A New Framework for Measuring Consumer Trust

trust

/trəst/

noun

1. firm belief in the reliability, truth, ability, or strength of someone or something.

"relationships have to be built on trust"

Synonyms: confidence, belief, faith, certainty, assurance, conviction, credence, reliance

People want to do business with brands that reflect and support their values and interests – with brands they trust – and because of the vast choices available to most consumers today, they will avoid those that don't. Recent events in the news highlight the fragility of brand trust, and the difficulty of recovering from the consequences one negative event can create for a brand. For a brand to succeed, it must develop a rigorous understanding of consumer trust components, consistently measure its performance against these components, and then unceasingly take corrective actions if consumer perceptions of the brand are at odds with what the company desires.

Measuring perceived brand trust can be incredibly complex, and current methods for measuring and modeling brand trust (surveys or direct interviews with consumers) can lead to misleading conclusions – making it difficult to discover accurate, actionable insights. Consumer responses to survey or interview questions about whether they perceive a brand as "trustworthy" or not, are often subjective and inconsistent.

The Three Components of Brand Trust

The dynamics of brand trust are complicated, but can be distilled down to three basic components that interact with each other in predictable ways. Capturing, measuring, and understanding these components objectively can lead to a new understanding of the trust consumers place in your brand.
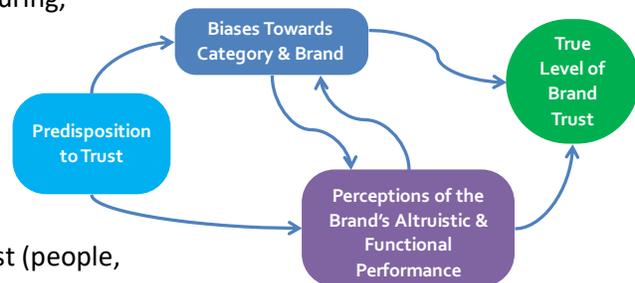
Predisposition to Trust

All people inherently have a basic tendency to trust (people, brands, companies) or not. The spectrum of a consumer's predisposition to trust is a function of their overall life outlook as well as other personality

characteristics and experiences. Where people fall on this spectrum significantly influences the starting position for their feelings about a brand, as well as how they react to a company's interactions with them.

Pre-Existing Biases

Biases are formed through direct interactions (i.e. personal experiences interacting with one or more brands in the same industry) and indirect interactions (i.e. shared experiences of others, publicity, or news stories). Understanding these pre-existing positive and negative biases towards both your brand and related industry are important because these further shape brand trust perceptions.

The challenge biases create for your brand can be particularly frustrating, especially when a negative industry event unrelated to your company's performance, overshadows your brand – even if your brand is perceived as "one of the good guys." These events can intensify seemingly insignificant mistakes you might make, and may mute the effect of positive things you do.

The good news is that biases, unlike the effect of predisposition to trust, can often be reshaped based on a consumer's experience or exposure to additional information; it is critical to acknowledge and understand these biases if you are to take proper actions to improve the position of your brand.

Measuring Brand Promise Performance

A company creates its brand promise by describing what the brand will do for a consumer. However, it is consumers' *perception* of your performance on your brand promise that determines if consumers actually believe it.

From a company's point of view, there are two key questions related to brand performance you must ask. First, am I objectively delivering on my promise to the consumer (does the product work like we said it would)? Second, how do consumers "feel" about my brand? In both cases, *perception of performance* is the key for determining the level of trust a consumer holds for your brand.

> *People want to do business with brands that most closely align with their interests – businesses they can trust – and because of the vast choices available to most consumers today, they will avoid those that don't.*

Thus, to understand whether your brand promise is considered trustworthy and, more importantly, what you must do to improve the trust a consumer places in your brand, there are two types of brand promise performance that must be assessed and acted upon:

- A brand's *Functional Performance* is measured by how much the brand is *perceived* as having delivered what it promised. "*Perceived*" is the operative word here. For example, if a flight arrives early (exceptional performance by the airline) but the plane parks at the gate late because the ground crew was unprepared to receive the flight (the fault of the airport), the passengers may still blame the airline for the late arrival.

- A brand's *Altruistic Performance* is measured by how much the consumer perceives the brand as having prioritized the consumer's interest and values before the brand's self-interest. For example, a company that proactively and voluntarily recalls a product before being told to do so, might be perceived as putting the interests of its consumer ahead of the company's economic self-interests, thus positively affecting the Altruistic Performance of the brand. Conversely, persistently attempting to pitch a product to a consumer who already owns that product will make them feel unappreciated, and that the company doesn't really know them.

Finally, the components of performance must be measured for performance consistency and quality to produce meaningful results. Consistency refers to the *perceived frequency* a brand delivers on its promise both functionally and altruistically. Quality, in this context, refers to the consumer's perception as to *how well* the brand has performed functionally and altruistically.
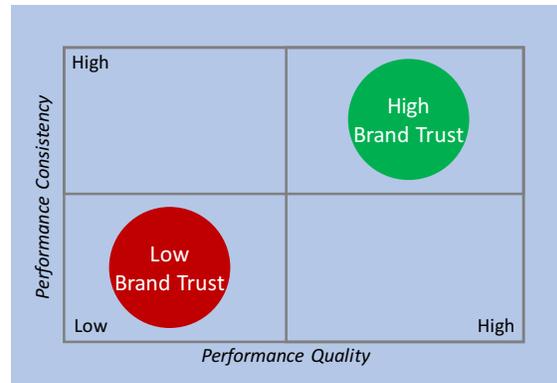
Brands that perform well on both measures will tend to benefit from High Brand Trust, and will likely retain clients longer and derive more lifetime value with their consumers than brands that do not perform consistently or with perceived low quality.

A New Framework for Determining Brand Trust

Many companies are, to some extent, measuring the Functional Performance of their brands, but it is equally important for the brand to capture and understand all the components of brand trust – *Predisposition to Trust, Altruistic Performance, Pre-Existing Bias,* and *Brand Trust Perceptions* – to fully realize the long-lasting effects (repeat purchase and retention) of positive brand trust on. Using this analytical framework, brands can create a highly accurate and repeatable trust metric that truthfully portrays the depth and nature of consumer trust.

Unfortunately, traditional methods and tools fall short of capturing and analyzing this information in a meaningful and scalable manner; this is due to both the wide variety of information that determines real trust, as well as the limitations of traditional statistical analysis tools.

To provide the most personalized consumer connections modern marketers should demand a solution that manages vast amounts of information, handles unlimited types of data, can scale, provides an accurate and repeatable modeling platform, and produces meaningful insights specifically for their prospective and current consumers.

Marketing Analytics tools available from Gordian Knot Analytics Group were specifically engineered to overcome all the shortcomings of current data analytics methods and tools outlined here. The Gordian Knot Marketing Analytics toolset provides actionable insights to navigate the complicated perceptions a consumer establishes with respect to your company, the pre-existing biases consumers may have, what is truly important to them, and finally what moves them to become trusting steady consumers.

About Gordian Knot Analytics Group, Inc.

Founded in 2015, Gordian Knot Analytics Group, an innovative Big Data Analytics company, is focused on explaining, predicting, and optimizing marketing trends, and drivers from your Big Data assets that traditional data processing application software and statistical analyses are simply inadequate to deal with.

Gordian Knot has developed a series of proprietary analytics tools to provide our clients a comprehensive picture of the actions they can execute to generate incremental, profitable growth, improve consumer satisfaction, and maximize the lifetime value of those consumers.

For more information on how Gordian Knot can help you, drop us note at info@gknotag.com.