



GUEST COLUMNS

## The Trust Economy Era

Building trust and shifting power dynamics  
in big tech

By PHILIPP KRISTIAN DIEKHÖNER

Last year, a big hotel chain compromised my passport and payment details. It took me six months and a lawyer to find out exactly what information was lost. But don't feel bad for me. There are millions of other people who have faced and are facing the same situation.

In 2014, the credit card details of over 20 million South Koreans were exposed. Someone had downloaded the data onto a USB stick. Of course, there was that incident where our favorite social network treated our personal data as their own. If you have any fondness for privacy, you probably think that all of this is insane.

Data isn't the new oil; it's the new nuclear power. It's the heart of the digital economy. But does that mean we all need to exploit people's data to succeed? Can we compete if we take a more ethical approach? The answer to the latter is *yes*.

Big tech CEOs now talk privacy because it pays off, beyond *making the world a better place*. When they apologize for their mistakes, they're actually sorry to see billions of their market capitalization shrink in a data breach. Whenever trust leaves, value leaves with it—think the global financial crisis, Dieselgate, Cambridge Analytica, and so on.

But with every incident comes a huge opportunity. When a company, industry, economy, or individual suffers a loss of trust, they become less competitive. This loss allows competitors to gain

ground, making it easier for new entrants to establish and scale.

It's just like in a petri dish: the moment the nasty e-coli bacteria start decimating, other microorganisms hustle for their place. There's never been a better time to be the friendly probiotic bacteria. Since many successful tech companies resemble monopolies, we should trust startups to seize the opportunities sowed by the giants' malpractice and show us how it can be done better.

Trust is the most powerful competitive advantage a company can gain. Without trust, it's impossible to establish value. The more there is, the more likely your customers will see you as unique. I like to think that trust creates mental monopolies. When you trust that something is the best or only option, it's hard for anything else to compete.

In the data economy, this dynamic is more evident than ever. The more your customers trust you, the more willing they are to share their data with you. Data quality and quantity make your product more valuable, which leads customers to trust you even more. It's a virtuous cycle.

In the digital age, trust is about action. When a person says they *do* or *don't* trust something, they are typically referring to its trustworthiness. But many companies we entrust with our data and money are unworthy of it. Like money or technology, trust itself has no morality or agenda. Society likes to think of trust as a good thing by default.

It's definitely true that trust feels good, intuitively and scientifically. But that is exactly what makes it dangerous: trusting the wrong thing has bad outcomes (looking at you, Silicon Valley). So, trust is about how we use it. As the world becomes more aware of this fact, big tech will be at risk of a downward trust spiral.

Silicon Valley is aware of this downturn, and sorely lacks perspective on how to rebuild trust. As many wise before me people have put it, Silicon Valley has always given us the donut: instant gratification that inspires people to waste as much time as possible in front of their screens. The focus is getting the user to behave as desired.

Value is shifting toward companies that prove themselves *trustworthy* and *trusted* through a genuine vision to better our lives. The most successful startups today establish trust quickly and design value propositions to bolster trust in the long-term.

Sadly, it appears that the largest privacy offenders are doing little more than paying lip service to trust. This inaction will cost their business dearly over time, but it's good news for the more enlightened competition, which now has a unique opportunity to fill this trust vacuum. The future belongs to startups that believe data and the trust economy are the same thing. ⚡



### ABOUT THE AUTHOR

Philipp is a TEDx speaker, entrepreneur and global authority on the trust economy. He has shared event stages with the likes of Ban Ki Moon, Ken Robinson and Niall Ferguson. In 2018, Philipp left the corporate world to join the family business, Denkfabrik Digital, a leader in innovation management with a 45-year track record. He's also building a portfolio of companies creating a happier economy through more trusted choices.

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