identity concerns?
Chart 2: Consumer attitudes to trust without checking identity – UK respondents
Chart 3: Consumer attitudes to trust without checking identity – US respondents
3. How well is the sharing economy managing the issue of identity & trust?
Chart 4: Caveat emptor - Buyer Beware!
4. Will identity checking increase participation in the sharing economy?
Chart 5: What kind of identity checking process will increase participation the most?
5. How to grow participation with HooYu - the peer-to-peer identity service

¹ Pierre Omidyar writing to eBay users <http://pages.ebay.co.uk/services/forum/feedback-foundersnote.html>

² Pierre Omidyar interview with Newsweek <http://www.bloomberg.com/news/articles/2005-06-19/online-extra-pierre-omidyar-on-connecting-people>

THE HOOYU "TRUST IN THE DIGITAL AGE SURVEY"










Survey methodology

The Trust in the Digital Age survey was conducted on behalf of HooYu by Atomik Research via Power of Opinions, using an online survey amongst 1000 consumers in the UK and 1000 consumers in the USA in 2016.

The surveys were undertaken in accordance with MRS guidelines and regulations. All samples within the survey are nationally representative.

Whilst the sharing economy is on its way to mainstream participation, the terminology "sharing economy" is not yet part of the mainstream lexicon. To this end the survey did not use this terminology but more simply asked "Have you ever dealt with strangers that you have met online for any of the following?" and then asked questions around trust and identity pertaining to the same use cases.

The options presented to the survey panel covered all of the main flavours of the sharing economy including:

-  Renting somebody's holiday property
-  Renting a room in somebody's home
-  Renting out your property or a room in your property
-  Agreeing to share a car for commuting
-  Hiring somebody to do tasks in your home such as cleaning, gardening or decorating
-  Buying or selling an expensive item from an advertiser on Gumtree, Craig's List or other
-  Hiring a babysitter, nanny or tutor for your children
-  Renting any personal item to another person
-  None of the above

PARTICIPATION LEVELS IN THE SHARING ECONOMY

Early adopters or moving into the early majority?

Nationally representative samples from the US and the UK were asked to share basic information on whether they had dealt with strangers online for sharing economy type transactions.

HAVE YOU EVER DEALT WITH STRANGERS THAT YOU HAVE MET ONLINE FOR ANY OF THE FOLLOWING?

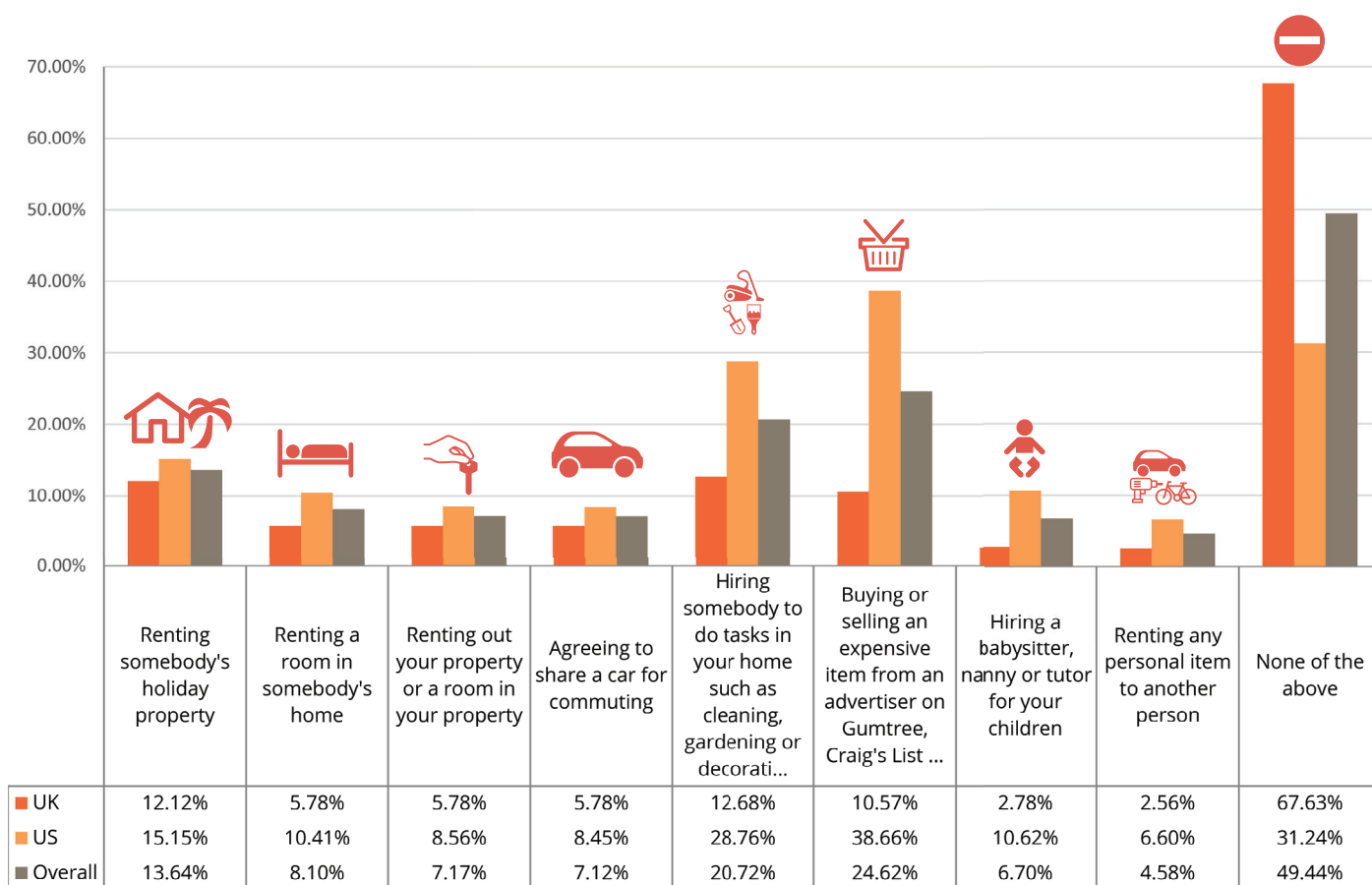











Chart 1: Participation in the Sharing Economy










ANALYSIS: A low overall level of participation

The immediate takeaway here is that the overall level of participation is relatively low, leading to the question as to whether the sharing economy is still in the early adopter and early majority phase of its growth curve.

If it is early adopter and early majority users driving today's level of peer-to-peer transactions, then the exponential growth forecasts for the sharing economy could certainly hold true, good news for the wave of start-ups and legion of VC's currently entering the fray.

The key question is how does the sharing economy access mainstream users given the current low usage levels. Below are some league tables of participation broken down by type of sharing economy transaction.

UK Responders		
 Buying or selling an expensive item from an advertiser on Gumtree, Craig's List or other		13.97%
 Hiring somebody to do tasks in your home such as cleaning, gardening or decorating		11.38%
 Renting somebody's holiday property		10.88%
 Hiring a babysitter, nanny or tutor for your children		5.19%
 Renting a room in somebody's home		5.19%
 Renting out your property or a room in your property		5.19%
 Agreeing to share a car for commuting		2.50%
 Renting any personal item to another person		2.30%

USA Responders		
 Buying or selling an expensive item from an advertiser on Gumtree, Craig's List or other		41.59%
 Hiring somebody to do tasks in your home such as cleaning, gardening or decorating		27.43%
 Renting somebody's holiday property		14.45%
 Hiring a babysitter, nanny or tutor for your children		10.13%
 Renting a room in somebody's home		9.93%
 Renting out your property or a room in your property		8.16%
 Agreeing to share a car for commuting		8.06%
 Renting any personal item to another person		6.2 9%

For further analysis & commentary on the participation levels and differences between the UK & the US please see Appendix I

IS PARTICIPATION BEING HELD BACK BY TRUST AND IDENTITY CONCERNS?

What level of trust currently exists for sharing economy type transactions?

It was only 15 years ago that many people enjoyed chiding early adopters of online shopping with the phrase "What? Put my card details into the internet? You have to be joking!". These former critics are of course now merrily engaged in all manner of online shopping.

By comparison, it's hard to say precisely where the sharing economy sits right now on the diffusion of innovation curve but is most likely moving into the early majority.

In order to bring the early and late majority into the sharing economy there is much work to be done as the charts below reveal.

WHEN DEALING WITH SOMEBODY WHO YOU HAVE NEVER MET BEFORE, HOW TRUSTING ARE YOU PREPARED TO BE WITHOUT OBTAINING FURTHER ASSURANCE ABOUT SOMEBODY'S IDENTITY?

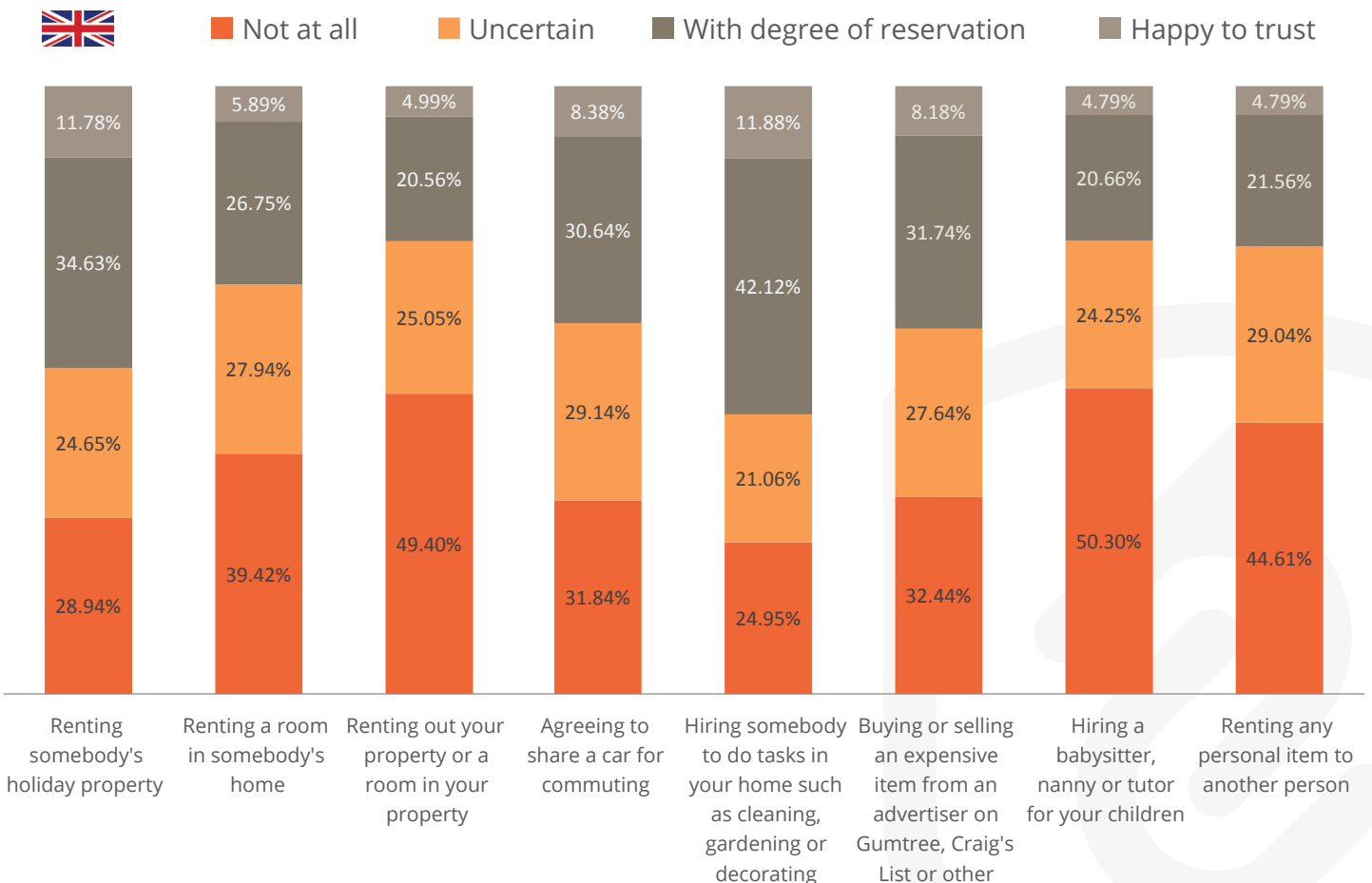


Chart 2: Consumer attitudes to trust without checking identity – UK respondents

WHEN DEALING WITH SOMEBODY WHO YOU HAVE NEVER MET BEFORE, HOW TRUSTING ARE YOU PREPARED TO BE WITHOUT OBTAINING FURTHER ASSURANCE ABOUT SOMEBODY'S IDENTITY?

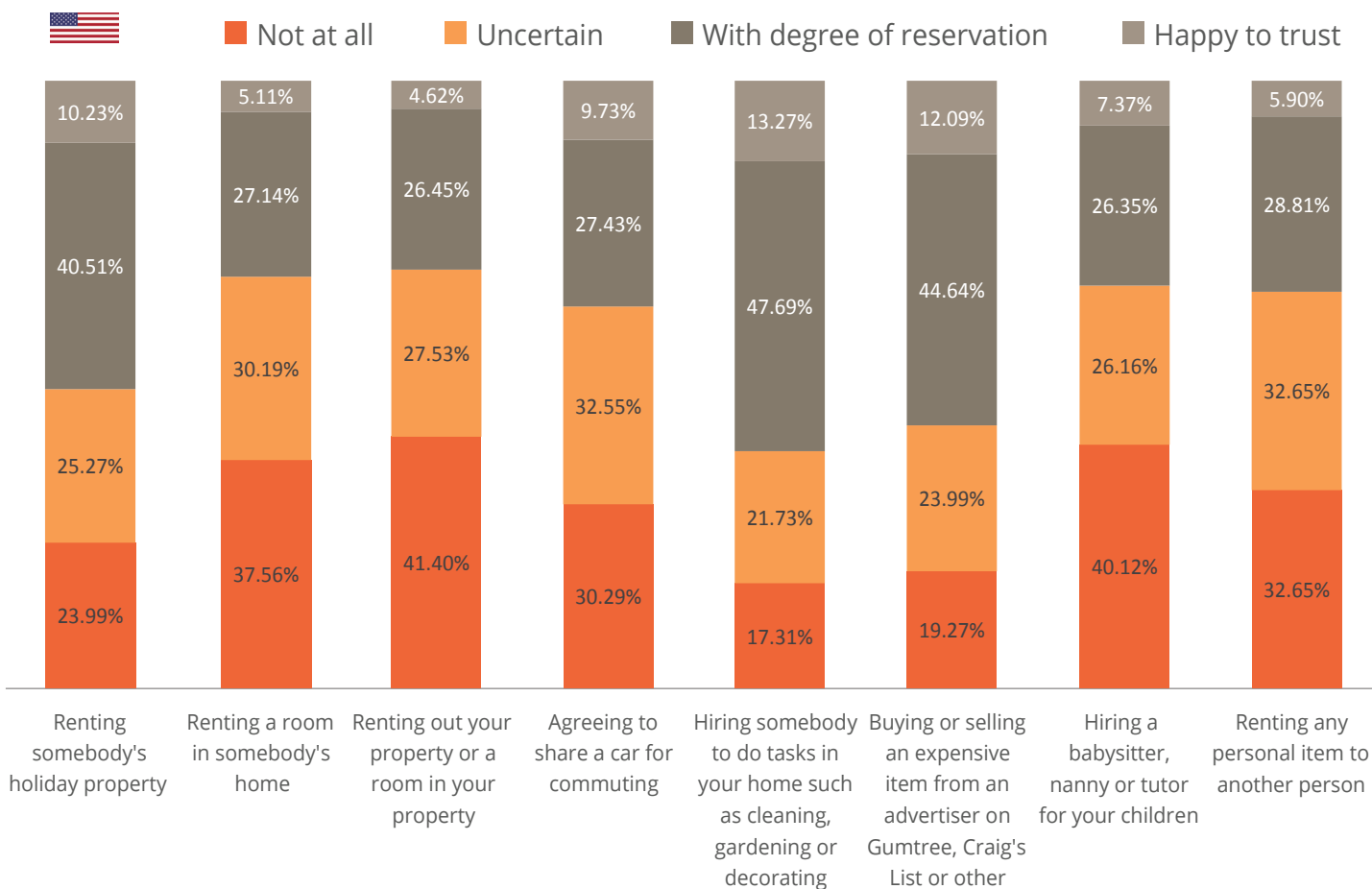


Chart 3: Consumer attitudes to trust without checking identity – US respondents


ANALYSIS: Despite fears around knowing the identity of a sharing partner, will people “give the benefit of the doubt to somebody” and proceed?

The answer to this is a qualified yes. The early adopters and early majority committing to millions of sharing transactions are testament to this, but it is not a universal yes. The data shows that consumer perspective on the level of risk they are prepared to take when they transact with an unverified stranger is mixed.

A small percentage of people are happy to trust:

- Taking into account all types of sharing economy transactions across both regions, on average, 8% of consumers are happy to jump straight into a sharing economy transaction without worrying about the identity of the other party in the transaction being confirmed.

A larger percentage of people are more cautious:

-  Taking into account all types of sharing economy transactions across both regions, on average, 34% of consumers will not at all conduct a sharing economy transaction without having assurance about the identity of the other party in the transaction.

A fuller picture can be developed by taking into account those that are “uncertain” or “have reservations” around the subject of participant identity. This method of analysis reveals two camps, one which is “Trust Negative” and the other “Trust Positive” when thinking about the identity of the other party in a peer2peer transaction.



61%

Camp 1 "Trust Negative"

Responders who will "not at all" or are "uncertain" to trust without checking identity












39%










Camp 2 "Trust Positive"









Responders who "are happy to trust" or will trust "with degree of reservation" without checking identity

Not all sharing transactions require the same level of trust

Here are some league tables of the level of trust required according to the type of sharig economy transaction

UK responders who will "not at all" or are "uncertain" to trust without checking identity		
 Renting any personal item to another person		73.65%
 Renting a room in somebody's home		67.36%
 Renting out your property or a room in your property		67.36%
 Agreeing to share a car for commuting		65.27%
 Hiring somebody to do tasks in your home such as cleaning, gardening or decorating		60.98%
 Hiring a babysitter, nanny or tutor for your children		60.08%
 Renting somebody's holiday property		53.59%
 Buying or selling an expensive item from an advertiser on Gumtree, Craig's List or other		46.01%

US responders who will "not at all" or are "uncertain" to trust without checking identity		
 Renting out your property or a room in your property		68.93%
 Renting a room in somebody's home		67.75%
 Hiring a babysitter, nanny or tutor for your children		66.28%
 Renting any personal item to another person		65.30%
 Agreeing to share a car for commuting		62.84%
 Renting somebody's holiday property		49.26%
 Buying or selling an expensive item from an advertiser on Gumtree, Craig's List or other		43.26%
 Hiring somebody to do tasks in your home such as cleaning, gardening or decorating		39.04%

Overall responders who will "not at all" or are "uncertain" to trust without checking identity	Overall	UK	USA
 Renting any personal item to another person	69.48%	73.65%	65.30%
 Renting out your property or a room in your property	68.15%	67.36%	68.93%
 Renting a room in somebody's home	67.56%	67.36%	67.75%
 Agreeing to share a car for commuting	64.06%	65.27%	62.84%
 Hiring a babysitter, nanny or tutor for your children	63.18%	60.08%	66.28%
 Renting somebody's holiday property	51.43%	53.59%	49.26%
 Hiring somebody to do tasks in your home such as cleaning, gardening or decorating	50.01%	60.98%	39.04%
 Buying or selling an expensive item from an advertiser on Gumtree, Craig's List or other	44.64%	46.01%	43.26%

ANALYSIS: There is a sliding scale of trust required for sharing economy transactions

The obvious conclusion here is that sharing economy transactions involving an asset that is rented require the highest level of trust and confidence, whether that be bricks and mortar property or a consumer durable asset such as a car or power tools.

Where the transaction is fleeting by nature such as auction and marketplace sales, the level of trust required is lower.

For further analysis & commentary on the attitudes to trust and differences between the UK & the US please see Appendix II

HOW WELL ARE SHARING ECONOMY SITES MITIGATING CONCERNS AROUND THE ISSUE OF IDENTITY AND TRUST?

Trust the platform, trust the stranger or caveat emptor?

One of the key enablers of the journey to near universal online shopping participation has in part, been fuelled by safety campaigns and education initiatives from banks, payment processors, card schemes, browser providers, anti-virus software manufacturers and scores of other interested parties. As such, consumer trust formed a key part of the continued growth curve of e-commerce and m-commerce.

However, aside from a few leading brands working hard to make the sharing economy a well-lit place to shop, rent and share with trust and confidence, the majority of sites are failing to help build trust in the sharing economy.

The illustration below is based on a brief review of Terms & Conditions on sharing economy sites.

Despite the fact that over 60% of potential customers want to see assurance on participant identity before they will transact, the overriding message here is one of caveat emptor or buyer beware.

WHAT DO SOME POPULAR SHARING ECONOMY SITES SAY TO THEIR USERS ABOUT PARTICIPANT IDENTITY?

User verification on the Internet is difficult

We cannot and do not confirm each member's identity

We encourage you to communicate directly with a traveler or member through the tools available on the Website, though even this does not assure you of the identity of the person with which you are communicating

We are not obliged to carry out checks on the identity of every person registered to use XXXXXXXX.com

You are solely responsible for determining the identity and suitability of others with whom you may interact through our Services

Chart 4: Caveat emptor - "Buyer Beware"

WILL IDENTITY CHECKING INCREASE PARTICIPATION IN THE SHARING ECONOMY?

Should sites make the sharing economy an even more transparent well-lit marketplace?

The research strongly shows that the majority of people (61%) will not participate unless they have assurance around the identity of the person they are transacting with, and that the level of identity trust required varies according to the kind of sharing economy transaction.

Respondents were asked if they were more likely to carry out a sharing economy transaction if the site they were using offered an in-depth identity confirmation report on the other party in the transaction. The majority (56%) of US and UK respondents stated that they would be more likely to participate.



In terms of understanding what form of ID verification would best impact trust and participation rates, respondents were asked what kind of ID checking would make them more likely to trust a stranger online.

IF YOU WERE USING A WEBSITE TO CARRY OUT THE SORT OF TRANSACTIONS IN PREVIOUS QUESTIONS, WHAT WOULD MAKE YOU MORE LIKELY TO TRUST A STRANGER ONLINE?

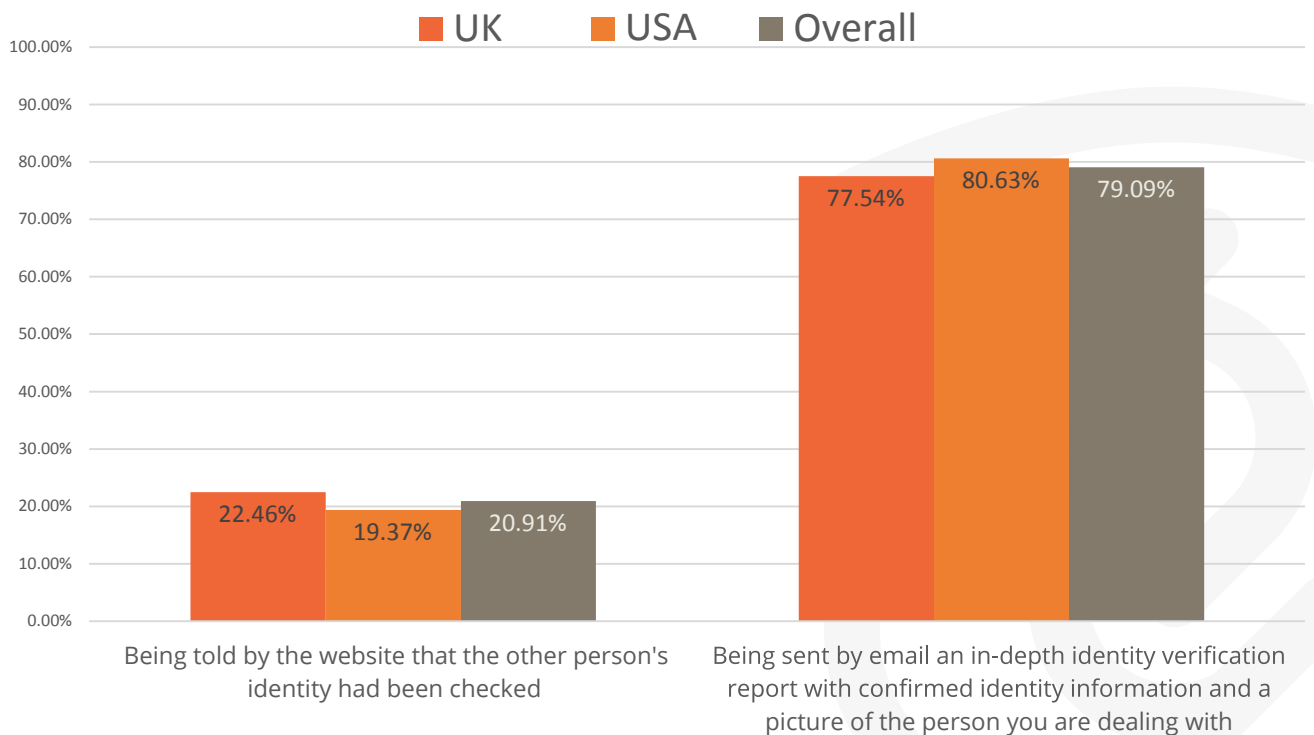


Chart 5: What kind of identity checking process will increase participation the most?

A ANALYSIS: More information on the other party in a sharing transaction creates trust and grows participation

An overwhelming majority (79%) say they would be much more likely to trust a stranger online if they were sent an in-depth ID confirmation report about the person they are dealing with.

People are nearly four times more likely to transact online with strangers if sent an in-depth ID confirmation report than merely being told that the site had verified the other person's identity (21%)

It's with this approach in mind that HooYu has been designed as a peer-2-peer identity confirmation service.

For further analysis & commentary on the participation levels and differences between the UK & the US please see Appendix II

HOW TO GROW TRUST AND PARTICIPATION WITH HOOYU

HooYu, the peer-to-peer identity service

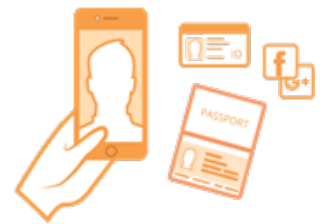
HooYu is a global identity verification platform that can be used by businesses to authenticate customer identity but has also been designed for use by consumers who want to confirm another person's identity.

How consumers can use HooYu during a sharing economy transaction



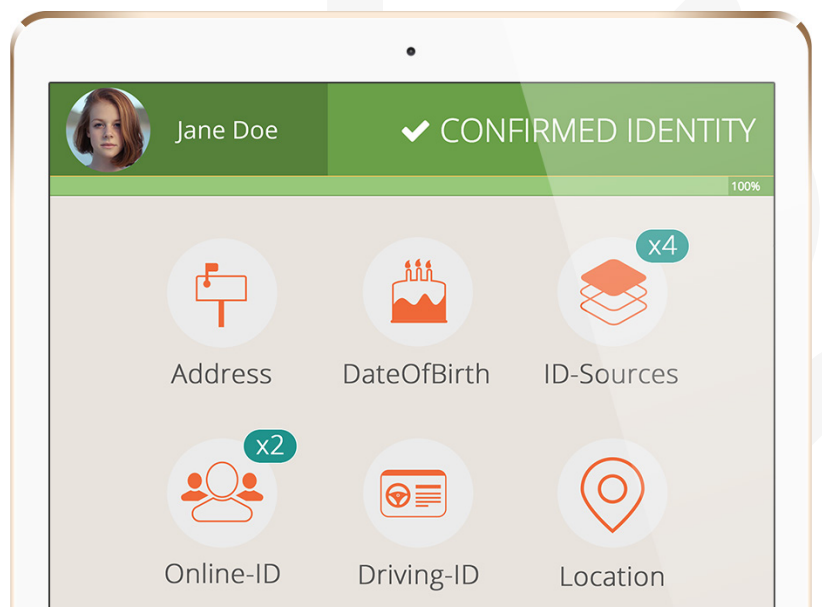
1 Before, during or after a sharing economy transaction, a consumer creates an account at www.HooYu.com and enters the phone number or email address of the person whose identity they want to confirm

2 The person sent the ID request follows a link in the text or email from HooYu and in 3 simple steps is asked to take a selfie, share their online identity such as Facebook or LinkedIn and then take a photo of their driving licence, ID card or passport.



3 HooYu then completes a biometric facial verification, extracts and scores identity information from the user's online identity and ID documents and also authenticates their ID documents

4 Both parties then receive notification that identity has been confirmed along with a report showing the selfie and stating what information has been verified. However, no sensitive information is shared, the image of the ID document is deleted and the consumer can proceed in confidence



APPENDICES

Appendix I

Marked difference in participation levels across the pond

The disparity of participation between the US and the UK is striking. Americans are:
Nearly four times more likely to use online marketplaces than Brits



Three times more likely to use sites to hire cleaners, gardeners or decorators than Brits



Four times more likely than Brits to use to use babysitting, nanny or tutor sites




Over twice as likely to use online asset rental sites than Brits

This marked difference is most likely explained by the fact that sharing economy sites were invented and have been around for longer in the US than the UK and today exist in greater numbers in the US than the UK. In fact many city authorities support and mandate car sharing sites in the US, something that is yet to be seen in the UK.


Appendix II

Cautious Brits?

Over 50% of UK respondents say they will 'not at all' or are 'uncertain' about trusting a stranger without assurance of their identity across all these scenarios:

 The exception is when hiring somebody to do tasks in their home such as cleaning, gardening or decorating (46%)

 75% of UK respondents are 'not at all' trusting or 'uncertain' in trusting someone they don't know the identity of to take care of their children.


 74% of UK respondents are 'not at all' trusting or 'uncertain' in trusting someone they don't know the identity of when they are renting out their property or a room in their property

Reserved Americans


Similar attitudes prevail on both sides of the pond. The data shows that Americans are almost as reserved as UK respondents. On average, 8% (US) and 7% (UK) feel that they are "happy to trust" a person they haven't met without knowing their identity.

However, UK respondents are more likely to have no trust in someone who they haven't met before and hasn't had their identity checked (UK - 38% average; US - 27% average)

The scenarios when Americans are least trusting and most uncertain are:

 renting out their property/room to someone (69%)

 renting a room in somebody's home (68%)

 and hiring someone to look after their children (66%)



For more information on HooYu
please email marketing@hooyu.com

