Towards a model of trust

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Introduction

Business strategists need a model of trust in both senses of the word – a model, as in someone to emulate, and a model as in a structural framework that describes its components.

As to the first, a *Reader's Digest* poll last year (Smith and Caporimo, 2013) revealed the most trusted person in America is actor Tom Hanks. More about that later. Bill Gates shows up in slot number 7, but it is unclear whether its Bill Gates the software mogul or the Bill Gates the philanthropist. You have to go through another 64 actors, authors, doctors, philanthropists, TV anchors and Supreme Court Justices to get to another business person.

That would be Warren Buffet, the 71st most trusted person in America, who famously said, "It takes 20 years to build a reputation and only five minutes to lose it" (Tuttle, 2010).

That may explain why there are so few other business people on the list. There are just too many ways in the hurly burly world of business to lose your way (or at least to appear to). In fact, its often difficult to tell whether the few business people on the *Digest's* list made it on their personal trustworthiness or on some other factor. For example, the chief executive officer (CEO) of Johnson & Johnson shows up in position 86, though I suspect its on the strength of all those babies in the company's advertising, which overshadowed the $5 billion in fines and penalties the company recently paid to settle an array of civil and criminal charges (*Pharma Marketing Blog*, 2013).

Its a silly little poll of dubious statistical validity. But it does represent a window into how the general public decides whom to trust among all the familiar strangers in their conscious orbit. There are, of course, plenty of more scientific studies that look at trust from different angles. But they have all triangulated on the same sad conclusion – business people are not considered very trustworthy.

The latest Harris Reputation Quotient reports that nearly one in five Americans say US companies have "very poor or terrible" reputations, although that is better than the full third who felt that way four years ago. (Harris Poll, 2014)

Still, the respected Edelman Trust Barometer says only one in five people expect business leaders to tell the truth or to act ethically. As a result, by a three-to-one margin, informed publics think their governments should increase the regulation of large swaths of industry, including financial services, energy and food and beverage companies. (Edelman, 2014a).

So there aren't too many contemporary business people in the Pantheon of Public Trust. That leaves the other kind of model. The kind that tries to explain what trust is, how it is structured, and what levers one can pull to increase it.

I have been working on such a model over the three decades of my public relations career and the last decade of my writing career. So far, what I have is still in the realm of hypothesis and I offer it here to stimulate discussion.

It starts, as many business models do, as a two-by-two matrix. Do not worry. We will be adding a third dimension shortly. But for now, think of trust having two principle components: competence and affinity.

Competence

At root, trust starts as a judgment of someone's competence to accomplish a specific task. Trust is context specific. I would trust my cardiologist to administer my electrocardiogram and to recommend changes to my lifestyle as a result. But I am not sure I would trust him to fix my car.

I usually go to doctors for medical advice, to my wife for sartorial direction and to my kids for help in downloading the latest updates on my ever-changing iPhone apps. I trust them because they've proven their competence in these areas over time (my doctor and my wife also have nicely framed certificates, attesting, in one case, that he graduated from medical school and, in the other, that we are married and she is entitled to dictate my wardrobe.).

Competence not only refers to someone's capacity to accomplish the task, but also to the sincerity of her willingness to do so. I know my doctor is competent – it says so right on his board certification. But my trust in is also based on the judgment that he sincerely wants to keep me healthy and does not see me just for the Medicare payments I can generate.

And that is where trust leaves the realm of the purely rational. I have not gathered evidence of my doctor's sincerity. I just have that feeling. Based on annual physicals stretching back more than a decade and a few other interactions, I have come to know and like him. He is not a stethoscope on roller skates. Even though he has a waiting room full of patients, he always seems to have time for my questions. We even joke together.

Enter affinity

Trust includes a strong emotional component. I call it "affinity" and by that I mean a warm, comfortable feeling that a person, or even a product or company, engenders in us. It is more than familiarity; it is likability. In some cases, it is a feeling of security; in others, a strong sense of identification. It is essentially sharing something with the person, product or company at a deep psychological level.

Some brands have been around so long that their default position is one of strong connection with consumers. Coca-Cola, for example, engenders such strong associations they are visible in a functional magnetic resonance machine (Martin, 2009b). Newer brands have to work hard to construct associations and symbolic prompts to make those connections. Red Bull, for example, has designed everything from its labeling and packaging to its advertising and sponsorships to associate itself with rebellious fun (Cesvet *et al.*, 2008).

One caveat: the industry within which a company operates can and does color peoples' feelings and judgments. For example, not many used car dealerships rank high in trust. Every industry has its own reputation, and it invariably slops over onto its participants.

Sometimes, as in the current case of the financial industry, a poor reputation results from widespread abuse of the public trust. Sometimes, it is the unintended consequence of actions taken by individual actors. I know from personal experience that a price war between AT&T and MCI tanked the once golden reputation of the US telecom industry in the late 1990s. Consumers, confused by their competing claims and unable to tell which company was telling the truth, declared a pox on both their houses. US politicians are currently doing something similar to our political system.

My working hypothesis is that judgments of competence and feelings of affinity are the drivers of trust. Most of the better-known reputational surveys measure elements of both. For example, the Harris Reputation Quotient looks at 20 attributes. Some measure affinity ("feel good about"); some, competence ("record of profitability"), but most are a combination of the two and probably based on second-hand information ("good place to work", "stands behind products" and “supports good causes”). That is not a slam against Harris. Reputation is a meta-concept. Almost by definition, it is what we think other people think.

Similarly, few of the respondents to the Edelman Trust Barometer are likely to have a first-hand experience with the 16 attributes it measures (e.g. “treats employees well”, “addresses society’s needs in its everyday business”, “has ethical business practices” and “takes responsible actions to address an issue or crisis”). Some attributes are second-hand by definition (e.g. “has highly regarded and widely admired top management” and “ranks on a global list of top companies”). In addition, even the one attribute that is objectively measurable (“delivers consistent financial returns to investors”) is more likely influenced by media reports than personal observation and study.

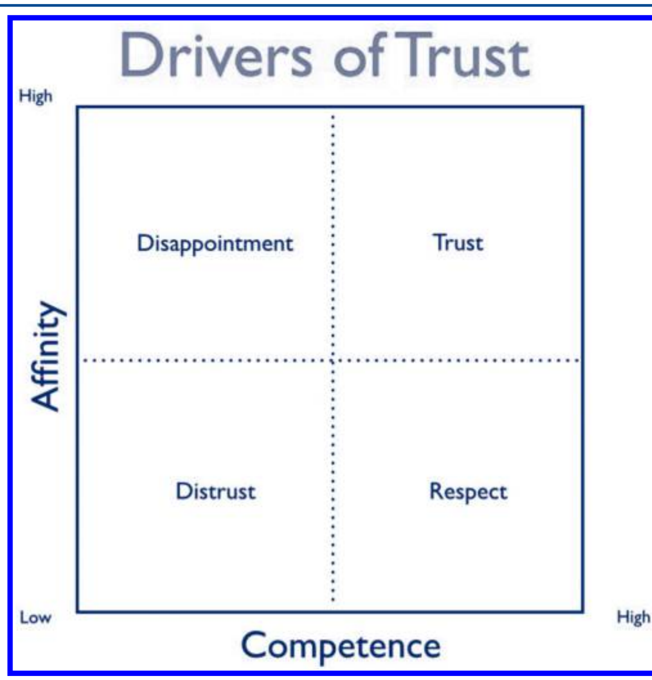
Harris considers trust just one attribute of a company’s reputation, but it is actually a co-variant factor with it. The better a company’s reputation, the more likely someone is to trust it. The more someone trusts a company, the better they are likely to consider its reputation.

Interestingly, however, the top company on Harris’ Reputational Quotient (Amazon) got there by dominating two clusters of attributes – Emotional Appeal, which is another way of saying affinity, and Products and Services, which address issues of competency. This suggests to me that affinity and competence are the drivers, not only of an excellent reputation but also of the one attribute critical to any company’s success – trust.

As portrayed in Figure 1, different combinations of affinity and competence generate different reactions.

Feelings of high affinity combined with judgments of high competence result in an inclination to trust a person, product or company. I put Warren Buffet in this category. I have never met him, but his folksy style, direct manner and unassuming candor suggest that he is among the most approachable and grounded of billionaires. It does not hurt that he does not seem to be particularly greedy, having pledged to give away the bulk of his fortune. In addition, his competence as an investor seems unchallengeable, given his Berkshire Hathaway Company’s performance.

Figure 1 Drivers of trust



Now, this being earth and Buffet being human, I suppose he could have a five-minute period that would undermine all those feelings and judgments. It would definitely be newsworthy, of the man-bites-dog variety. But know what? I suspect people trust Buffet so much that, if he did get into trouble,

- they would give him the benefit of the doubt; and
- they would be ready to give him a second chance should whatever accusations made against him prove true and he owned up to them.

Of course, there are three other quadrants, each populated by people, products and companies, as well known as Warren Buffet.

Judgments of high competence and low affinity result in begrudging respect, which is better than outright contempt, but not by much. Just ask Goldman Sachs or its CEO, Lloyd Blankfein. Goldman ranks 145 on the Reputation Institute's ranking of 150 corporate reputations (J&J, mentioned above, ranks sixth.) Goldman makes loads of money and the sophisticated investors who hold its stock probably count themselves lucky. But it has a way to go to win the general public's trust and even some of its clients and counter parties wonder if the firm is as interested in serving them as in lining its own pockets. By the way, Goldman seems to understand the nature of the problem. In addition to a range of internal changes to focus its employees on reputational risk and client service (*The Economist*, 2013), the company has steeply increased its participation in social investing to demonstrate that it shares the community's cares and concerns. (Braithwaite, 2013)

Judgments of low competency matched with low affinity result in distrust, which is not the simple absence of trust but a gnawing feeling that your darkest fears are true and you are about to be taken to the cleaners. It seems to me this is how many conservative Republicans feel about the US Affordable Care Act, better known as Obamacare. They believe it was foisted on the country in a highly partisan vote. Not one Republican voted for it, and many sincerely believe it constitutes a federal takeover of the American health system, with evils such as rationing and subpar care its inevitable consequence. Some of the act's opponents have long questioned President Obama's legitimacy; others consider him a divisive figure, a socialist or simply unprepared to be president. Whatever the case, they harbor few warm feelings for him. In addition, the hapless rollout of the act's public exchanges confirmed their suspicions of his administration's competence.

Judgments of high affinity and low competence result in disappointment. This is probably how President Obama's supporters felt following the disastrous rollout of his signature legislative accomplishment. They genuinely like and admire the president, who manifested their fondest hopes for a post-racial, post-partisan society. Obama campaigned on a platform of change, but the only change they have seen is a redoubling of partisan rancor and discord. Their disappointment does not mean they no longer trust the president, but their judgment of his ability to bridge the partisan divide and to change the way Washington operates proved unrealistic. It shows up in the president's approval ratings and in what is shaping up as a very challenging election season for the president's political party. This begins to hint at the third driver of trust – meaning.

Remember *Readers Digest*'s assessment that Tom Hanks is the most trusted person in America? I do not think that was simply a product of Hank's fame. He is indeed well known, but there are lots of famous people. Indeed, new famous people seem to pop up with some regularity in this digital age. Certainly fame plays a role in trust; if you don't know who someone is, you're unlikely to trust them much. But what tipped the scales for Hanks, as well as for the second most trusted person, actress Sandra Bullock, was the context of his fame. He is not a celebrity in the sense of being famous for being famous. His fame is rooted in the roles he has played and in the relative normalcy of his private life. In other words, he has positive *meaning*.

Hanks often plays likable characters, most recently the captain of the container ship hijacked by Somali pirates in "Captain Phillips". Sandra Bullock has also made a career playing spunky, likeable women, most recently the stranded astronaut in "Gravity". Their competence centers on making people believe they *are* the people they portray. In addition, there is little in their private lives to contradict that impression.

Indeed, the media not only project likability and competence but they also amplify meaning, i.e. purpose or significance. That is why television "jurists" like Judge Judy were considered more trustworthy than the actual members of the Supreme Court in the *Digest* survey. Hanks and Bullock and all those TV judges *mean* more to people, not simply because they are more famous, but because they play a more salient role in their lives, even though it is totally artificial. Meaning is the third driver of trust.

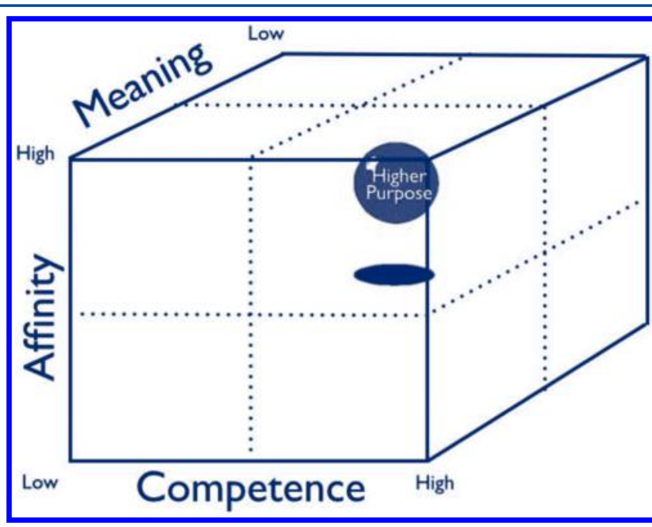
From the perspective of a person, product or company, meaning is purpose. What role do you play in someone's life? This may be the most consequential question a brand can address. Harvard Business School Professor Ted Levitt famously said, "People don't want to buy a quarter-inch drill. They want to buy a quarter inch hole" (Levitt, 1960). A former student and disciple, Christensen *et al.* (2005) expanded this insight into a jobs-to-be-done framework (Figure 2).

Christensen suggested that the traditional ways of segmenting markets by demographics, geography, psycho-analytics, etc. were missing the point. People do not base their purchase decisions on factors like those. On the contrary, they hire products to do a *job* they want to accomplish.

That job can be functional, like a quarter-inch hole. Or it might be emotional, social or even aspirational. For example, Black & Decker had been manufacturing power tools since 1910 when it purchased General Electric's small appliance division in 1984. After a few years peddling irons and coffeemakers with the GE logo, the company decided to bring everything under the same roof, so Black & Decker mixers were on the shelf just one department over from the power tools. (Martin, 2009a)

Naturally, the company supported the re-branding effort with plenty of consumer advertising. Sales increased – for consumer appliances. But power tool sales declined. Black & Decker had changed the meaning of its name – from masculine and tough to feminine and domestic. Contractors were embarrassed to walk onto a job site carrying a Black & Decker drill. "The contractor does not want a tool that has the same name as his wife's toaster, " said Dan Gregory, Vice President of Marketing for DeWalt (Al Ehrbar, 2005).

Figure 2 Drivers of trust and meaning



So in 1992, Black & Decker launched a line of portable electric power tools under the name of a company it had bought out decades earlier. (Al Ehrbar, 2005) The new "DeWalt" tools came in distinctive black and yellow housings. At first, it concentrated on sales to professionals, sending an army of tool guys in bright-yellow trucks to construction sites around the country asking workers to test and critique DeWalt tools on the spot. The company needed their endorsement to get do-it-yourselfers to buy the tools. In just a few years, DeWalt became one of Black & Decker's most profitable divisions with a 35 per cent share of the professional tool market (Al Ehrbar, 2005). Black & Decker re-gendered its power tools by creating new meaning for a brand it had once bought and discarded.

Contractors trust DeWalt because it is a line of competent tools, but just as importantly, they like how using the tools make them feel, and they have the right meaning for them.

All marketing is about creating meaning. Finding a product's higher purpose is an essential step. Proctor & Gamble is one of the companies that has turned this into a science, finding a way to give everything from Pampers diapers to Pringles potato chips salient meaning founded on a higher purpose. Pampers are not just a blotter for solid and fluid waste. They are an article of clothing that plays an important role in baby's development, from her first days in the hospital nursery to her last day of toilet training. And Pringles might be of dubious potato lineage, but customers have no question; its slice after slice of unexpected joy.

That attitude permeates everything about Pampers, from research and development through packaging and promotions. That is why Pampers has become a diaper system that accounts for more than nearly 10 per cent of P&G's revenue. (P&G Annual Report, 2013) In addition, why the company would bother developing the technology to print messages on fragile Pringles chips – it provided just one more element of unexpected joy.

For years, marketers have had only very blunt instruments with which to tease out people's affinity for the meaning they had created. In the case of Pampers, it was relatively easy to deduce that women who had recently given birth would probably like to buy some diapers. But deducing who might like to buy potato chips from demographic, geographic and contextual clues (men watching football?) was more of an art than science.

But now there is actually a Database of Affinity, consisting of the records of people's activity in social media. People are actually expressing what they "like" on Facebook and Twitter, in their reviews on Amazon and Yelp, in the content they share on YouTube and in the places they visit offline and report on Foursquare.

Forrester Research (2013) defines the Database of Affinity as "a catalog of people's tastes and preferences collected by observing their social behaviors". Forrester believes it will dramatically improve the targeting and delivery of advertising messages. If those messages express the company's higher purpose, rather than the pitch of the day, that will go a long way toward building stronger connections with customers.

But the Database of Affinity can also help shape the behaviors of the companies behind those advertisements by making them more responsive to people's expressed expectations of them as corporate citizens.

The drivers of public trust turn out to be the elements of sound business strategy:

- A deep understanding of customer needs, expressed as the company's mission and higher purpose;
- competitive advantage, manifest in differentiating competencies; and
- affinity with customers' values and ideals to nurtures an emotional connection with them.

Of the three, affinity may be the most elusive, especially for hard-nosed strategists. To some, it may sound like something that belongs to the public relations department or, as it is known in some companies, the Department of Being Nice. But this is not a matter of playing nicely with others. It is a matter of ensuring that a company expresses the same values as its customers, not in lofty statements, but in its policies and practices.

When the owner of a US basketball team made highly charged racist remarks, 13 of the brands that had been associated with the team immediately discontinued that relationship and called for an ownership change (Edelman, 2014b). Indeed, they acted even before the commissioner of the basketball association took decisive action to force precisely that move. And he was praised for acting in three short days. In this highly transparent world, no brand can be aloof from its customers' values.

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Higher purpose

Similarly, a company's practices need to be aligned with its higher purpose. The CVS Caremark company – the largest pharmacy chain in the USA – announced it would cease selling tobacco products in its retail stores. The company estimated its decision would shave $2 billion off its annual sales. But as the company CEO explained, "We came to the decision that cigarettes and providing health care just don't go together in the same setting". In other words, it aligned its practices with its higher purpose (Strom, 2013).

Maybe there *are* models of trust in the corporate community.

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