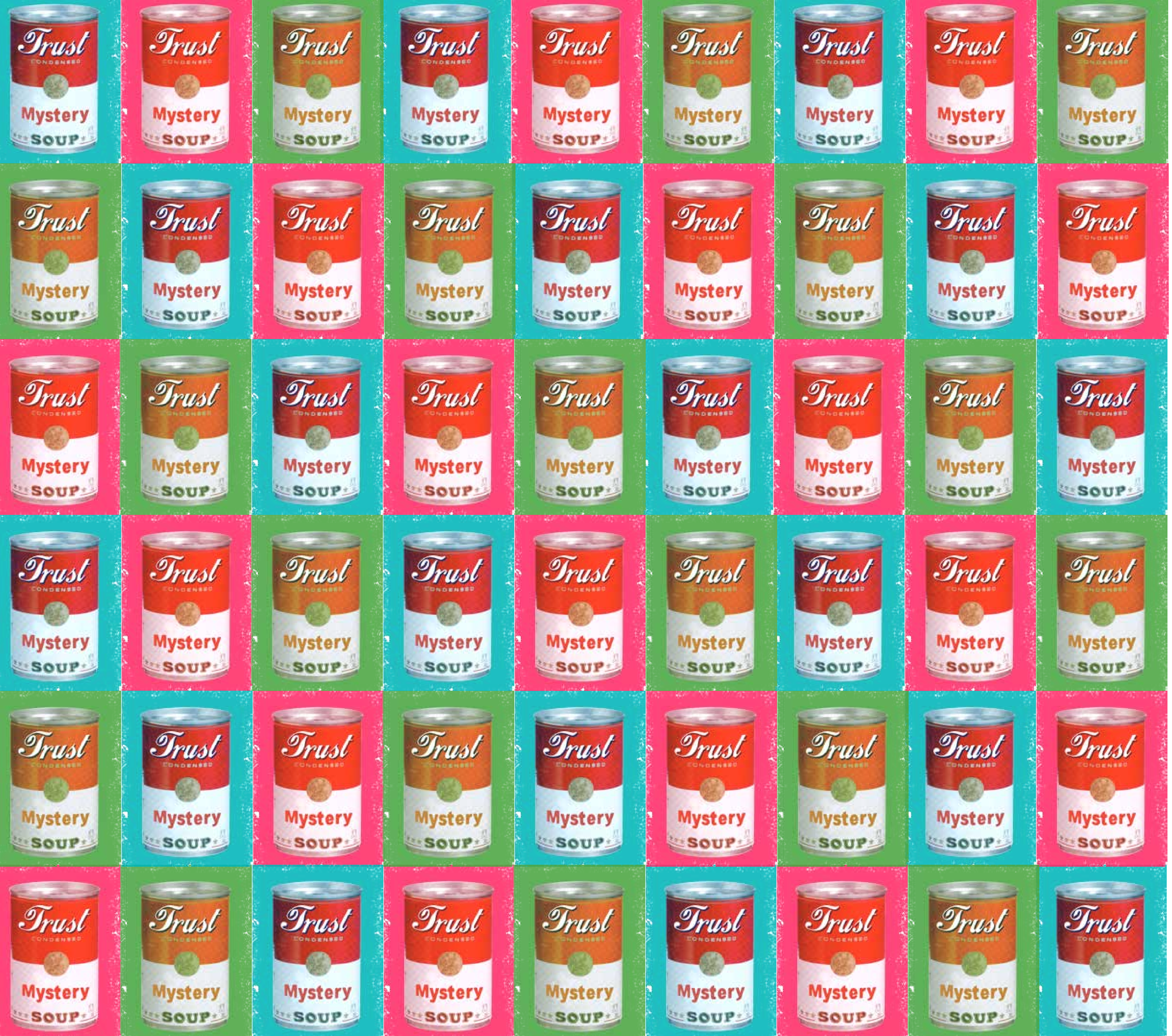

Illustration: Alex Weaver

THE THIRD AGE OF TRUST

Faith in institutions has collapsed. *Charles Orton-Jones* asks why brands create trust and what they need to do to get it back

Every year, the PR company Edelman surveys the state of trust in society with its *Trust Barometer*. This year, founder Richard Edelman began his summary of the results with these dark words: "As we begin 2018, we find the world in a new phase in the loss of trust: the unwillingness to believe information, even from those closest to us. The loss of confidence in information channels and sources is the fourth wave of the trust tsunami."

The data is stark. There's a loss of trust in media – now the least trusted global institution for the first time, with scores over 50% in only six nations. Trust in social media is low. Politicians fare even worse. Trust in the United States as a nation plunged 30 points in a year, "the worst collapse ever recorded in the history of the Edelman *Trust Barometer*". What is going on? ›

An academic called Rachel Botsman has an enticing new theory. In a new book, *Who can you trust?*, Botsman sketches out three eras of trust.

"The first was local, when we lived within the boundaries of small local communities where everyone knew everyone else. The second was institutional, a kind of intermediated trust that ran through a variety of contracts, courts and corporate brands, freeing commerce from local exchanges and creating the foundation necessary for an organised industrial society. And the third, still very much in its infancy, is distributed."

Botsman suggests we've turned to crowdsourcing trust. An eBay rating is a strong guide to the reliability of the seller. Same for an Uber driver with a high star rating. We pick our films with the ratings of other viewers. Botsman says, "Distributed trust helps us understand why digital cryptocurrencies such as Bitcoin and Ether could be the future of money... and why and how we'll come to trust well-trained bots, whether they are giving us relationship advice, resolving our parking tickets, ordering our sushi or telling us if we have cancer."

TRUST TRANSITION

The weight of survey data suggests she's correct. Trust is shifting from institutions to peers. Botsman offers three reasons for this change: inequality of accountability (certain people are being punished for wrongdoing while others get a leave pass); twilight of elites and authority (the digital age is flattening hierarchies and eroding faith in experts and the rich and powerful); and segregated echo chambers (living in our cultural ghettoes and being deaf to other voices). The rash of financial and political scandals accelerated the demise of institutions as standard bearers of trust. Well paid executives at Fannie Mae, Freddie Mac, Lehman Brothers, AIG, Northern Rock and Bear Stearns oversaw the collapse of their institutions, costing taxpayers unimaginable sums, with no obvious consequences, and large pay-offs. Dick Fuld, CEO of Lehman Brothers, received $72m in pay in the lead up to the bank's collapse.

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Furthermore, the record of institutions in rewarding the trust placed in them is genuinely patchy. The biggest collapse in trust in a generation is that of the church. In 1983, trust in the clergy to 'tell the truth' stood at 85%. By 2016, after a series of high profile scandals, this had fallen to 18%, lower than that of a random stranger. Trusting peers is thus a rational response.

The pay-off in this discussion is discovering how brands can thrive in the third era of trust. Business models can be built around the wisdom of the crowd. Botsman gives the example of an African lending service called Tala that uses an extended range of indicators to make credit decisions. A total of 10,000 data points are crunched within a minute to estimate the applicant's ability to repay. By replacing the traditional method – interviews – with the gathering of distributed information, it becomes viable to make micro-loans to Kenyan entrepreneurs, filling a gap that traditional lending neglected.

Now that social proof is the key to trust, brands can exploit it. In a new book called *The Choice Factory: 25 biases that influence the way we buy*, the author Richard Shotton highlights the phenomenal power of social proof to change consumer behaviour. For example, what is the best way to get hotel guests to re-use towels? An academic at Arizona State University worked with a hotel group to create two test messages. The first stated the environmental benefits, with 35% success. The second stated that most people re-used their towels. The second message, with its ingredient of social proof, boosted compliance to 44%. Shotton proved the point by putting a small sign in a South London bar saying the porter was that week's best selling ale. Sales rose 2.5 fold. Merely implying an action is popular with peers will deliver results.

PEER REVIEW

Consumers used to rely on institutions to tell them what is reliable and trustworthy. Banks recommended financial products. Doctors made medical decisions. Now consumers need evidence from their peers. A study by HSBC into perceptions of trust in technology hammers this home. A poll of 12,000 consumers in 11 major economies revealed 76 per cent feel comfortable with new technology and 80% said technology would make their lives easier. But only 8% would trust an artificial intelligence robo-adviser to provide mortgage advice, versus 41% trusting a human. For context, this is 2% lower than flipping a coin for financial advice and 1% lower than using a horoscope. Only one in seven would trust a humanoid robot to perform surgery on them, roughly the same rate that would trust a family member to hack away. Without evidence that these technologies are reliable, most consumers simply will not trust them. They want to see peers reporting good experiences before adopting them.

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Botsman ends her work with a warning. Trust in distributed networks can deliver great results, but the networks are fragile. For example, companies that game the system can erode trust in reviews; for example, Amazon is waging war against paid-for reviews. She warns that leaders may struggle to police these new networks: does the Bank of England know how to regulate Bitcoin? Trust in the network may be eroded by these threats.

Worse, reliance on anonymous sources of trust may lead to a depersonalisation of trust. Humans may cease to play a role. "That's a world apparently devoid of uncertainty, devoid of the colour and movement born of human imperfection," worries Botsman. It may be dangerous, as we hand control over to digital third-parties, whose motivation and workings may be unknown to us.

The philosopher Onora O'Neill delivered her Reith Lectures on the subject of trust. Her verdict: "The aim is to have more trust? Well frankly, I think that's a stupid aim. It's not what I would aim at. I would aim to have more trust in the trustworthy but not in the untrustworthy. In fact, I aim positively to try not to trust the untrustworthy."

How we do that is changing. Brands need to work out the new rules, fast.