

# Peer-to-peer markets

**Kate Collyer**

**Deputy Chief Economic Adviser**

# Outline

- The role of consumer data in peer-to-peer markets
- Trust mechanisms - reliability and design
- Some questions for discussion

# Peer-to-peer markets and consumer data

- eBay
  - Holds 10 petabytes of raw data
  - Uses data to improve performance and get better matches
- Airbnb
  - Uses data on both sides of the market
  - Target markets and improve effectiveness
- Uber
  - Get drivers in the right place at the right time

# Commercial use of consumer data

- CMA call for information
- Some observers have expressed concerns, including consumer control of data and exercise of market power
- Many benefits, including better search and matching
- But, is consumer sentiment towards data sharing fragile?
- Are there weaknesses in consumer protection?
- Are there risks of competition issues?

# Trust mechanisms and online reviews

- Traditional marketplaces v peer-to-peer markets
- The impact of anonymity
- Information asymmetries and market failures
- Solution: Decentralised "reputation" mechanisms

# Trust mechanisms: how reliable are they?

- CMA call for information
  - More than half of adults in the UK use online reviews
  - Consumers appear to trust them
- Examples of good practice
- Some good reasons to think these mechanisms work. Marketplaces have the right incentives. Consumers are using them and seem prepared to give genuine feedback.

# Trust mechanisms: how reliable are they?

- But we might be concerned if feedback is misleading or biased.
- Misleading practices are hidden and consumers might need to learn from their experiences.
- Some important peer-to-peer markets are for infrequent purchases eg travel.
- Risk of strategic reasons for biased feedback.
- Are there reputational externalities?
- Is there scope for improvement in quality measures?

# Conclusions

- How can we ensure consumers maintain trust and continue to share data?
- Should we be concerned about the impact on competition from the collection of this data in peer-to-peer markets?
- Are there circumstances when regulators should intervene? For example, to ensure online reviews comply with consumer law. Or is self-regulation preferable?



**Thank you**