



C O N S U M E R O L O G Y

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B E N S I M O N B Y R N E

THE ECONOMIC CONTEXT

Consumers continue to feel a tentative economic recovery that is yielding uneven outcomes. Only 52% of Canadians think the economy is currently growing, and less than 5% think it is growing strongly.

There are really three economic regions:

1. BC, Ontario and the Atlantic, where about half of residents think the economy is growing
2. The Prairies, where more than two-thirds think the economy is growing; and,
3. Quebec, where only about a third think the economy is growing.

As evidence of the sluggish rate of growth in the economy, the Canadian population is roughly evenly divided between those who are better off than a year ago and those who are worse off. Women are particularly likely to feel like they are losing ground.

TRUST BETWEEN BRAND AND CONSUMER

This edition of the quarterly Bensimon Byrne Consumerology Report takes a 360 degree look at the trust relationship between brand and consumer:

- Can it exist?
- What are its core components?
- What can create it?
- What can destroy it?
- What is its role in consumer decision making?

The study reveals a complex relationship between consumers and brands. There certainly is a **trust** relationship, as people want to purchase as often as possible from brands that they trust, and indicate that they are mostly able to do that. The core value proposition of the brand is indispensable to trust, but the relationship goes much further than that. In fact, the notion that brands exist only to maximize profit is rejected by consumers.

Trust involves:

- Brand profile
- Corporate reputation
- The social values associated with the brand, and
- The company.

Most important is respect for the customer – the respect that is accorded through quality employee interactions and through the brand's commitment to the product.

Trust is painstaking to build and easy to break. It takes time to build, but can be broken with just one negative experience.

Across all demographic groups and regions, and covering all types of goods and services, trust is built on five components:

1. The brand lives up to its end of the bargain;
2. The brand does nothing to take advantage of or disadvantage the consumer in any way
3. The brand is proactive about addressing the consumer interest and is less than one hundred percent self-interested
4. The brand believes in itself
5. The brand takes care not to be a negative force in the community or the world

THE ROLE OF TRUST

Trusting a brand is hardly a foreign concept for consumers – almost all say that it is a purchase consideration. One third says it is a paramount consideration. Many consumers rely on brand trust to simplify the choices involved in the buying process for them. As is so often the case with brand or corporate reputation, it is more important not to be distrusted than it is to be actively trusted. One in five consumers does not buy from a business or brand with whom they haven't developed trust, but one in three does not buy from a company they have some reason to distrust. The older the consumer, the more hard line they are likely to be on this point.

As self-reported by consumers, trust in brands has declined over the past five years, but not significantly. In fact, forty percent are more trusting of brands, and fewer than one in ten are *much* less trusting. The decline in trust has been more precipitous than that among women. Yet people want to trust brands. Virtually all consumers agree that they wish the companies they frequent were as loyal back as the consumer is to them.

The consequences of broken trust are dramatic. Only 40% are inclined to give a brand a second chance, and one in five is will absolutely not give a second chance. Perhaps of no consequence, single people are more forgiving than those who are married or divorced.

The upside, aside from customer loyalty? 40% of consumers will be strong advocates for a company they can believe in.

WHAT DOES TRUST MEAN?

Canadian consumers overwhelmingly ascribe the following characteristics to a trust relationship with a brand, in descending order of intensity:

I. The brand will deliver on what it says it will

- Central to this characteristic, regardless of the type of product, is whether or not the brand is delivering on the core offering of consistent quality at a competitive price
 - Consistently good quality is a very important consideration in trust for 88-81%, depending on the product or service category
 - Consistently competitive prices are very important in trust for 74-68%, depending on the category.
- The product is safe to use
 - Safety is very important in trust for 86-81%.
- It also means being prepared to stand behind the product, either through a warranty or through a “money back” guarantee
 - 75-65% say warranties are very important, while 71-61% said the same of money-back guarantees.
 - Warranties and guarantees are most important to older consumers.

- There is a large gap between the importance of good warranties and guarantees and the frequency with which consumers are able to get them.

- The company is proud of its own product/service. This is especially important to high income earners, who want to be proud of what they buy.
- 63-62% said it is very important that a brand is visibly proud of their offerings.

2. The brand will treat me with honesty and fairness

- Employees treat me with respect
 - 83-75% said being treated with sympathy and respect by staff is very important to their trust
 - This is important to younger Canadians and residents of Quebec, who were much more likely to consider this one of their top four most important traits in trust.
- Employees are knowledgeable and educating
 - One cannot overstate the role that front line brand “representatives” have in forming impressions about the brand; 80-70% said it is very important.

3. The brand will not take advantage of me

- Lower income Canadians in particular, define trust as meaning a company will not take advantage of them
 - 63% of those earning <\$25k per year strongly agree that trust means “I expect that a company won’t take advantage of me,” while only 51% of those earning \$100k+ said the same.
- Does not try to upsell me things I do not need or want
 - The balance of having attentive and helpful staff and not attempting to upsell is critically important to get right with female consumers.
 - Depending on the product or service category, 79-72% said that not being up-sold is very important to trust.
- No hidden fees
 - Hidden fees are often a deal breaker, as it is seen as a lie; 75% strongly agreed and 97% agreed that when they see hidden fees on their bills, it feels like they’ve been lied to.
 - 86-81% say this is very important to trust.
- Proactive disclosure of information on how a company operates
 - 73-65% said this is very important to trust.

4. The brand has good values

- 75-61% said a good reputation is very important to trust, depending on the product or service category.
 - Almost all are more likely to trust an “established brand or company”; two thirds are much more likely, 29% are somewhat more likely.
- Brands are underperforming, with about four in ten consumer saying they are always able to buy from a firm with good reputation
- About half reject the idea that brand ethics are not relevant to a trust relationship and purchase decision
- Treats its employees well
 - 68-63% say knowing a brand pays fair wages to its employees is very important to trust.
- Sources locally and supports local causes
 - 65-55% say a brand sourcing locally whenever possible is very important.
 - 56-52% say knowing a brand supports local causes is very important.
 - Both of these traits are particularly important in the Atlantic region.
- Is eco-friendly
 - 65-60% say knowing a brand is eco-friendly is very important to trust, depending on the product or service category.

Defining trust through statements:

Being able to depend on a company or brand to do what they say

I expect that a company won't take advantage of me

I know they will treat me with honesty and fairness

A company has good values

I know they will treat me with goodwill and generosity

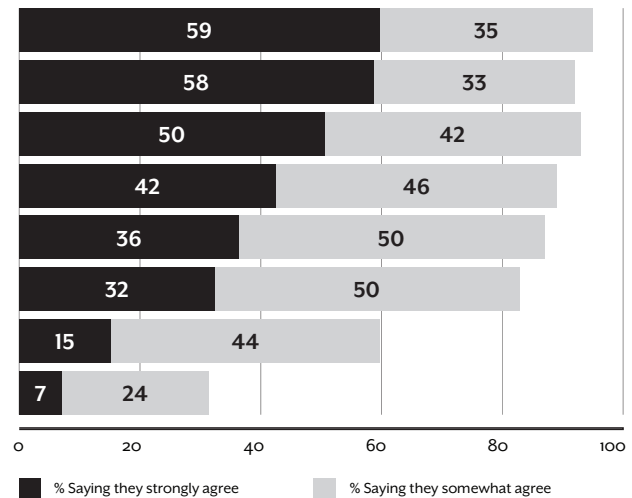
I can save time and energy by not having to think critically about every purchase decision

I have more trust in a company if I know who's running it

Trust in a company does not involve considerations of their corporate reputation

What does trust mean?

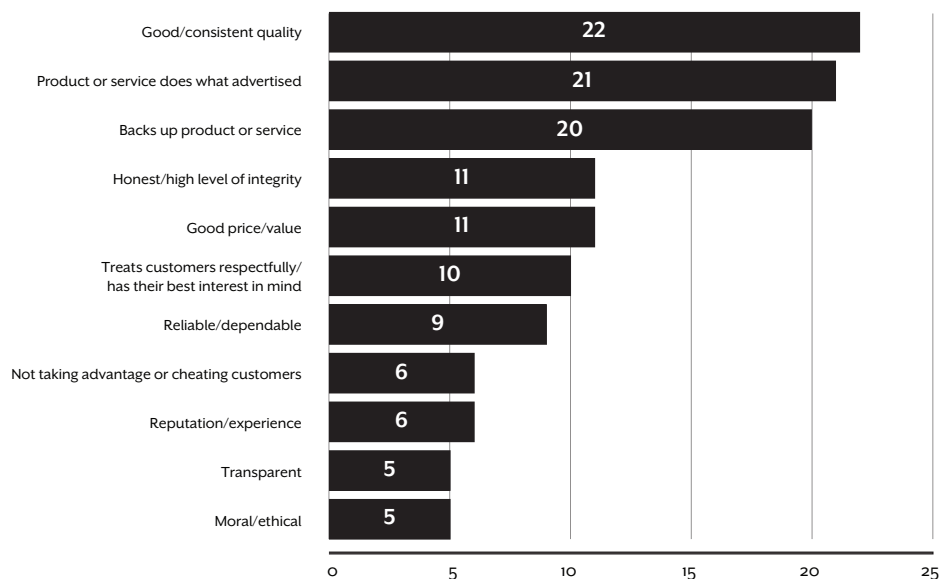
Please indicate whether you agree or disagree with the following statement about the meaning of trust in a company or brand:



How Canadians define trust in their own words:

How would you define trust?

In the context of yourself as a consumer trusting a company or brand, how would you define trust? (Multiple Mention; % saying each of the following)



PRODUCTS AND SERVICES SECTORS ANALYSIS

In the following tables we rank the top six rational and emotional considerations for each product and service categories. We also compared the percentage of Canadians saying that a given consideration is very important and the percentage saying that this trait always applies to purchases. The greatest shortfalls are indicated in **red**:

Top Rational Considerations

RED INDICATES LARGEST IMPORTANCE-APPLICABILITY SHORTFALLS

CONSUMER GOODS	DURABLES	CONSUMER SERVICES	EXPERIENCES
1. Consistently offers good quality	1. Consistently offers good quality	1. A good reputation	1. Consistently offers good quality
2. Product safety	2. A good warranty	2. Clear conditions and terms	2. A good reputation
3. A good warranty	3. Product safety	3. Consistently offers good quality	3. Consistently offers competitive prices
4. A good reputation	4. Consistently offers competitive prices	4. Consistently offers competitive prices	4. Personal safety
5. Consistently offers competitive prices	5. A good reputation	5. No hidden fees	5. Clear conditions and terms
6. A money-back guarantee	6. TIE: A money-back guarantee; Clear conditions and terms	6. A money-back guarantee	6. No hidden fees

Top Emotional Considerations

RED INDICATES LARGEST IMPORTANCE-APPLICABILITY SHORTFALLS

CONSUMER GOODS	DURABLES	CONSUMER SERVICES	EXPERIENCES
1. Not being up-sold on something you don't want	1. Not being up-sold on something you don't want	1. Knowledge and educating staff	1. Knowledge and educating staff
2. Knowledge and educating staff	2. Knowledge and educating staff	2. Being treated with sympathy and respect by staff	2. Being treated with sympathy and respect by staff
3. Being treated with sympathy and respect by staff	3. Being noticeably proud of their product	3. Not being up-sold on something you don't want	3. Not being up-sold on something you don't want
4. Sources locally whenever possible	4. Goes out of their way to share information with you	4. Staff are flexible and accommodating in emergencies	4. Goes out of their way to share information with you
5. Is proactive in being transparent about how they operate	5. Knowing a brand is eco-friendly	5. Is proactive in being transparent about how they operate	5. Being noticeably proud of their product
6. Is proactive in being transparent about how they operate	6. Knowing a brand is eco-friendly	6. Is proactive in being transparent about how they operate	6. Being noticeably proud of their product

UNIQUE DEMOGRAPHIC DIFFERENCES

Some demographics have priorities significantly different from other Canadians:

I. Youth (Aged 18-35)

- Generally speaking, youth are more forgiving of breaches of trust and have lower expectations of companies, relative to Canadians older than 35. Younger Canadians are:
 - Less likely to consider whether companies are a good or bad employer;
 - Less likely to consider a company's ethics;
 - More likely to agree that a purchase based on ethical considerations is a luxury they cannot afford;
 - Less likely to interpret hidden fees as being lied to;
 - Less likely to agree that they can't trust a company that doesn't stand by its products with warranties or easy returns; and,
 - Less likely to agree that buying from a company that pollutes or commits human rights abuse makes them complicit in these activities.
- In most product and service categories, (relative to older Canadians) youth place a significantly higher importance on brands being eco-friendly, having a good reputation, having sympathetic and respectful staff, and paying fair wages to employees.
- As mentioned above, youth have lower expectations, but since they are more likely to have lower household incomes, some traits of youth may be explained by their lack of income, rather than unique generational values.
- Youth are twice as likely than those older than 55 to strongly agree that many consumers can't afford to choose companies based on ethical grounds. This suggests that they themselves and their peers/community are similarly financially constrained.
- However, youth are also more likely to claim that they view their purchase decisions as a reflection of their ethics and values. 56% of those aged 18-34 said most of the time they see their purchase decisions as a reflection of their social and ethical values, while less than half of those aged 35+ said the same. This is interesting for a few reasons:
 - "Millennials" are often described in the media as disengaged and selfish. While some of our findings fit this frame; the number saying that they are value-based shoppers suggests that they in fact do care about societal outcomes. For example, youth were more likely than older Canadians to strongly agree that demonstrating shared values is more genuine than traditional corporate charitable giving, and put greater importance on being eco-friendly.
 - We are unable to determine whether this means that youth are more susceptible to

social desirability bias (wishing to be seen to care about issues), or whether they are more likely to be cynical.

- Social desirability bias is possible, as youth are more likely to say that being eco-friendly, having sympathetic and respectful staff, and paying fair wages to employees is important to a brand earning trust. However, in other instances, youth said that buying from brands that pollute or treat workers poorly does not make them complicit.
- The other possibility is that they are more cynical and as such, pessimism and suspicion of companies and brands informs the values they use to guide their decisions. Since they are more likely to agree that companies care primarily about profits, seeking to stretch their purchase dollar (through a relative disregard for ethical considerations) may simply be an emulation of the behaviour of brands.
- As we have seen in previous Consumerology studies, the assumption that younger Canadians lead the charge on social change is not clearly demonstrated in the data we continue to collect.

2. Women

- Across all product and service categories, (relative to men) women place a significantly higher importance on safety, no hidden fees, fair wages for employees, being eco-friendly, sourcing locally, flexible and accommodating during emergencies, and knowledgeable and educating staff.
- Women are more likely to strongly agree (43%) that it is irresponsible to criticize companies for polluting the environment or treating their workers poorly, and then still give them business (vs. 35% of men).
- Trusting a company to not take advantage of customers is especially important to women; 63% strongly agree, 93% agree.
- Women are especially less trusting of companies, compared to 5 years ago; 54% less trusting vs. 42% among men.

3. Low Household Income Earners (<\$25k annually)

- Relative to middle and high income earners, Canadians with lower incomes are significantly more like to define trust as meaning that a company will not take advantage of them and that a company has good values.
- Predictably, those with less income are less likely to place an importance on emotional considerations of trust in companies such as their treatment of staff and ethics. They are much more likely to agree that choosing which companies to patronize based on their ethics is a luxury they cannot personally afford.
- Lower income Canadians are more likely to agree that companies can be trusted to provide a quality product or service at a fair price, and nothing more. They are also more likely to agree that companies are motivated by profits above all other considerations.
- Lower income earners are less likely than middle income earners to view their purchase decisions as a reflection of their social and ethical values.

4. Quebec

- Across all product and service categories, (relative to the rest of Canada) residents of Quebec place a significantly higher importance on being treated with sympathy and respect by staff. It is unclear whether this includes sensitivities to staff with poor spoken French.

5. Atlantic Provinces

- Atlantic Canadians place a particularly high importance on supporting local causes, sourcing locally whenever possible, and being visibly proud of their offerings, across all product and service categories.

VALUES-BASED SHOPPERS

Half of Canadians said that most of the time, they see their purchase decisions as a reflection of their social and ethical values, while one third said they do not consider buying from a company to mean they support the way that company operates. Canadians with household incomes of \$25-74k are more likely to be what we will call *values-based shoppers*.

Although trying to please value based shoppers may not be an appropriate goal for all brands, those that do chose to position themselves as ethical brands that practice shared values, the following findings are important to keep in mind.

Among values-based shoppers, half strongly agree that it is everyone's responsibility to vote with their dollars, by not supporting companies with which they disagree. Additionally, two in five strongly agree that it is irresponsible to criticize companies for polluting the environment or treating their workers poorly, and then still give them business. Most (56%) think that spending money at a company that profits from pollution or human rights abuse makes the shopper complicit in the unethical behaviour.

That said, the vast majority (84%) understand that many consumers can't afford to choose where they shop based on ethical grounds.

The vast majority (84%) believe that the demonstration of shared values (in a company's operations) is more genuine than traditional corporate charitable giving. A similarly large majority (80%) said they judge companies and brands based on their corporate reputation.

CONCLUSION

For most consumers, time is precious. The demands of family, of work, of commuting, and other responsibilities drain hours from the day. The option of understanding all you might want to understand about all the possible brands available is impossible. Plus, the modern consumer is cynical, wary of brand claims and marketing techniques. In this complicated consumer environment, trust is a simplifier. If one can trust a brand to do what it says, be what it claims, and treat you as you deserve to be treated, then there is no need for further inquiry. That relationship can be built. Most consumers say they have it with it with many brands. It's an enormous advantage.

METHODOLOGY

This *Consumergy Report 21: Drivers of Trust* is based on qualitative and quantitative research conducted with Canadians.

The Gandalf Group conducted two sets of online focus groups from February 11th to 13th, 2014, on behalf of Bensimon Byrne. In these focus groups researchers explored what defines and drives consumer trust with Canadians representing all regions, ages, incomes and genders. These focus groups informed the design of the subsequent quantitative research, conducted from February 25th to March 3rd in English and French.

A national online survey was conducted among 1,513 Canadians proportionate to the gender, age and regional distribution of the Canadian population. Quebec was surveyed in proportion to the province's distribution of English and French speakers.

A survey of this size would have a margin of error of +/- 2.5 percentage points, 19 times out of 20.