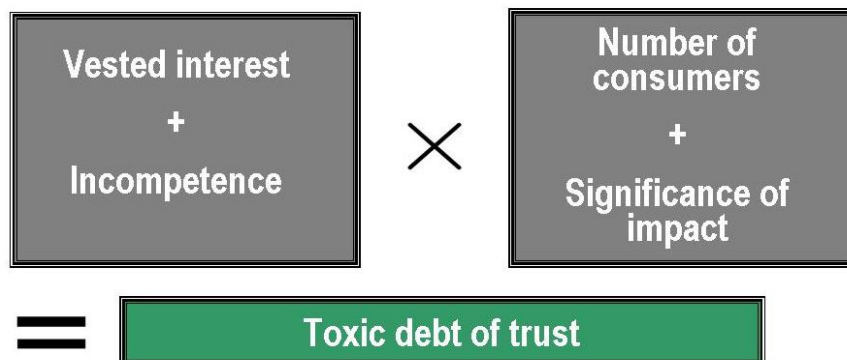


## Has Trust Gone Bust?

Summary Report – April 2009

### Headlines

- Trust hasn't gone bust but it is in 'intensive care'
- Acceleration of shift from deference to reference. We now trust ourselves first and foremost – what we see and experience, particularly as a customer. Then our immediate circle, then our circle's circle
- Familiar household brands are trusted, combining reliability with a lack of vested interest
- Trust in the City has collapsed, with business also falling significantly
- Tabloids are trusted as little as the City, providing 'shocking entertainment', whatever the cost to veracity
- Authentic relationships are those that are unmediated and unspun i.e. direct and personal
- Importance of 'walking in your customers' shoes' reinforced and amplified by this research
- Strong leadership matters more than ever now
- Google continues to get it right, M&S is performing well now through showing greater empathy and connection to its customers
- The toxic debt of trust that we are currently experiencing has come about through a poisonous equation of :



## Introduction

We first explored the issue of trust in 2002 as a result of a growing narrative about declining trust. The report followed the collapse of Enron and a series of more local scandals that, it was believed, had undermined trust in authority and institutions.

The key insight arising from that research was that there had been a fundamental shift from deference to reference – we no longer automatically trusted the voice of authority, preferring to trust people we know, or feel we know. This was most effectively illustrated by the general public's view of who to trust on the vexed issue of MMR vaccination: 3 times as many people trusted Richard and Judy to give them the facts than the then Secretary of State, Alan Millburn!

We then revisited some of the questions following the 2005 General Election, the Hutton Inquiry and the Phillis Review. At that point trust in government and politicians was low – 56% and 59% respectively of opinion leaders finding them not trustworthy. Business and the City were rather more trusted – just 26% of opinion leaders found the City to be untrustworthy and 18% business.

Recently there has been a seismic shift in attitudes due to the global economic crisis which led us to shift our question from 'who do we trust?' to 'has trust gone bust?'.

## What we did

In November 2008 we looked at reputation management in a recession. One of the key findings was that customer centricity is the cornerstone of trust and that trust is the cornerstone of reputation.

Since then we have :

- Held a round-table discussion with 18 opinion leaders
- Asked a series of questions of our Opinion Leader Panel and the general public
- Held a Chime Briefing involving discussions with more than 100 opinion leaders

## Trust is in intensive care

There is no doubt that 'trust' has changed irreversibly. The behaviours and actions of major financial institutions that has resulted in the worst global downturn for decades contributes to a loss of confidence that goes much wider than just the City.

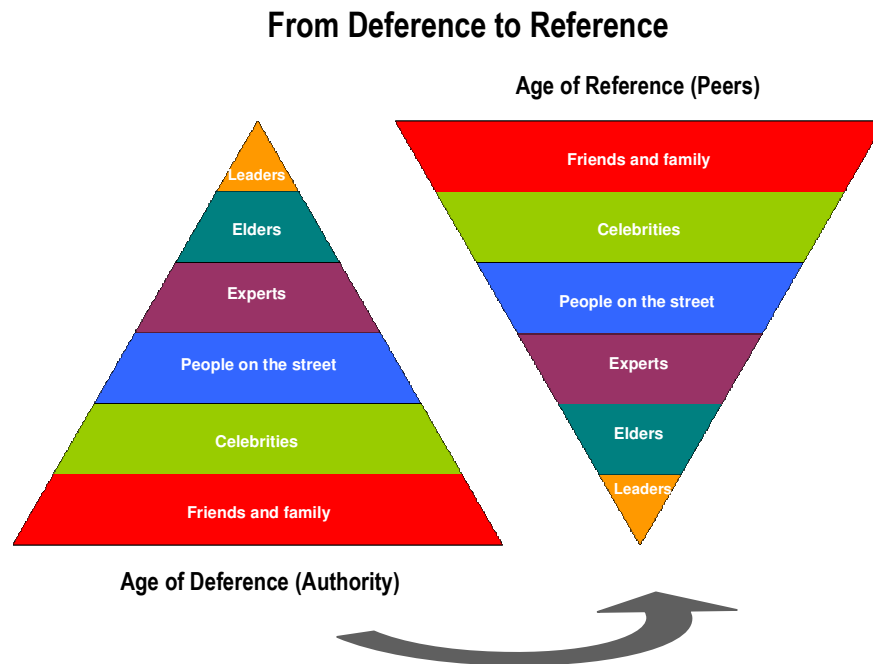
85% of opinion leaders and 73% of the public agree that 'bad management in a variety of business areas has increased mistrust'.

Only 22% of opinion leaders and 21% of the public agree that 'there isn't really an erosion of trust, it's something that the media likes to whip up'.

And 70% of opinion leaders and 63% of the public agree that 'the apparent loss of trust is really a loss of deference – we no longer assume that a figure of authority is trustworthy, they have to demonstrate it'

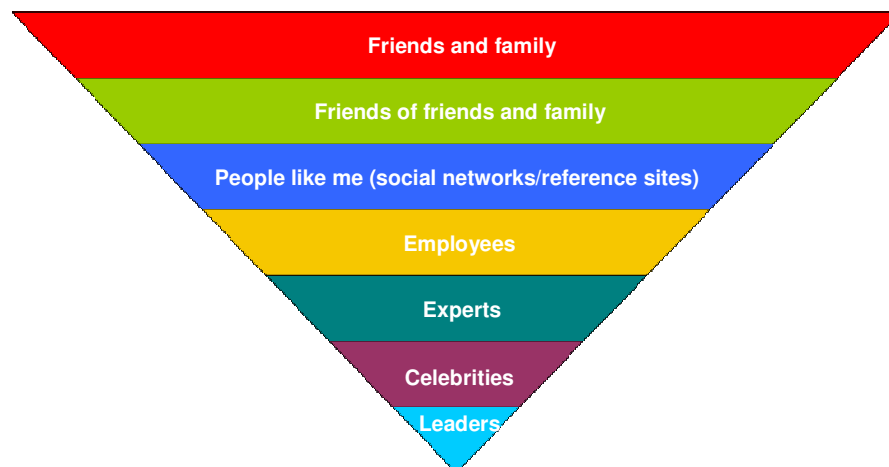
## Shift from deference to reference continues

At Chime we frequently talk about the shift from deference to reference and use the diagram below to illustrate this :



Interestingly it is time to redraw the 'reference' pyramid. The over exposure of celebrity culture, the mistrust of the motives and veracity of the tabloids and an increased desire to trust those that we know or 'nearly know' changes the dynamic again.

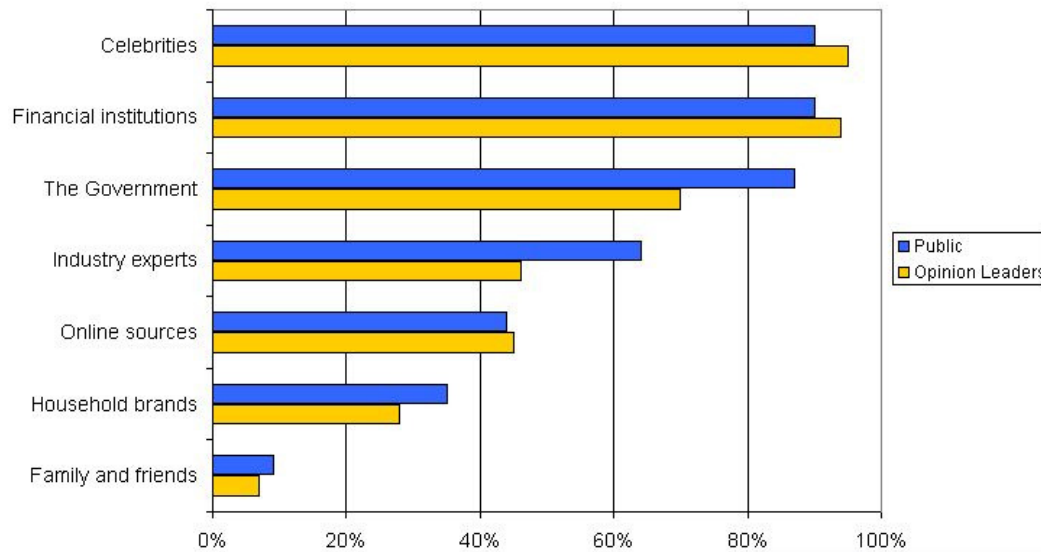
## The age of emotional proximity



And, of course, this has been accelerated by the rapid growth of the internet and the explosion of social networking. It is now incredibly easy to not only ask our circle of friends and family but also to ask our circle's circle – people with whom we have a loose connection and are unlikely to have any axe to grind.

The chart below shows who we are less likely to trust in the current climate:

**Less likely to trust nowadays**



And the three qualities that are most important for building up trustworthiness in a recession are :

<b>High standards of customer service</b>	<b>95%</b>
<b>Financial probity and accountability</b>	<b>93%</b>
<b>Reliable products and services</b>	<b>92%</b>

This reinforces the work that we published earlier in the year that clearly demonstrates the importance of walking, and being seen to walk, in your customers' shoes, always putting them first and at the centre of all your thinking. Customer centricity is a powerful defining value for any business at any time but never more so than now.

*“Blind faith is dead. Before brands pushed towards the consumer, now there is a pull”*

**Household brands are often trusted and can be part of the solution**

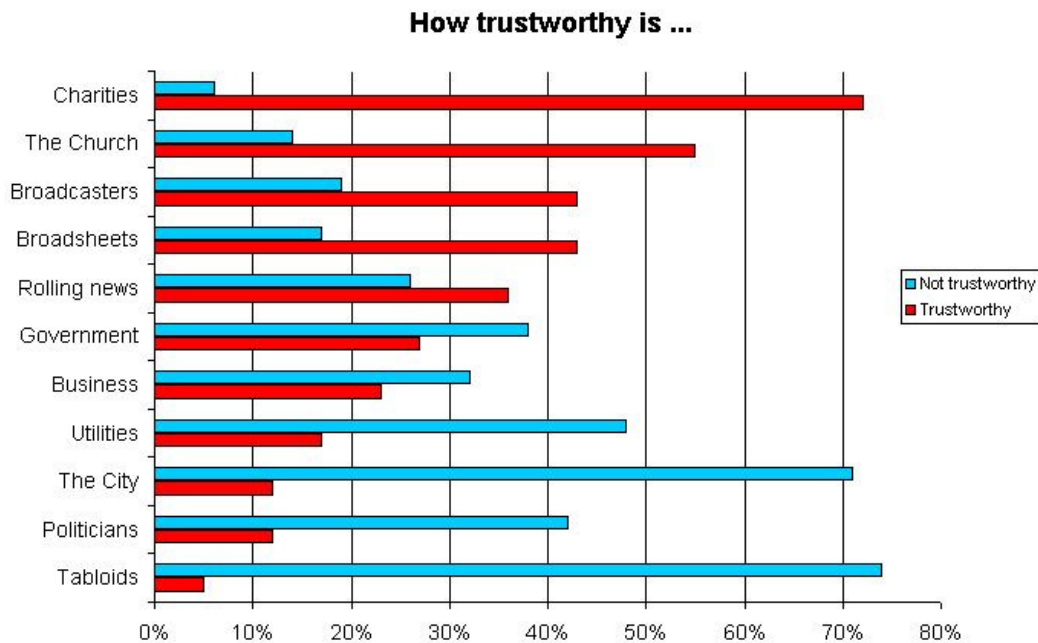
David Ogilvy described a brand as being, *“The intangible sum of a product's attributes: its name, packaging, and price, its history, its reputation, and the way it's advertised.”*

A successful brand is recognised for being in tune with the consumer, unashamedly on their side, reliable and with consumers' interests at heart. There is also increasing evidence to suggest that longevity and reliability are key defining qualities of trusted brands – they have withstood the test of time and are still meeting consumers' demands in the toughest of economic environments.

*“Brands are built on the experience of consumers. They achieve reputation through demonstrating consumer trust”*

*“To get it right, brands need to have honest and simple conversations with their customers”*

## Tabloids and the City vie for being bottom of the trust stakes



The most significant change since 2006 is with the City.

In 2006 only 26% of opinion leaders considered the City to be untrustworthy – that has now risen to 71%.

Opinion leaders question the morality, regulation, motivation and competence of the City and there is real strength of feeling about the problems caused and the long term impact.

*“A bunch of sharks who brought the country to its knees”*

*“Banks and financial institutions combined greed and incompetence in large measure”*

*“The City has caused the crisis with recklessness and is now trying to wriggle out of the blame”*

*“The whole bonus culture – people working for themselves rather than the common good”*

Tabloids also come in for severe criticism and are bottom of the pile in terms of trustworthiness.

*“They sensationalise the news and have scant regard for reporting accuracy”*

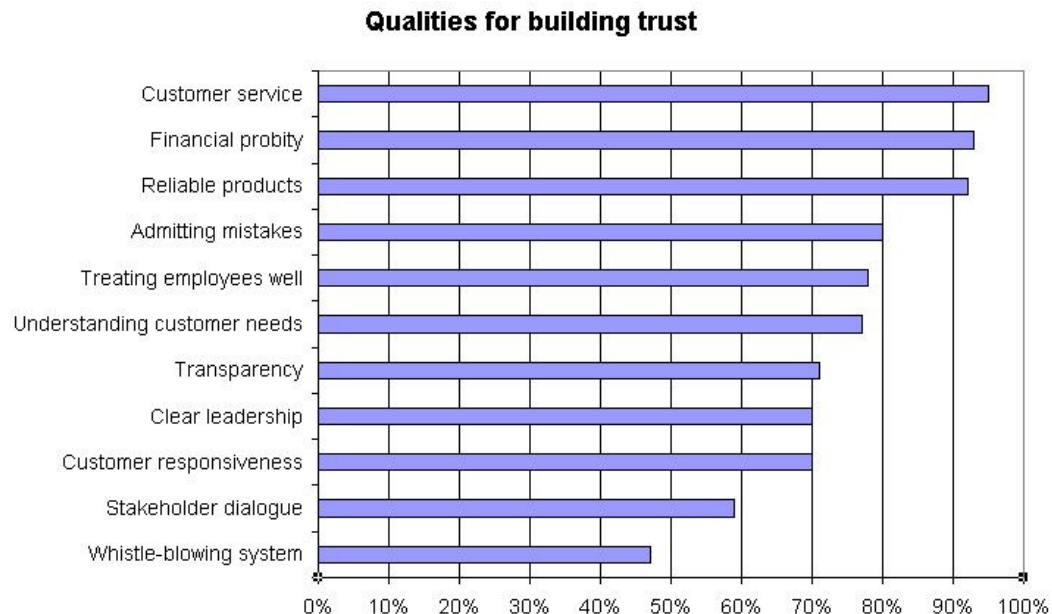
*“I would put comics one above tabloids”*

*“They blow insubstantial stories out of all proportion”*

## Authentic relationships are the most important for building trust

Authenticity is one of the defining qualities of trust and in a world dominated by spin we are increasingly turning to our own personal experiences to shape our views and opinions.

More than ever we trust our own, unmediated experiences as defining what an organisation is all about. Opinion leaders place great emphasis on their customer experience as this is the one that is authentic and unspun – no-one knows you're an opinion leader when you ring a call centre!



## To manage your way through challenging times, walk in your customers' shoes

Now, more than ever, brands and organisations need to demonstrate a real understanding of their customers' needs, fears, hopes and aspirations. Brands are more likely to be trusted nowadays providing a real opportunity for them to develop greater emotional proximity and connection with their customers, empathising and showing themselves to be completely in tune with the mood of the moment and anticipating future needs.

Reputation is about three things, what you say, what you do and what others say about you. The most important of these is what you do – this is the unmediated, authentic experience that is the most defining in terms of trust and reputation. To 'do' what's right requires an unprecedented level and depth of understanding of your customer.

Some retailers are doing this really well. Tesco, through its depth of understanding and knowledge about its customers, its consistent delivery of 'every little helps' and its broadening of the proposition to embrace 'Britain's biggest discounter'.

And now Marks & Spencer has realigned itself right alongside its customers with "wise buys", consistent quality and strong price based promotions.

*“Financial organisations are light years away from customer engagement, compared to someone like Tesco who are completely consumer focused”*

*“If all institutions thought like supermarkets ... “*

*“Trust is strongly linked to personal relationships and feeling emotionally connected”*

*“John Lewis is getting it right – they make customer service a priority”*

*“Customer service and good staff relationships – this builds trust. M&S are good with their customers. The £10 dinner has provided a quality service that customers identify with”*

## Strong, clear leadership is needed

In uncertain times the importance of leadership grows, with people looking for clear direction, honest and straightforward communications and a degree of hope and optimism. But faith in many of our leaders has been shaken, with a recognition that in some sectors where we had presumed competence and ability, that faith has been proven wrong.

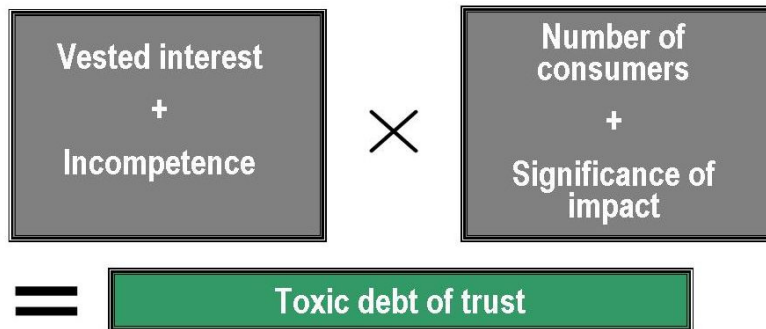
*“In a society where faith and family are not strong there is a need for some leadership which people can trust”*

*“Honesty from a CEO, coming clean and shooting straight, goes a long way”*

## There is a powerful connection of forces that has broken down trust

We believe that whilst trust may not be completely bust, it is severely damaged. The scale of loss of confidence and faith is in direct proportion to a number of forces : Scale of the damage, incompetence, perceived vested interests of the protagonists and better informed, more connected consumers.

We believe that this can be best illustrated through an equation :



To turn the tide organisations need to look long and hard at themselves, their motivations and expertise, but, most importantly, their customers, seeking to understand, engage and connect with them in new ways that will start to build greater emotional proximity and, ultimately, trust.

## What can be done?

There are no quick fixes but rebuilding trust means getting these five things right :

- 1 True customer centricity : Customer first as the driving value for an organisation and the guiding philosophy.
- 2 Engage more closely with your employees : Employees are highly trusted communicators who are closely connected to your customers.

*“Trust should start at home e.g. in your company with your own employees. Allow employees to have their own blogs”*

*“How you treat your staff is key to starting to build trust with customers. Without it you are wasting your breath”*

- 3 Providing clear, visible leadership to inspire confidence and reinforce your organisation’s values and commitment to the future, as well as finding symbolic actions to illustrate your beliefs will be reassuring and motivating.
- 4 Join your customers in their world : Emotional proximity is a key driver of trust. This can be achieved in a number of ways including through social media such as Facebook.

*“Facebook provides a platform for you to get close to a community to help build trust”*

- 5 Reciprocity matters - trust is a two way street. This can be achieved in different ways but may provide a powerful clue to turning the tide. Communications that are clear, jargon free and not patronising are vital.

*“We trust people close to us because it’s transparent and reciprocal”*

*“Trust my intelligence – don’t try to nanny me”*

*“A great concept to try would be ‘pay what you think it’s worth’ – a kind of honesty bar”*

## What next?

- Reputation Monitor : Armed with fresh insight into the current drivers of reputation and trust, we are refreshing the metrics in our Reputation Monitor
- Leadership : The next stage of research will look at leadership and how this needs to evolve in today's turbulent times
- Customer closeness : We are enhancing our approach to customer closeness through setting up digital customer communities to drive greater proximity and understanding
- Employee engagement : We are piloting new ways of connecting with your employees to allow them to collaborate with you in driving enhanced customer relationships and building trust
- Communications development : Learning from the brutal world of politics we have introduced a number of approaches to enhance your communications including corporate and brand message testing

## About Opinion Leader

Opinion Leader specialises in helping organisations understand their reputations and, crucially, the drivers of reputation. We use the creativity and power of adult to adult discourse to create a lively, respectful and engaging dialogue that, in itself, enriches your relationships and your reputation.

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