The appropriate role of dispute resolution in building trust online

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"Trust in Allah, but tie your camel" – Muslim Proverb

Abstract. This article examines the relationship between online dispute resolution (ODR) and trust. We discuss what trust is, why trust is important, and how trust develops. Our claim is that efforts to implement online dispute resolution on a site or service in a manner that promotes trust need to consider ODR as just one tool in a broader toolbox of trust-building tools and techniques. These techniques are amongst others marketing, education, trust seals, and transparency. By evaluating ODR in its proper context as one component of a larger trust strategy, we can more accurately set expectations for its results and position our projects for success.

Key words: dispute, eBay, e-commerce, ODR, resolution, trust

1. Introduction

Many of us in the online dispute resolution (ODR) field spend our time thinking about ODR in isolation. We consider what ethical standards are appropriate for online dispute resolution providers, how complainants and respondents should communicate in dispute resolution platforms, or what applications online dispute resolution would be appropriate for. However, people outside our field rarely think about online dispute resolution in isolation. Those not involved in the in-depth conversations surrounding ODR usually think of online dispute resolution as one piece of an overall strategy. The goal of that strategy frequently is summed up as developing and maintaining "trust."

But what is trust, really? And if online dispute resolution is supposed to help to establish trust, why haven't we in the ODR field thought more about how we can design our systems to achieve it? For those of us in the field, the success of online dispute resolution programs is often measured in amicable resolution rates and participant satisfaction. If we achieve those goals, we conclude, we will demonstrate the value of ODR. But that is often not entirely the case.

As Katsh (2006), the father of ODR, has put it:

> "Dispute resolution processes are generally perceived as having a single function, that of settling problems. What has come to be understood online, perhaps more than it is offline, is that dispute resolution processes have a dual role, that of settling disputes and also of building trust."

If the goal of ODR deployments is to bolster trust, then we can achieve our internal metrics (participant satisfaction, high resolution rates) and still miss the broader objective of the organizations who sponsor the ODR efforts in the first place.

This article examines the relationship between ODR and trust. We start with an analysis of what people usually mean when they talk about trust, how it grows and how it's lost, and why it's important for a marketplace, website, or service. We then explore how effective online dispute resolution can contribute to the development of trust, and discuss the ramifications for the ODR field more broadly.

2. What is trust?

Trust is in some ways a very slippery concept. It is difficult to get a firm purchase on the idea, so as a result, discussions about trust sometimes slip into language that sounds like philosophical meanderings or meditation mantras. Trust is also something that is entirely based on people's perception of it – it exists only in the way that it is experienced by individuals (Fukuyama 1995). There is no such thing as a trusted marketplace where the participants in the marketplace do not feel the trust. A marketplace may be fundamentally trustworthy, but unless that trust is perceived by the participants, it is not trusted.

People will often say that trust is important to them, but when pressed it is difficult for them to provide specific elements that will reinforce their trust. Programs or initiatives that get very specific, focusing on particular language or a distinct recurring problem, often have an unclear impact when it comes to the overall sense of trust felt by users or members. In our experience we have identified several aspects of trust that help to make the idea more concrete.

2.1. TRUST IS SOCIAL

At its highest level, trust is a social concept. Trust is something that exists between people. Trust implies relationships – one person depending upon another person. As a result, trust facilitates human interaction. When trust exists between people it lowers the resistance individual parties may have to

cooperate. If you trust that someone will not take advantage of you, you can open yourself to working with them without hesitation.

Trust is deeply validating. Trust meets core human needs. We want to trust others, and it makes us feel vulnerable and fearful when our trust is betrayed. When we trust another person and they live up to that trust, it reinforces the connection we have to them. In that sense, the bonds established by trust are essential to the creation of a lasting community. The more connections we have with others and the stronger the sense of validation that comes from those connections, the broader and stronger the community.

Trust is about reciprocity. It is almost like a social contract. Truly meaningful trust is rarely one way. The most profound trusting relationships are mutual relationships. You can trust your doctor or your auto mechanic, but that is largely a one-way, customer-service provider relationship that is rarely permanent. More significant trust is built in the kind of mutually vulnerable relationships you have with a friend, business partner, or parent.

2.2.   TRUST TAKES TIME TO BUILD

It takes time to build trust. The more interactions where trust is validated the stronger the overall sense of trust. Repeated interactions demonstrate that trust is justified and can be relied upon. The corollary of this is that trust can be betrayed. When someone trusts you to do the right thing and you betray that trust it can be immensely damaging to your relationship. It can take a very long time to regain that trust, if it can ever be regained.

Trust can create a self-reinforcing cycle, where one member's trust urges them to behave in a trustworthy way with others, who in turn transfer their trust outward through additional interactions.

While it is often hard to measure, finding a way to facilitate the expression of trust can further help to foster a sense of trust. Some websites like SquareTrade.com or BBBOnline provide a mark that can demonstrate trustworthiness. There are other ways that people can demonstrate their trustworthiness, often by providing evidence of other relationships where they have behaved in a trustworthy manner.

Trust often requires a leap of faith. The first time you trust someone you are taking a risk. There needs to be a belief that the trust will be rewarded to encourage people to take that leap. Cultures in communities can feed trust. If there is a sense that people are basically good then that will bring a trusting baseline to new interactions. Trust can also be irrational, where individuals feel trust even though a truly rational observer might conclude that it is not justified for them to do so.

2.3.   TRUST AS OPPOSED TO SAFETY

People will often ask if a website, marketplace, or neighborhood is "safe". It's important to note that while trust and safety are related, they are different in some important ways. Safety is about being protected from harm. Seat belts may keep you safe, but seat belts do not increase your sense of trust that other drivers will drive sensibly.

Trust is not usually about having someone else take care of you. Trust is about feeling confident that others will act in a manner that is fair, respectful, honest, and transparent. Safety does not necessarily presume that others will act benevolently. In fact, one's desire for safety may be predicated upon the belief that others have malevolent intentions. But, if adequately protected from the actions of others, one can feel safe. In contrast, being protected from the actions of others does not necessarily make one feel more trusting.

3. Why does trust matter?

Risk, fear, and uncertainty limit activity and freedom. That is why many businesses see value in trust. Trust helps people overcome barriers and makes it easier to trade and interact. Trust sets an overall tone that promotes positive experiences, affirmative word of mouth, and transaction volume that helps a business to grow. While the concept may be difficult to quantify or measure with great specificity, businesses have come to understand that trust has a very positive effect on the bottom line, and that is why they are willing to spend money to foster it (Odams de Zylva 2001).

If customers do not trust a particular site or service then most likely over time they will scale back their use. Also, they will probably share their negative experiences with others, many of whom will have little or no direct experience with the site. As such, these negative experiences can have a disproportionate effect on the general sense of "trustworthiness" associated with a particular site or service. They undermine the "virtuous cycle" that feeds the expansion of a site or service, and can constrain growth and transaction volume into the future.

It is important to note that trust is not the only factor that determines usage of a site or service. Sometimes the trust associated with a site is either universally presumed to be positive or at minimum an unknown, yet the site or service goes unused due to other factors (the service is not perceived to have enough value, the user interface is not well designed so it is inconvenient to use, etc.). Trust does not, on its own, determine whether or not a site or service will be successful and well utilized (Stein 2003). The corollary of this truism is that a site may have a negative trust

reputation, but the service may be perceived as so valuable that the trust risk is deemed acceptable (consider the peer-to-peer file sharing services, which are riddled with nasty viruses and worms, but that are still heavily utilized by individuals seeking free software.)

4. How trust develops

Trust is gained initially through reputation, and then through repeated experience. A buyer in a marketplace will first gain a sense of the "trustworthiness" of that marketplace through reputation. That reputation will come from a variety of sources: marketing, media, comments from friends, perhaps even "pull" sources of information, if the buyer is actively searching out information to learn more about the marketplace. Reputation information about the trustworthiness of a marketplace may be direct and quantitative (as in, articles from third party sources specifically addressing fraud rates, or marketing materials that speak directly to trust) or it may be indirect and qualitative (stories from peers about experiences on the site, general "buzz" about the marketplace on the radio and TV, etc.) All of these factors combine to create an overall "feel" as to the trustworthiness of a particular destination.

Soon, though, if the individual chooses to take the leap and actually use the marketplace, those reputation-based sources of information will be joined by actual experience. Once a user has actual experience using a site or service their initial preconceptions about it may wane in significance as direct experience plays more of a prominent role. Instead of thinking about the site on a "brand" level, for example, the user thinks about the 25–30 transactions they have engaged in on the site.

5. Negative versus positive experiences and their effect on trust

Trust is something of a baseline state. The expectation prior to engaging in a transaction is most likely positive, or the user would not make the decision to dive in and use the service. What we've observed repeatedly is that experiences where nothing bad happens (i.e., the transaction goes smoothly, no problems arise, and the transaction partner meets all of their obligations) simply preserve the base state. The net positive effect of a single transaction that goes smoothly does not significantly affect the sense of trust felt by an individual user. Positive feelings about trust take much longer to develop, and they are based on large pools of experience. However, when a negative experience occurs, the effect on the user's sense of trust can be significant. Negative feelings about trust can arise after only one or two negative experiences.

Research has shown that negative experiences are remembered much longer than positive experiences (our observations indicate that most transactions that go smoothly are quickly forgotten, though the awareness of the item purchased or received lingers.) When a member has a problem it can quickly escalate in terms of its emotional impact, and it can have a significant negative effect on the trust felt by the member. Negative stories are repeated much more than positive stories.

6. Trust and perceived responsibility

There is also a difference between the perceived reason for the negative experience. The trust impact of a situation where the member in question caused the negative experience is relatively small. Some members acknowledge that their actions resulted in the transaction problem initially, but once the problem escalates (perhaps to name calling, insults, recriminations, fraud filings, etc.) the original agent of the action that caused the problem no longer feels like the perpetrator, and both sides can quickly take on the mantle of the victim.

Fortunately, members often understand that complete safety and the avoidance of all problems is too high a standard. To participate in beneficial, interesting, and exciting exchanges is to take on some risk. There will always be individuals who look to take advantage of the trust of others. As a result, businesses can often make clear to customers that customers have some responsibilities in keeping a site or service trustworthy as well. In fact, many customers will embrace that responsibility, and take it very seriously, if it is made clear to them. Businesses can educate people about how they can use common sense to avoid situations where their trust might be abused, and provide information to customers about how to avoid problems. This "trust but verify" message has proven quite viable in online contexts, as customers seem willing to accept personal responsibility for avoiding problems. People can trust while at the same time being smart about how to avoid potentially negative situations. It is rarely perceived as the exclusive responsibility of the business to ensure no problems will arise; people can still behave in foolish or irresponsible ways, and if that is acknowledged up front with users then the trust they feel can be made more resilient should a problem emerge.

We have seen situations where a seller is angrier over $10 that they lost than a buyer who is out $1000. The reason for these discrepancies is usually rooted in the degree to which the victim feels responsible for the problem. If a buyer sends money hastily and unadvisedly and as a result they are defrauded, the buyer can likely see in retrospect that the deal was too good to be true, they ignored clear warning signs, and that the marketplace made every effort to

warn them against this type of fraud. However, if a seller follows every rule to the letter, they ship the item in a timely manner, well packaged, and exactly as described, and their buyer then files a meritless complaint saying the item was never received and wins, well, that seller is going to be extremely aggravated, even if the amount in question is a relatively small sum. The agency of the violation has quite a bit to do with its trust impact.

Sometimes individuals may transfer their ire from the perpetrator to the site or service. For example, if a buyer buys an item and pays, and the seller never delivers, the buyer feels wronged, and he may reach out to the marketplace administrator to report the violation and request that justice be done (either that the seller be penalized, or that reimbursement be paid.) When the marketplace does not adequately respond to the complaint of the violated party the anger of the buyer may be transferred onto the marketplace. Because the seller is not responding, and may in fact be long gone, the buyer then transfers his frustration onto the venue where the transaction took place, because it is possible to communicate with that entity. The marketplace is then blamed for not stopping the violation from occurring in the first place.

The challenge in these situations is that sites or services are often held accountable, possibly even to an unreasonable extent, for the actions of all their members. Trust, in this manner, may be conditional to events that the site or service cannot control. The site or service must, in response, maximize the positive effects it can have through the elements it can control to compensate for those that it cannot.

7. What enables trust?

If you are part of a site or service that is looking to develop a sense of trust on your site, there are a wide variety of techniques you can use to achieve that goal. It is important to note that businesses cannot directly control the trust their customers feel. They can only create conditions that encourage people to trust (Pichler 2000).

Some techniques will work better in some circumstances than others, but it is important to consider the full range of trust building options when you are putting together your comprehensive trust building strategy. Some of the common components used currently to promote trust on the internet are listed below.

7.1. MARKETING

One important way to begin to develop trust within your site or service is to create a compelling message around trustworthiness and to get it out to

potential customers through marketing. Because trust initially comes from reputation, it's important to try to shape that message proactively, and marketing has proven to be a powerful way to do that. However, because the most powerful trust messages come from trusted sources, traditional marketing channels may prove to be less effective in disseminating a trust message. Because of that it is important to also make use of viral marketing channels, where messages are disseminated more through word of mouth. Those kinds of strategies may prove to be more effective in the long run.

7.2. EDUCATION

It is very difficult for people to trust things that they do not understand. Clarity about how a process, site, or service operates can often go a long way toward establishing a baseline confidence in a potential user. Proactively offering users compelling educational content that explains things in a step by step manner can assuage concerns and increase comfort. If this educational material can provide clarity about how things will work and set the frame for what can be achieved, and those expectations are met when the member actually goes through the process, then educational material can be very helpful in getting the member to trust that the site or service is going to work the way it was represented to work.

7.3. TRUST SEALS

Some organizations have come to promote "seals" that attest to the trustworthiness of a particular merchant or site. By putting the weight of a certifying body (like the Better Business Bureau) behind a particular mark, the trustworthiness of the certifying body can rub off on the individual who posts the seal. This "vouching for" helps to build a sense of trustworthiness, particularly where information as to trust is sparse.

7.4. COMMUNITY

Messages about trust are most powerfully communicated by word of mouth. If an individual you trust says that some third party is worthy of your trust then you will be more likely to give that person or merchant or site the benefit of the doubt. Fostering community can encourage these person to person connections, which can spread positive trust messages about your site or service. However, community can backfire as well—if negative information about trust becomes more prominent, or people have bad experiences, they can use the

community to spread the word about their experiences. Community's net effect, however, is often positive, because it also demonstrates transparency.

7.5. TRANSPARENCY

One thing that undermines trust is when it is perceived that the information being proffered by the site or service is inaccurate or misleading. If a sense permeates that bad experiences are happening on the site and there is an effort to cover them up, or mislead the community about them, that can have an immensely damaging effect on trust. The best way to combat that risk is to be transparent about information, to enable community members to communicate directly with each other, and to be frank and direct about situations that emerge.

7.6. PROTECTION

As was discussed earlier in this article, there is a difference between trust and safety. When an individual customer encounters a problem with a transaction partner and then a third party intervenes to redress the situation, the effect on trust is more complex. Yes, the member may now be assured that a safety net is in place to catch them should a problem transaction occur, but their trust in their fellow members may still have been undermined by the negative experience they encountered in the first place. Nonetheless, protection programs can help to establish a sense of trust by providing a baseline safety net that members will fall back on should something go seriously wrong.

7.7. CODE

Sometimes the most powerful trust building mechanisms come from the code underlying the site or service. If a process flow is designed well, it may prevent the exchange of private information, close opportunities for abuse by one party over the other, or provide appropriate checks and balances to ensure the satisfaction of both sides at every step. Good software design and transparency to the user can then become important factors making users feel that a particular software platform is trustworthy. In addition, because the actual code underlying the platform is not immediately obvious to the users, other more visible elements of the platform itself (e.g., quality user interface design, speed, reliability, etc.) may be relied upon by users to establish their impression of the trustworthiness of the overall platform.

7.8. DISPUTE RESOLUTION/REDRESS

It is in the spectrum of all of these trust building techniques that online dispute resolution should be examined. In isolation ODR is not that effective at building trust. It is usually reactive as opposed to proactive, so it kicks in only after a problem has emerged. Also, it frequently puts the onus of responsibility back on the disputants themselves, at least in the early stages, so that often does not make the disputants feel ''safe'' and ''protected.'' However, should the problem work itself out in the course of the dispute resolution process, that can go a very long way in not only supporting the member's sense of trust, but also undoing the negative trust impact the problem caused in the first place.

In every dispute situation the parties go through an emotional journey. For example, there may be an initial anxiety about the transaction, combined with a hazy sense that things are not as they should be. Maybe responses are taking longer to arrive than they should be from the other side, or maybe information sent over (such as a tracking number) doesn't work, or has confusing or misleading information attached to it. The effect on trust from the member's anxiety at this stage can be serious. Should the problem continue to escalate into a potential fraud situation the impact may be so severe that the victim decides to never use the site or service again.

Online dispute resolution is most powerful in these situations because it offers a chance for that potentially catastrophic negative trust experience to be resolved without significant harm to the member's perception of the trustworthiness of the overall site or service. If the complainant's anxiety grows to the point where they are coming to suspect that they have been victimized, and then through direct communication the problem is resolved and their anxiety is removed, then the negative presumptions they might have made about the trustworthiness of the marketplace are cut off at the knees. In fact, some studies have shown that members who have a problem and then resolve it satisfactorily are more loyal to the marketplace than they would have been if there had been no problem at all.[1]

8. The role of dispute resolution in an overall trust message

ODR usually has little visibility in the pre-initiation, reputation phase. ODR does not yet have significant mindshare amongst most consumers, so any efforts to promote it usually do not have much of an impact. If the old saw about dispute resolution being like the dentist's office is true (that people don't really care about the dentist's office when they're not having any tooth problems, but when they have a toothache, it's the only place they can think about) then trying to educate members in the pre-initiation phase with an

ODR message will be only moderately successful. In fact, many companies are reluctant to put their ODR message out in front of potential customers, for fear that it will make customers focus on the negative by introducing the thought of transaction problems into their head, which can, in turn, harm reputed trust.

There are some signs that customer attitudes toward "trust" are changing, though. For example, identity theft has become a top of mind concern for online consumers, and several large companies have put out advertising campaigns that have focused on that topic because it is seen as a potential powerful driver of customer acquisition. Fraud may soon become a similar hot topic, and once it reaches customer "top of mind" it may mean that advertising campaigns specifically addressing it will achieve desired results.

ODR is a tough retort to the overall fraud question, however. Sometimes ODR can be seen as a marketplace shirking its responsibilities to keep transactions safe, particularly when the ODR processes in question emphasize a "work it out" phase where buyers and sellers are urged to solve the problem themselves. Members may be resentful that a problem arose at all, independent of how it is eventually resolved.

For example, facilitative ODR is less useful in the case of criminal or fraudulent behavior. If a seller in engaging in intentional item misrepresentation or non-delivery with the intent to defraud buyers out of their money, it does not make sense to force buyers into a "negotiation" with that seller where the two sides attempt to work together to find a mutually acceptable solution. In that case the seller should be punished and sanctioned, and the buyer should be enabled to file a protection claim to recoup some or all of the money they lost.

Evaluative ODR may be more useful in fraud cases. If a seller denies that an item is misrepresented, for instance, a neutral third party evaluator might be able to credibly evaluate the claims from both sides and to render a fair decision. The marketplace administrator, if put into that situation, risks harming the trust felt by one member or the other when they render a decision on the matter. If a third party makes the decision, however, the marketplace may be better insulated against negative trust impacts, because the third party may possess more legitimacy, impartiality, or perceived credibility to resolve the case. The third party flow may be perceived as more procedurally just than the internal, marketplace customer service evaluative flow.

Stories about successful dispute resolution processes can help during the reputed trust phase. Examples of sellers going the extra mile to take care of their buyers can help new users build a sense of trust that transactions will go smoothly. Finding ways for members to demonstrate their commitment to fairly resolving problems before another member commits to working with them can also help to establish an overall atmosphere of trust.

It is important to note that ODR service providers rely on trust as well (Davis 2003). Participants must trust that their ODR service provider or neutral will do things such as respecting their confidentiality, refraining from being partial or judgmental, or designing rules that advantage one side over the other. Trust is also important because it puts people into a mindset that maximizes the chance that they will be able to work out their problems. People who feel they have been repeatedly burned or taken advantage of in prior interactions will understandably enter new dispute resolution processes with the sense that extreme or unreasonable behavior is justified. ODR can help to contribute to an overall sense of trust, but it also relies on an overall sense of trust, so the relationship between ODR and trust is quite symbiotic.

9. Conclusion

Efforts to implement online dispute resolution on a site or service in a manner that promotes trust need to consider ODR as just one tool in a broader toolbox of trust-building tools and techniques. ODR in a vacuum will not create and sustain trust, but as part of an overall trust building strategy, ODR can be extremely effective. Trust requires a multi-pronged approach to be seeded, developed, and maintained. ODR may be a powerful component of that strategy, it cannot work in isolation.

We in the ODR field must work harder to understand the needs of our clients to ensure our services are optimally tuned to match up with their perceived needs. By evaluating ODR in its proper context as one component of a larger trust strategy we can more accurately set expectations for its results and position our projects for success.

Note

[1] "Consumer Complaint Handling in America" from a study conducted by TARP/eSatisfy for the White House Office of Consumer Affairs, 1979 and 1985, cited by the Better Business Bureau

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