

Highlights from

Online Reputation Systems and the Thinning of Trust

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“ The development of two-sided online markets, and of the reputation systems that support them, **alters the meaning of trust** and allows for the **emergence of thin trust among strangers.** ”



Online reputation systems and building trust

eBay, Uber, Lyft, Airbnb, and other operators of two-sided market platforms **rely on buyers and sellers trusting the information each provides** regarding the payment, quality, safety, and performance of the advertised product or services. The platforms that operate in online markets build **sophisticated reputation systems** to facilitate commerce because **reputation is the key mechanism** that generates trust between a buyer and a seller.

The *thinning* of trust

The development of two-sided markets and sophisticated reputation systems alters and nature of trust. In traditional markets, trust is a cumulative product of repeated dyadic exchanges. In such markets, inefficiencies in the diffusion of information **constrain the exchange scale.** In two-sided online markets, trust relations are technologically-mediated. Trust, in such instances, is an accretive product of the crowdsourced reviews generated by previous buyers and sellers. This allows for efficient diffusion of information and fosters exchange between strangers.

This development **leads to the thinning of trust.** Previously, a sellers' trustworthiness took time to cultivate. It was a personal characteristic that operated across domains. In contrast, trust in two-sided online markets is impersonal and relative. We determine that seller X is trustworthy based on the aggregate assessments of others and relative to other sellers. As a consequence, the trust that underpins two-sided online markets is **thinning and confined to specific domains** such as travelling or lodging.

While interpersonal trust relies on the parties' skilled interaction, the mediating role that reputation systems play in creating and sustaining this type of trust means that some of the skill involved in creating the trust **does not reside between the parties** that exchange goods and services. Instead, this skill is appropriated, in part, by the Trust and Safety teams or other platform operators that continuously experiment and optimize their systems.

“Thin trust operates **‘under the hood’ or outside the consciousness of the involved actors.**”

A new frontier for the social sciences

The digitization of social life and the mediated nature of online platforms effectively allows social scientists not only to study but to intervene and curate social interactions at scale. A digitized social space means a space where **operators can plan and measure every interaction.** In this newly digitized space, operators can experiment and optimize interactions in the same way that urban planners design urban spaces and traffic flow, **but with far better efficiency.** However, along with these possibilities come new ethical questions and risks.

A **better and more systematic approach** to address ethical questions would require the platforms to leverage social scientists' expertise in **designing and planning products** like a reputation system. Social scientists are uniquely capable of understanding the impact of socio-technological systems. The penetration of technology into more life domains has created the space for applied social science.

Read the [full article](#) in the Yale Journal of Law & Technology, Volume 23.