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The Devil You Know:
The Consumer Psychology of Brand Trust

Trust is central to commerce and government. Brands that lose the trust of their customers will not survive long in a competitive market. In an earlier brief we described how trustworthiness is one of five aspects of brand personality. But what do consumers mean when they describe a brand as trustworthy? And, more importantly, what can management do to nurture and protect this valuable commercial asset?

In this brief we outline the findings of our recent research into consumer trust in brands, including how to define and measure trust, the most and least trusted brands, and how trust is gained or lost through customers' personal experiences. Based on these results, we present four strategies for building and maintaining trust.

September, 2012

There are lots of people out there peddling advice about who you can trust. "Trust in me" said Kaa, the python. "Never trust a man with two first names" said someone else[a]. "Never trust a man who, when left alone with a tea cosy, doesn't try it on" was Billy Connolly's contribution. This brief enters that fray. What is trust and how can you get some?

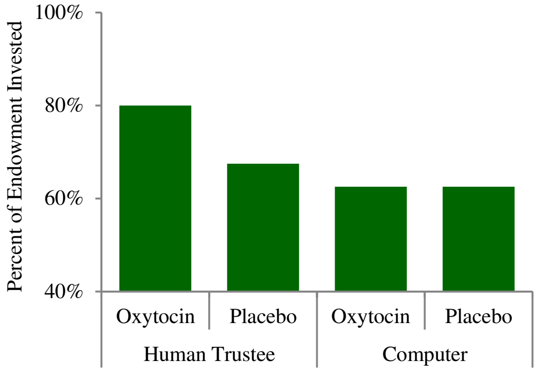
Trust is crucial to both commerce and government. The News of the World closure, Lehman Brothers' collapse and the Greek bailout(s) were all characterised by a crisis in confidence. Each institution faced substantial underlying problems. But that was then amplified by a mounting tide of distrust that eventually overwhelmed them. Trust is simply central to human interaction and, accordingly, the loss of trust has disastrous consequences.

In this brief we define and measure consumer trust in different institutions and brands. We then describe the processes that generate trust (or distrust). Based on this, we provide a set of guidelines for building and maintaining trust, without the need to don any teapot insulating headgear.

Human Touch

How is trust defined? Formally, trust is a choice by a trustor that relies on the actions of a trustee to bring about a desired outcome. Typically the trustor has no direct control over the trustee, is uncertain about how they will behave and is taking a risk on that behaviour. So when a consumer purchases your products, they are exhibiting trust. They trust you to have competitive prices, stock products that are fit for purpose, provide good after-sales service, and so on.

Figure 1: Oxytocin and Trust



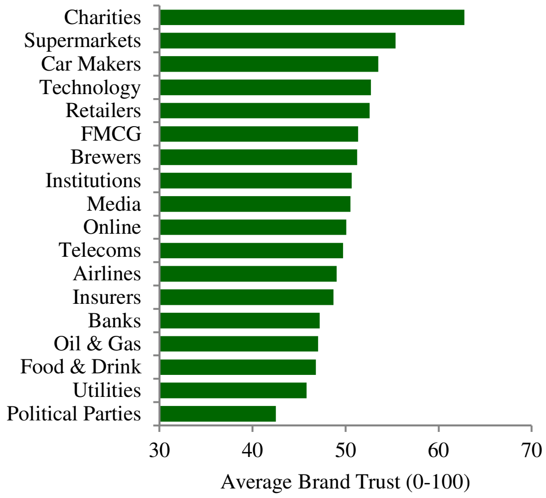
So trust is more than simple risk-taking. If you don't carry an umbrella then you've taken a risk on the behaviour of an inanimate object, the weather, and you tend to blame yourself when it rains[b]. If you travelled across London having phoned ahead about some limited edition baby clothing, as we recently did, and it wasn't in stock when you got there, then you blame the retailer. You trusted them and they let you down.

Trust, and this distinction from risk-taking, has deep biological roots. A recent study[c] examined the circumstances under which people exhibit greater trust by investing more money during a game. Figure 1 shows how people who received a dose of oxytocin, the love hormone, displayed greater trust than those who didn't. But this was only true when the trustee was a person, rather than a computer.

Battle of the Brands

Human personality is complex, but there's a long-standing, well-researched general model which describes each of us using five traits: openness, conscientiousness, extroversion, agreeableness and neuroticism. Similarly our research shows how brands and organisations can be characterised using five dimensions: honesty, innovation, prestige, power and greenness[d]. Since 2005 we've run an annual survey on thousands of UK consumers to track these perceptions across hundreds of brands. Figure 2 shows the honesty rankings from early 2012 across various industries.

Figure 2: Industry Honesty



Trusted brands are those that people describe using adjectives like "honest", "caring" and "trustworthy". It's therefore no surprise that the most trusted brands include charities like the RSPB and Cancer Research, as well as academic institutions like Oxford, a few points ahead of Cambridge (ahem). What you may find more surprising is that this year's top ten includes retailers John Lewis and M&S. And previous top tens have also included Boots, Waitrose, Amazon and The Body Shop.

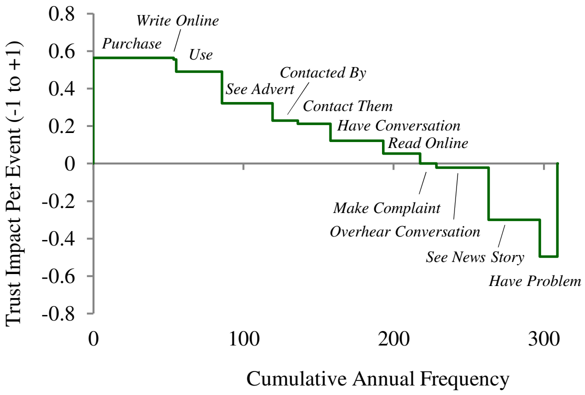
At the other end of the scale, scandal-hit FIFA is the most mistrusted institution in our tracker, followed by all three major UK political parties and the British and European Parliaments. But intriguingly, despite the severity of the financial crisis and all the other shenanigans, trust in financial institutions has barely wavered. What can be sustaining the banks' brands through such turbulent times?

The User Experience

To answer such questions, we have developed a model of how institutional trust is created and destroyed. Essentially, trust is constructed from memories of experiences. Accordingly, our model quantitatively captures the brand experiences that people tend to encounter (and remember) and the impact those memories then have on trust perception[e].

In this model, we separate the impact of day-to-day events (e.g. adverts or product purchasing) from more long-term, memorable events (e.g. product or PR disasters). Figure 3 shows the typical annual frequency and impact of various day-to-day events. The graph shows how consumers typically experience about 300 brand touchpoints, like adverts or product interactions, per year. The most trust creating and destroying events are product purchases and problems. Those occur on average 54 and 11 times per year respectively, but this varies greatly between brands, creating variations in trust.

Figure 3: Impact of Day-to-Day Events

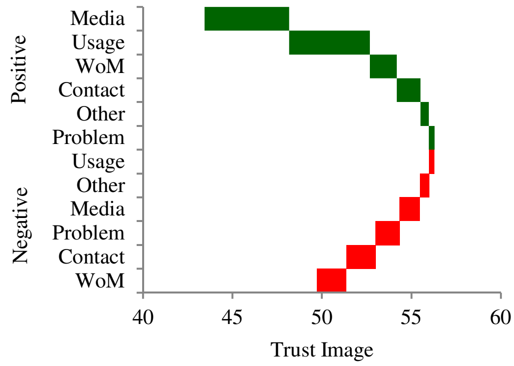


The chart contains other insights into trust formation. First, whilst product problems are negative, making a complaint can either build or destroy trust, yielding an overall neutral effect. Good customer service and efficient problem resolution are important trust levers. Second, bad news sells, so being in the press typically dents trust. Third, both in-bound and out-bound customer contact help to create trust and happen often enough to exert a material influence.

Airline Fracture

Using this framework, we can deconstruct the image of a company or sector. For example, in Figure 2 the average airline trust score is just under 50. Figure 4 shows how that score was generated. First, there are the positive events. We may fly infrequently, but as shown in Figure 3, product use exerts a large impact. Since it involves being hermetically sealed into an aluminium box and hurled across the sky at 500mph, we're understandably grateful for an incident-free flight. Likewise media events, such as seeing an advert or responding to an air miles offer, build trust, albeit these are much lower impact and much higher frequency. By the time we've added up all these pluses, the industry would score 56 and be the most trusted commercial sector.

Figure 4: Trust in Airlines

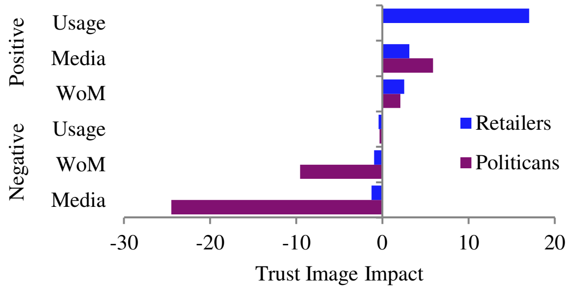


But then come all the bad events. Airlines inevitably encounter problems, like delayed flights and lost trunkis, and typically they don't manage to turn these situations around. Likewise, Contact (i.e. getting in touch for advice) and WoM (word of mouth) generate as much distrust as trust. After you add it up, airlines come in around the middle.

Fare versus Fair

Based on this deconstruction, we can contrast how some institutions inspire trust and vice versa. Figure 5 outlines how the three main political parties and four major supermarkets perform on different experiences.

Figure 5: Comparison of Trust Drivers



Essentially people trust supermarkets because they generally stay out of the papers and fulfil our weekly shopping needs. By contrast, politicians can't win. Everyone talks about them, rarely with a good word to say, and they have no daily direct contact[f] to act as a counterbalance. With supermarkets it's about "fresh for you every day" whereas political parties offer us an abstract and detached "future fair for all".

And this contrast explains the continued trust in banks. The City may have betrayed society's trust, but my bank continues to deliver cashpoints, card transactions and other day-to-day services. In this sense, Nat West's IT problems earlier this year were more damaging to our trust in them during that period than Barclays' LIBOR manipulation (though, crucially the latter may drag on for longer and provoke more regulatory response). So our general advice to the City is to keep a low profile and concentrate on reliably delivering great service and innovation.

Summary

Continuing on that theme, what are the general implications for management? Trust is crucial to commerce, so how can you get more? The research prescribes the following four strategies which, in keeping with a traditional consulting conceit, all begin with "C":

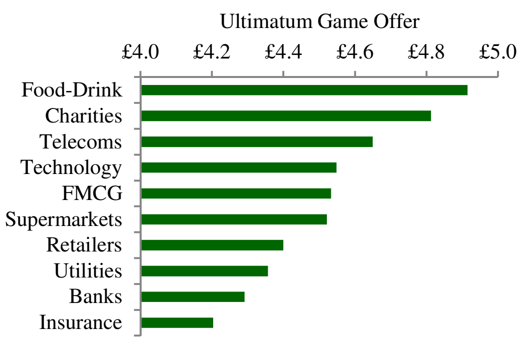
- *Competence:* The greatest trust lever at your disposal is your product. Offer the best in class and aim to anticipate and prevent every problem.
- *Complaints:* Given some problems are inevitable, see them as opportunities to build trust by offering outstanding problem resolution[g].
- *Contact:* Staff-customer interactions are key so look for ways to increase the frequency and positive effect of such events.
- *Comms:* Trust will be destroyed by bad press or word of mouth. Play war games with your PR team and develop effective counter-measures.

Meanwhile, our results highlight one additional simple truth. Trust takes time to build, but can be lost in a moment. Likewise, once trust is lost, it is hard to regain. Bad memories can taint a brand for a decade. In this sense, trust is a fundamental component of your brand value and hence your market to book ratio.

Just One More Thing…

Finally, just for fun, we also investigated whether people who work in different industries are more or less altruistic.

Figure 6: Employee Altruism



In an ultimatum game, people indicate how much they would offer a stranger from a £10 pot. The stranger can either accept, and the person gets to keep the remainder, or refuse, and they both get nothing. It's rational to offer 1p, since the stranger is still better off. But in reality strangers typically shoot down anything under £3-£4 and people tend to offer this or more, up to a very egalitarian £5. Figure 6 shows the results. People working in hospitality, charities and telecoms offer about £4.80. Bank and insurance industry workers offer the least, at about £4.25. There's just over a 70p difference between the top and the bottom.

This behaviour by financial service workers is consistent with prior research[h]. On the one hand the people in these industries are being economically rational. But on the other hand, they are being naïve about how societies function and the retaliatory risks they are incurring. Cultural change is probably the only long-term solution. Having everyone spend the afternoon wearing a tea cosy could be a good start.

References and Footnotes

a There's an extended version which ends "…especially if one of them is a woman's". Debate rages on the origins, but it was in circulation by 1989, three years before Billy Ray Cyrus recorded "Achy Breaky Heart". Kaa is the python in The Jungle Book.

b Though there is clearly a tendency to anthropomorphise and blame the weather too. Reading Epley, N., Waytz, A., & Cacioppo, J. T. (2007) On Seeing Human: A Three-Factor Theory of Anthropomorphism, *Psychological Review, 114(4)* pp: 864-886 will help you come to terms with the urge to call your car "Herbie".

c. See Kosfeld, M., Heinrichs M., Zak, P. J., Fischbacher, U., & Fehr, E. (2005) Oxytocin Increases Trust in Humans, *Nature, 435(7042)* pp: 673-676. Oxytocin is a neuromodulating hormone that plays a wide-ranging role, in conjunction with the music of Barry White, in human reproductive behaviour, including pair-bonding, orgasm, childbirth, and breast-feeding.

d. And there's a literature on this too, including Slaughter, J. E., Zickar, M. J., Highhouse, S., & Mohr, D. C. (2004) Personality Trait Inferences about Organizations: Development of a Measure and Assessment of Construct Validity, *Journal of Applied Psychology, 89(1)* pp: 85-103 and Aaker, J. L. (1997) Dimensions of Brand Personality, *Journal of Marketing Research, 34(3)* pp: 347-356

e. In taking this approach we essentially treat memory as a database of episodic events along the lines described in Brown, G.D.A., Neath, I., & Chater, N. (2007) A Temporal Ratio Model of Memory, *Psychological Review, 114* pp: 539-576. Semantic understanding, like brand beliefs, can then be derived from these episodic memories.

f. Clearly politicians collectively authorise a vast number of our daily experiences, but voters either don't see this as direct contact or don't think of politicians as directly responsible

g. This is the "recovery paradox". People will trust you more if you deal well with a problem you created. For cautionary tales about over-booking your hotel see McCollough, M.A. (2000) The Effect of Perceived Justice and Attribution Regarding Service Failure and Recovery, *Journal of Hospitality and Tourism Research, 24(4)* pp: 423-447

h. In Carter, J. R. & Irons, M. D. (1991) Are Economists Different, and If So, Why? *Journal of Economic Perspectives, 5(2).* pp:171-177 the authors report how Economics majors offer 71 cents less, out of a $10 pot, than other students. They then go on to hand wring about whether Economists are ruining the world. Hmmmmh.