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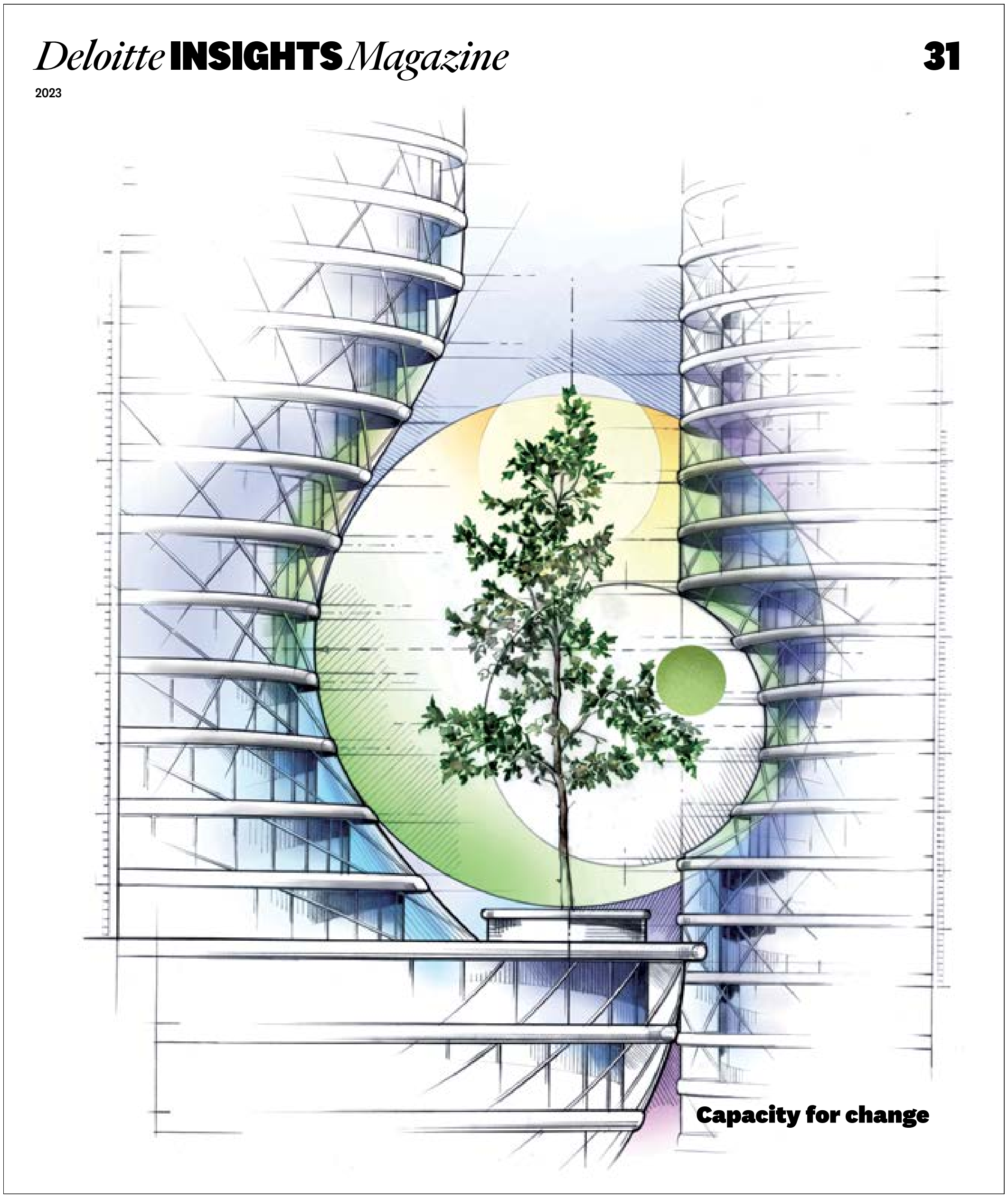

Challenging the orthodoxies of brand trust

By **Ashley Reichheld** *with* **Amelia Dunlop**

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Insights

Challenging the orthodoxies of brand trust

Organizations increasingly understand the importance of building trust with their customers, partners, and workforce, but trust can be hard to earn, difficult to measure, and easily lost—and underlying assumptions may be hampering their efforts.

By **Ashley Reichheld** *with* **Amelia Dunlop**

Illustration by Dana Smith

We aren't going to tell you that trust matters. We *trust* that you get that already from your own personal and professional experiences where you have gained and lost trust. To help leaders unpack what it takes to build trust, we have conducted extensive research to help you quantify the value of trust. Our research demonstrates that trust is more than a lofty ambition; it is an economic imperative. Workers who trust their employers are 260% more motivated to work (and 50% less likely to leave). Moreover, 88% of customers who trust a brand will buy again. And trusted companies outperform their peers by up to 400% in terms of market value, according to our research.

Yet, by definition, trust is as human and messy as the very humans who earn it or lose it. And there's a gaping chasm of societal trust—a so-called "trust deficit," defined as when there is more distrust than trust between two or more people.

Measuring and building trust to climb out of that chasm is challenging. That's why we wanted a measure that was both meaningful and actionable in approaching how trust impacts human behavior—something that would help organizational leaders not just understand trust but also build it, leading to positive outcomes. We couldn't find that measure, so we created our own open-source measure called the TrustID, which is based on the four factors of trust:

- **Humanity**: demonstrating empathy and kindness, and treating everyone fairly
- **Transparency**: openly sharing information, motives, and choices in straightforward and plain language
- **Capability**: creating quality products, services, or experiences
- **Reliability**: consistently delivering on promises and experiences

To create this trust measurement approach, we analyzed over 40 years of trust research conducted by others, conducted more than two dozen in-depth interviews with trust experts, collected more than 200,000 survey responses from customers and workers across nearly 500 brands, ran in-depth focus groups with 50 workers (with a particular emphasis on female workers and hourly/gig workers), completed a financial meta-analysis with more than 300 features per company, and implemented multiple in-market pilots with leading Fortune 500 companies.

Industries and companies develop internally held habits and rules that widely shape conventional wisdom over time. We call these orthodoxies, and some of the most noteworthy surprises in large studies like ours are when data-based findings turn orthodoxies on their heads.

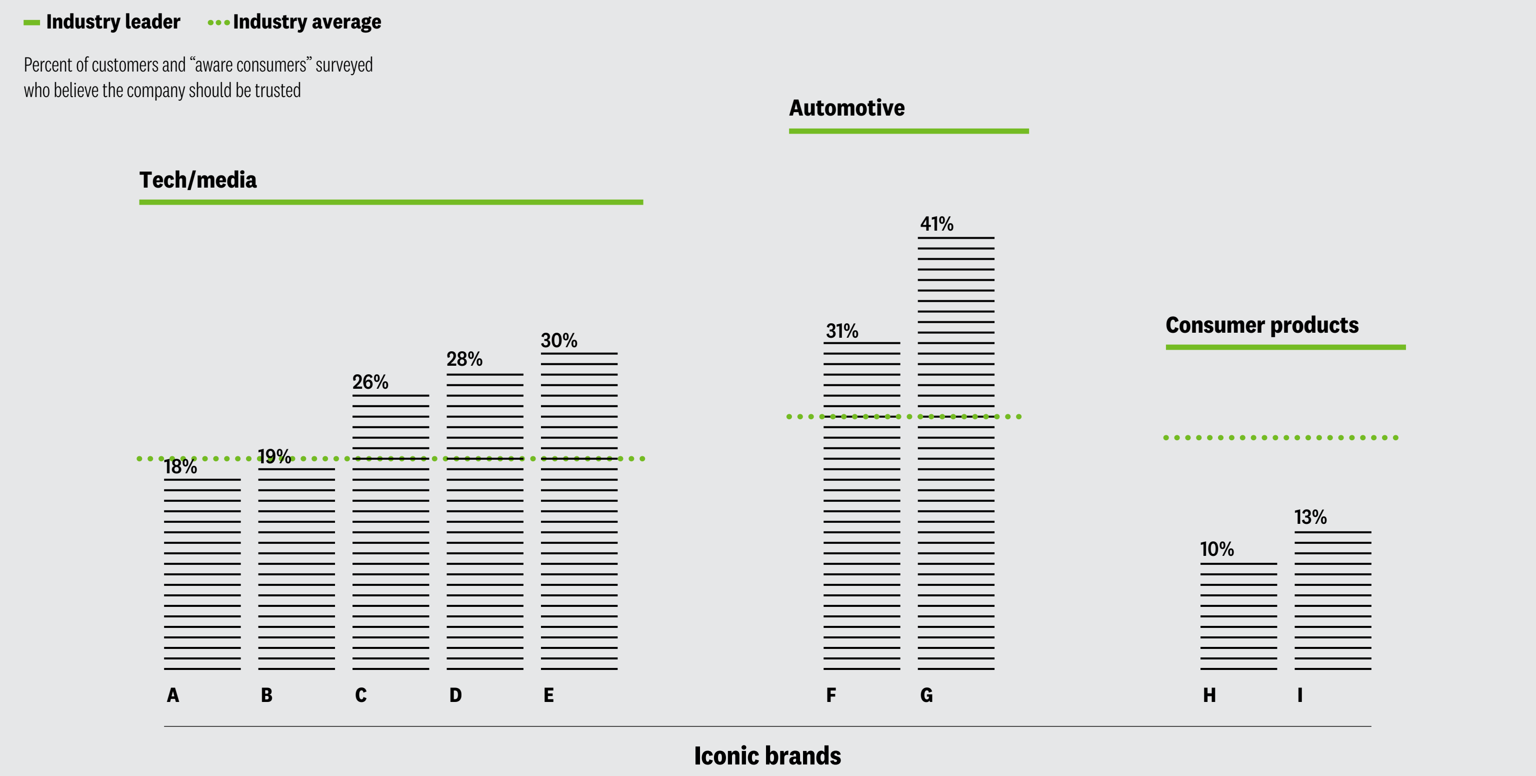
Flipping orthodoxies can unlock value that was previously hidden. For example, Starbucks flipped the orthodoxy that coffee is a commodity, instead designing its business around the idea that coffee is an experience. So in our research, we set out to test the following trust orthodoxies and discovered some surprising insights.

Orthodoxy 1: Well-known brands are the most trusted

Iconic brands regularly show up in annual, high-level trust surveys.[1] It seems intuitive that large, long-dominant brands with the most customers would also be the most trusted. However, we found that many household-name brands fell below benchmark trust scores in many industries (figure 1)—indicating that brand recognition is not synonymous with trust.

As we went deeper, we discovered a surprising flaw in previous high-level surveys. Asking simply, "Do you trust X brand?" doesn't get at the details of the relationship people have with it. When asked about the four factors of trust, people show not only *that* they trust but *why* they trust. Well-known and "iconic"

FIG 1: Brand recognition is not synonymous with trust: Our research shows that some iconic brands' trust scores are well below industry trust leaders



Source: Deloitte analysis using TrustID.

brands invest millions of dollars in marketing and branding. However, marketing alone is not sufficient to sustain high trust. Just having a warm and empathetic—or incredibly funny—Superbowl commercial might keep you in the conversation on social media, but it won't necessarily make customers actually trust you or buy your product.

Orthodoxy 2:
Humanity and transparency trump capability

We believe that elevating the human experience is fundamental to winning in business. As a result, we expected humanity and transparency to be just as (or maybe even more) predictive of behavior than capability and reliability. This was reinforced in our first round of research where we asked customers to rank the importance of each factor. Consumers stated that humanity and transparency matter more in terms of driving their purchase and loyalty. However, what people say is often different from what they do. As we watched what consumers actually did, both humanity and transparency were shown to be overstated in comparison to the importance of the brand's capability and reliability.

As consumers, we like to think that we vote with our wallets and support more human brands, but at the end of the day, many of us still put much of our spending toward brands that are highly capable and reliable above all else. Convenience is still really important: Who doesn't buy what they need online from major retailers when they need it quickly? How many people have actually canceled their social media accounts? And who doesn't weigh a low-priced item against an expensive, purpose-driven one?

This is how we came to understand capability and reliability as table stakes. They are required to compete. Companies with a huge footprint in the marketplace, underpinned by strong capability and reliability, have an advantage that is really hard to overcome. Some brands build trust by focusing on being more human in addition to being reliable and capable. But to be a "trust winner," you need to deliver on all four factors.

Orthodoxy 3:
Trust winners are trusted by all

We also tested the orthodoxy that top-tier trust winners are trusted by everyone. In our research, we surveyed both customers and potential customers who are aware of the brand—familiar enough that they could describe the brand to a friend—but who have not recently purchased or engaged with the brand. We expected to find a small gap between the trust scores from customers and "aware consumers." The data told us otherwise.

Disney Cruises is an example of a trust winner with a large gap between trust among existing customers versus consumers who are aware of the brand. We attribute this to what we call the "superfan effect," which is when ardent customers are so enamored of the brand that they significantly increase the total trust score of the brand, nullifying the "neutral" scores of aware consumers.

In our data set of nearly 500 brands, Disney Cruises has the third-highest trust score among existing customers. Disney's excellence in its businesses, including theme parks, films, television, and other forms of entertainment, earns consistently high ratings. People who like cruises and trust Disney become superfans.

As a result, customers pay a premium for the personalized, high-touch Disney experience. The magic happens with intense attention to detail. For every externally visible experience, there are many things working behind the scenes to make it happen, including training and technology (capability). Disney ran a program in which stateroom hosts took an hour off in their eight-hour shift to engage and talk with guests directly, often recalling their names later (humanity). Cast members (Disney doesn't use the words "worker" or "employee"[2]) are there with guests every step of the way to answer questions and provide information (transparency), which is helpful when docking in unfamiliar ports. Underlying every customer experience is the consistency of the brand (reliability), from Disney tunes piped into hallways, to themed evening shows, to the promise of meeting favorite Disney characters. It's a brand focused on creating and serving superfans.

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Orthodoxy 4: Trust looks the same across industries

At first, we thought that the attributes that drive trust might look the same across industries because people are the same whether they are showing up at a bank or at a doctor's office. It turns out that there are significant differences in trust with both customers and workers across industries. We drilled down on each factor to understand where leaders for different organizations can most readily increase trust.

For example, we looked at one factor, humanity, and found the following differences for workers in different industries:

- Feeling engaged by your company's culture is more important in tech and retail. This makes sense as a lot of superfan brands exist in retail, and a lot of tech companies put great effort and resources into developing a distinctive culture.
- Having an employer who considers the good of society and the environment is more important in health care. There, organizations are literally caring for society's health. Notably, some of this data was gathered as health care workers were on the pandemic's front lines.
- Employers having a purpose you believe in is more important in banking. Consumer banks market themselves as an important pillar of local communities that serve as trusted guardians of customers' financial well-being. A sense of purpose among workers drives these messages.
- Feeling comfortable sharing new ideas at work is more important in travel and hospitality. This may be born from necessity: There is a vast array of stakeholders who are responsible for delivering on and improving customer experience, such as field agents, branch managers, and franchise owners in hotel, car, and restaurant businesses. The volume and diversity of frontline workers improve the customer experience.

We also found differences in the importance that people assign to the four trust factors based on whether they're a worker in or a customer of the given industry. For instance, the humanity factor operates somewhat differently for customers in those same industries:

- Customers' belief that a brand or organization values the good of society and the environment is more important in tech. Tech companies are some of the largest publicly traded companies in existence these days. Their products permeate society and drive social change. Nearly two-thirds of our survey respondents expect chief executive officers to do more to make progress on social issues.
- Fast and friendly customer support is more important in banking and health care. This attribute of humanity makes sense for these industries because there are often complex customer issues to be solved around payments or insurance, for example.
- Believing that a brand or organization values and respects everyone regardless of background, identity, or beliefs is more important in travel and hospitality, and retail. These are both experience-driven sectors with a lot of in-person interaction between a diverse population of customers and workers.

Like other customer and stakeholder metrics, trust measurements are only truly actionable if you understand the "why" behind them. Our research found that context matters when it comes to how people value the four trust factors: People weigh the importance of the factors' attributes differently based on contextual details such as their role (customer versus worker), the industry, the company culture, and the brand promise, among others. Understanding differences at this level of granularity helps organizations direct their resources to deepen trust with their stakeholders.

Ultimately, we believe it's important as leaders to invest in building trust to deliver better experiences and outcomes for customers and workers alike.

This is an edited excerpt from *The Four Factors of Trust*.
Learn more at www.deloitte.com/fourfactors

Endnotes

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Quantifying the value of tech companies' 'trusted actions'

1. Michael Bondar, Natasha Buckley, Roxana Corduneau, and David Levin, *Quantifying consumer trust*, Deloitte Insights, June 28, 2022.

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Counting the glass ceilings that remain

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3. Workplace Gender Equality Agency, *Employer of choice for gender equality: Leading practices in strategy, policy, and implementation*, February 25, 2020.

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Health inequities are expensive but preventable

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Flourishing in ambiguity

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2. In *Good to Great*, Jim Collins argues that the leaders of successful businesses tend to have a hedgehog's disposition: to know and act on one big idea. He is referencing philosopher Isaiah Berlin's essay *The Hedgehog and the Fox*: "A fox knows many things, but a hedgehog knows one big thing." While this might have been true in the past, we live in uncertain times. Commentators such as Nate Silver (in *The Signal and the Noise*) have called for decision-makers to become more foxlike. See: James C. Collins, *Good to Great: Why Some Companies Make the Leap … and Others Don't*, 1st ed. (New York: HarperBusiness, 2001); Isaiah Berlin, *The Hedgehog and the Fox: An Essay on Tolstoy's View of History*, 2nd ed. (Princeton, NJ: Princeton University Press, 2013); and Nate Silver, *The Signal and the Noise: Why so Many Predictions Fail—but Some Don't* (New York: Penguin Press, 2012).
3. Availability bias is our natural bias to place more weight on information that is (more) easily accessible, the memories that are more easily recalled. See: Andrew M. Colman, *A Dictionary of Psychology*, 3rd ed. Oxford Paperback Reference. (Oxford, England: Oxford University Press, 2009).
4. Evans-Greenwood and Hodgson, *Strategy and the art of the possible.*
5. The phrase "act to decide" is taken from research psychology. Recent work looking into where the mind ends and the outside world begins (do we think "inside our heads"?) found that it's complicated. The assumption that we observe the world, think through the options available to use, and then commit to an action—what we might call a computational approach—is likely wrong. Instead, what we do is to observe the options available to use (the affordances) and then move to act to improve these options. Eventually, one of these options becomes so compelling that we commit. This is thinking by interacting with the world around us, rather than in our head. See: Andy Clarke and David Chalmers, "The," *Analysis* 58 no. 1 (1998): pp. 7–19.
6. We might consider this *deciding to not act*, though this is itself an action as it involved suspending operations and furloughing employees. When confronted by a choice, choosing not to decide is effectively a decision to accept the default. Indeed, this is the key insight from the oft-referenced trolly problem. While many commentators focus on whether to switch the tracks or not, the more interesting question is how one came to be at the switch at a point in time when a decision was required.
7. Peter Evans-Greenwood, Robbie Robertson, Robert Hillard, and Peter Williams, *Setting the stage for creative performance*, Deloitte Insights, October 29, 2021.
8. Sarah Sharples, "Sydney furniture company IsoKing made $3.6 million after COVID-19 launch," News.Com.Au, May 7, 2021.
9. A predilection can be considered a bundle of attitudes and behaviors one uses to engage with work and the workplace. See: Peter Evans-Greenwood, Tim Patston, and Amanda Flouch, *The Digital-ready worker: Digital agency and the pursuit of productivity*, Deloitte Insights, October 18, 2019.
10. Chuck Jones, the creator of Bugs Bunny (among others), was a fan of turning adversity into creativity. When you cannot take your usual approach, when it's not clear what direction you should take, you're forced to find new approaches and explore new directions. Mr. Jones called these his "*disciplines*"—what he chose not to do. The most famous expression of this approach was the nine rules he developed for Wile E. Coyote and Road Runner series. See: Chuck Jones, *Chuck Amuck* (New York: Farrar Straus Giroux, 1999); and YouTube, "Chuck Jones – The evolution of an artist," video, July 16, 2015.

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How resilient could Western economies be to the crises ahead?

1. Stephane Hallegatte, *Economic resilience: Definition and measurement,* World Bank, May 1, 2014.

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1. Emily Pidgeon, "The 10 most trusted brands for 2021," *CEO Magazine*, April 26, 2021.
2. Disney Wiki (Disney Fandom), "Disney cast member," accessed January 9, 2023.

The organizational resilience movement

Some research and insights have a short shelf life, while others continue to gain color and context. In each issue of Deloitte Insights Magazine*, we look back on research we published and ideas we pitched, and evaluate whether they've stood the test of time.*

By **Bill Marquard**
Global leader of Deloitte's resilient organization and leadership program

What we said then

"Resilience is not a destination; it is a way of being. A 'resilient organization' is not one that is simply able to return to where it left off before the crisis. Rather, the truly resilient organization is one that has transformed, having built the attitudes, beliefs, agility, and structures into its DNA that enable it to not just recover to where it was, but catapult forward—quickly."

The essence of resilient leadership: Business recovery from COVID-19, Deloitte Insights, April 2020.

What we say now

So, based on what we've learned from navigating through the onslaught of disruptions caused by COVID-19, geopolitical tensions, and concerns about an impending global recession, is resilience a way of being, or has it proved to be a means to an end—a way for organizations to weather the current storm?

There's a parallel to be drawn in the quality movement: Today, quality is embedded in the fabric of every organization, virtually a nonnegotiable expectation from all stakeholders. It's a way of being for 21st-century organizations.

Yet in the second half of the 20th century, quality was a competitive differentiator and something that needed to be worked at through explicit levers such as statistical quality control, total quality management, and the implementation of ISO 9000 standards. We needed an exercise regimen to build the quality muscle repeatedly, until it became a lifestyle.

Isn't resilience following a similar path? In conversations with executives, in business media, and in this very publication, there's ample evidence that leaders of organizations around the world are following an exercise regimen of resilience reps spanning strategy, supply chains, finance, systems, operations, and the workforce, with a goal of achieving resilience as a way of being—a means to its own end. It seems we're in the midst of the resilience movement.

Access more insights on how to build a more resilient organization at www.deloitte.com/resilience

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