

**Rewriting
the Trust
Equation
for the
Digital Age**

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THE SPEED READ

- Consumer trust has always been able to create and destroy brand value. But in a digital age, building and retaining trust has become more complex.
- Dentsu Aegis Network's trust framework provides a new lens on trust-building. Fit for the digital age, it comprises eight key dimensions: credibility, closeness, reliability, consumer first, transparency, mutual disclosure, provenance and established.
- Our research, based on extensive practical engagement with clients by our media agency Carat and informed by a survey of 6,400 consumers across China, Germany, United Kingdom and United States, shows that:
 - **Reliability is the foundation of trust in a digital economy.** As news can be shared globally at the touch of a button and consumers are increasingly prone to switching, getting the basics right is more important than ever.
 - **An established heritage is a key driver of trust.** Incumbents need not give up hope yet—their heritage can be a source of differentiation and consumer loyalty.
 - **Transparency is critical,** reflecting how social media has exposed brands to new levels of scrutiny, while concerns over privacy and the use of personal data are fuelling a lack of trust.
 - **Peer recommendations have the biggest impact on consumer trust,** as people replace institutions as recognised sources of expertise. Celebrities have less influence than company CEOs, even among the young.
 - **Different media channels help establish different trust drivers.** For example, to establish reliability as a driver of trust, conversation and earned channels are the most effective.

Five steps can help brands build more trusted consumer relationships:

1. **Understand performance on trust-building drivers versus competitors:**
Disaggregate and prioritise the different drivers of trust to help focus resources more effectively.
2. **Fit channel mix to trust driver and audience:**
Brands need to adapt their approach across drivers, audiences and channels.
3. **Integrate insights into core business decision-making:**
Trust insight is too valuable not to share widely across key internal functions.
4. **Engage the outliers:**
Brands should utilise those consumers who trust them, as well as those who do not.
5. **Track the business impact of trust:**
Monitor financial metrics to understand the bottom-line impact of trust and effective consumer engagement strategies.



POINT OF VIEW

1 Introduction

Trust can make or break a brand. A reputational crisis can emerge in a flash and spread like wildfire. Navigating the new dynamics of trust in a digital age requires a more sophisticated approach that takes closer account of audience and media channel.

A deficit of trust

Trust in businesses and institutions is in crisis. According to the Edelman Trust Barometer, the general population's trust in all four key institutions—business, government, NGOs, and media—has declined broadly, a phenomenon not reported since Edelman began tracking trust among this segment in 2012.¹ In the era of fake news, the media is now distrusted in 80 percent of the countries surveyed by Edelman.² This is also having the effect of tarring advertising with the same brush, presenting brands with a complex picture. How can they build trust in a digital era, where the channels they use to engage consumers may themselves be distrusted?

The impact of the digital economy

Part of the challenge here is that notions of trust-building have not changed significantly since the original work of David Maister et al on 'The Trust Equation' in 2000³, which identified reliability, credibility, intimacy and self-interest (as a negative factor) as the key determinants of trustworthiness. A number of recent trends related to the growth of the digital economy have changed the dynamics of trust in a way that requires brands to update their approach.

For example:

- **Growing consumer empowerment:** Empowered by social media, consumers are more aware and informed about corporate practice compared to two decades ago, capable of influencing how a brand is perceived—for better and for worse. For example, an internal report about gender-related pay at Google became big news after it was shared externally, leading to disciplinary procedures as well as reputational damage to the company.⁴
- **Increased transparency:** Social media has also increased the levels of external scrutiny to which brands and their employees are exposed. The inner workings of corporations—from processes to pay and remuneration—are now more visible than ever before. For example, Glassdoor publishes employer reviews about companies alongside detailed information on salaries and even CEO approval ratings.⁵
- **Awareness of personal data value:** Consumers are now more aware of the huge volumes of personal data they generate as well as the value this holds for brands. This has fuelled an overall sense of mistrust, with 73 percent of US broadband consumers expressing a desire to keep tight control over access to their personal data and around half being very concerned that someone will access the data without their permission.⁶

At the same time, brands now have more social channels and platforms through which they can engage consumers. Facebook, Twitter, Snapchat and Instagram, to name but a few, did not exist back in 2000. But they have fundamentally changed the nature of brand communications, from formal, episodic interventions to informal, real-time updates. Furthermore, data-driven advances in marketing mean that brands are now able to identify and engage specific individuals more effectively, rather than relying on broad demographic groupings.

A trust framework for the digital age

Given this changed context, Dentsu Aegis Network set out to provide a fresh perspective on how brands can build trust with consumers. Based on extensive client engagement, and informed by a survey of 6,400 consumers across China, Germany, the United Kingdom and United States, we developed a new framework for consumer trust. This draws in part on the original 'trust equation' but seeks to update it for the digital age.

The dimensions of our framework are as follows:

- **Credibility:**
the extent to which a brand is recognised as legitimate and authoritative.
- **Closeness:**
how close or intimate consumers feel a brand to be.
- **Reliability:**
the ability of a brand to deliver consistently.
- **Consumer first:**
how a brand puts consumers' interests ahead of its own.
- **Transparency:**
how open a brand is with consumers.
- **Mutual disclosure:**
the responsiveness of a brand (e.g. to feedback or reviews).
- **Provenance:**
consumer understanding of the origins behind a brand.
- **Established:**
the extent to which a brand is perceived to have a history or legacy.

2 Key drivers of trust

Get the basics right

What does our framework reveal about the drivers of trust in today's brands? First and foremost, reliability is the foundation of trust in a digital economy. News of poor service or product flaws can be shared globally in an instant. Consumer loyalty has been on the wane in most industries for many years, while switching is also increasingly common. In the UK energy sector, for example, the number of gas or electricity switches reached a six-year high in 2017, increasing by nearly 30 percent from 2016.⁷ Within this context, getting the basics right is the foundation on which all other trust-building efforts must sit. Across all markets studied, reliability is the number one driver and accounts for up to 25 percent of brand trust (see Figure 1). In the financial services and automotive sectors, reliability is especially important - in the United States, the top two payment brands each have nearly one third of their overall trust score accounted for by reliability, with a similar proportion for the most-trusted car brand in the United States.

Figure 1: Key drivers of trust by market

	China	Germany	United Kingdom	United States
1.	Reliability 20%	Reliability 21%	Reliability 20%	Reliability 25%
2.	Established 19%	Credibility 17%	Credibility 17%	Established 17%
3.	Credibility 17%	Established 17%	Transparency 14%	Transparency 14%
4.	Transparency 12%	Transparency 13%	Provenance 13%	Credibility 14%
5.	Provenance 11%	Provenance 11%	Established 13%	Provenance 13%
6.	Mutual disclosure 10%	Mutual disclosure 10%	Mutual disclosure 10%	Mutual disclosure 9%
7.	Closeness 6%	Closeness 6%	Consumer First 6%	Closeness 5%
8.	Consumer First 5%	Consumer First 5%	Closeness 5%	Consumer First 4%

History matters more than you think

Amid industry disruption and change, an established heritage continues to be a key driver of trust. Incumbents need not give up hope yet as their legacy can in fact be a source of competitive advantage. In China and the United States, established is the second most important driver of trust. Consumers in these markets trust brands that have a history—not just the latest start-up. In an effort to combat concerns about fake news, for example, the New York Times ran a series of ad spots under the banner 'The truth is hard to find', showing the work and expertise that goes into journalism.⁸ The brand had one of its strongest quarters for digital revenue following the ad, while international subscriptions grew by 80 percent.

“Getting the basics right is the foundation on which all other trust-building efforts must sit”

Open up to address the “transparency paradox”

A transparency paradox has emerged in recent years whereby consumers are able to see more of the inner workings of business, yet more sophisticated uses of digital technology (especially as it relates to personal data) risk making business activity more opaque. Opening up parts of the business to external scrutiny in new or unexpected ways is emerging as an important way of building trust and differentiating a brand, particularly in sectors that have suffered significant reputational damage. For example, the automotive industry was hit by the VW emissions scandal in 2015 and transparency is now the second highest driver of trust in that sector in Germany (where the VW scandal broke) and third highest in the United Kingdom, which was also significantly affected (see Figure 2). And in financial services, a sector that is still suffering from the fallout of the 2007-8 crisis, transparency is important in both the Germany and the United States.

“Consumers are empowered to ensure that a brand is open and honest”

Figure 2: Top three drivers of trust in Automotive and Financial Services

	China	Germany	United Kingdom	United States
Automotive	Reliability 21%	Reliability 26%	Reliability 23%	Reliability 27%
	Established 19%	Transparency 18%	Provenance 15%	Established 17%
	Credibility 15%	Established 16%	Transparency 15%	Provenance 15%
Financial Services	Reliability 20%	Reliability 25%	Reliability 22%	Reliability 28%
	Established 19%	Established 16%	Credibility 19%	Transparency 18%
	Credibility 18%	Transparency 15%	Established 15%	Provenance 16%

Source: Dentsu Aegis Network Consumer Survey Data

Consumers call the shots

That closeness and consumer first are the least significant drivers of trust across all markets underlines the extent to which the digital economy is consumer-led. Consumers appear to be less concerned about how close a brand gets to them or even the extent to which it puts their interests first, as they are able to hold them to account by other means. Closeness was in fact one of the original dimensions of the Trust Equation, but today seems relatively obsolete as consumers are empowered to ensure that a brand is open (transparency) and honest (mutual disclosure).

3 Adapting to a new reality

Different components of trust are important depending on the market and industry in which brands are operating. In addition, there are new trust dynamics related to audience and media channel that brands must now understand and master.

Sources of trust — not necessarily who you would expect

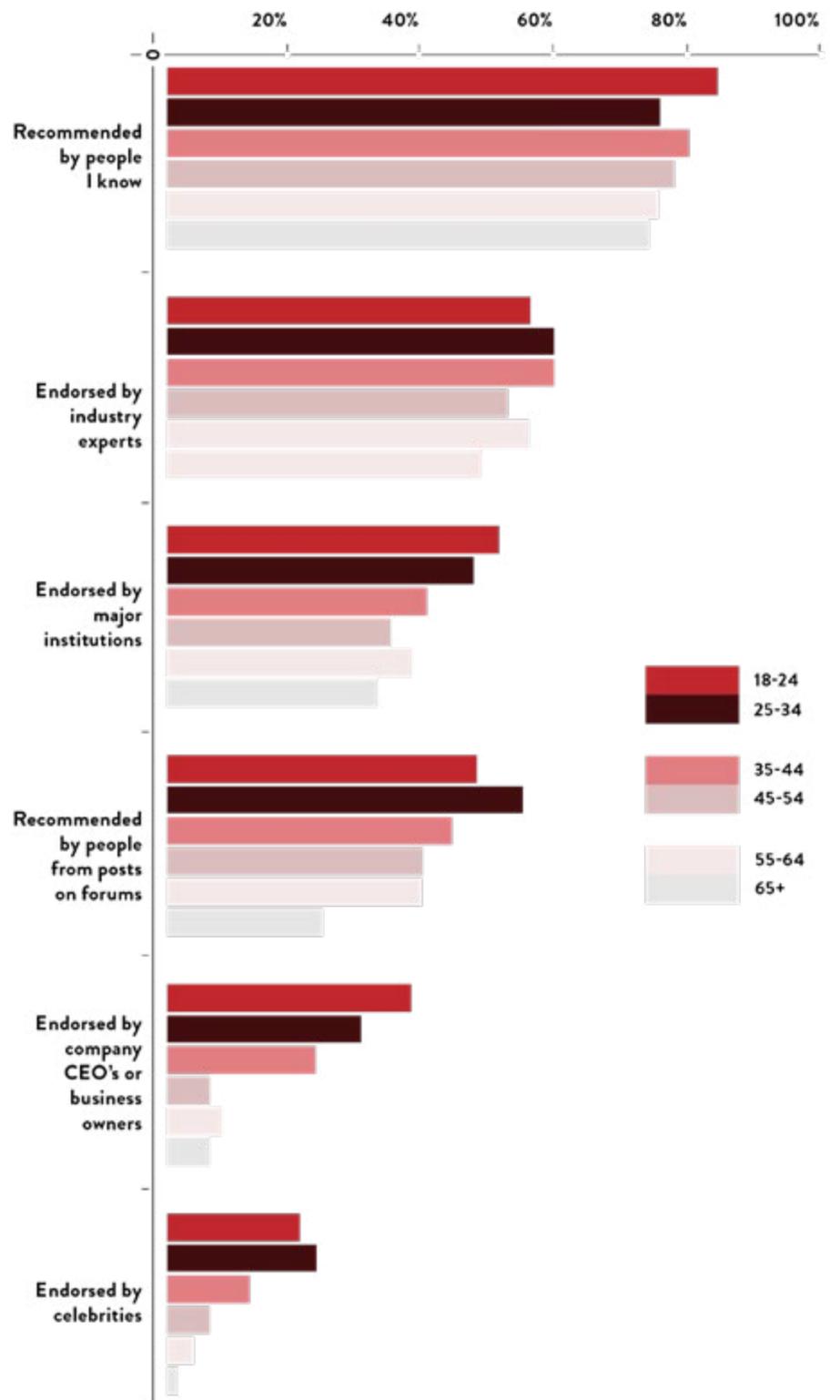
Across all of the markets studied, consumers are most likely to trust a brand that is recommended by people they know. However, beyond peer recommendations there are significant variations between markets. For example, 66 percent of Chinese consumers trust major institutions versus just 25 percent in Germany. For brands operating in these markets, this insight has significant implications for their consumer engagement strategy.

Attitudes also vary by age. In the United Kingdom, celebrities have less influence on how much a brand is trusted than company CEOs—even among the young. Thirty-eight percent of UK 18-24 year olds are more likely to trust a brand that is endorsed by company CEOs or business owners, versus 25 percent who would trust a brand on the basis of a celebrity endorsement. This same age cohort is also more influenced by institutions as well as industry experts versus older age groups, helping debunk the myth that young people are suspicious or mistrusting of authority figures.

“**Celebrities have less influence on how much a brand is trusted than company CEOs**”

Figure 3: Sources of trust among UK consumers (by age group)

What makes you more likely to trust a brand? (% agree)



Matching drivers of trust to media channels

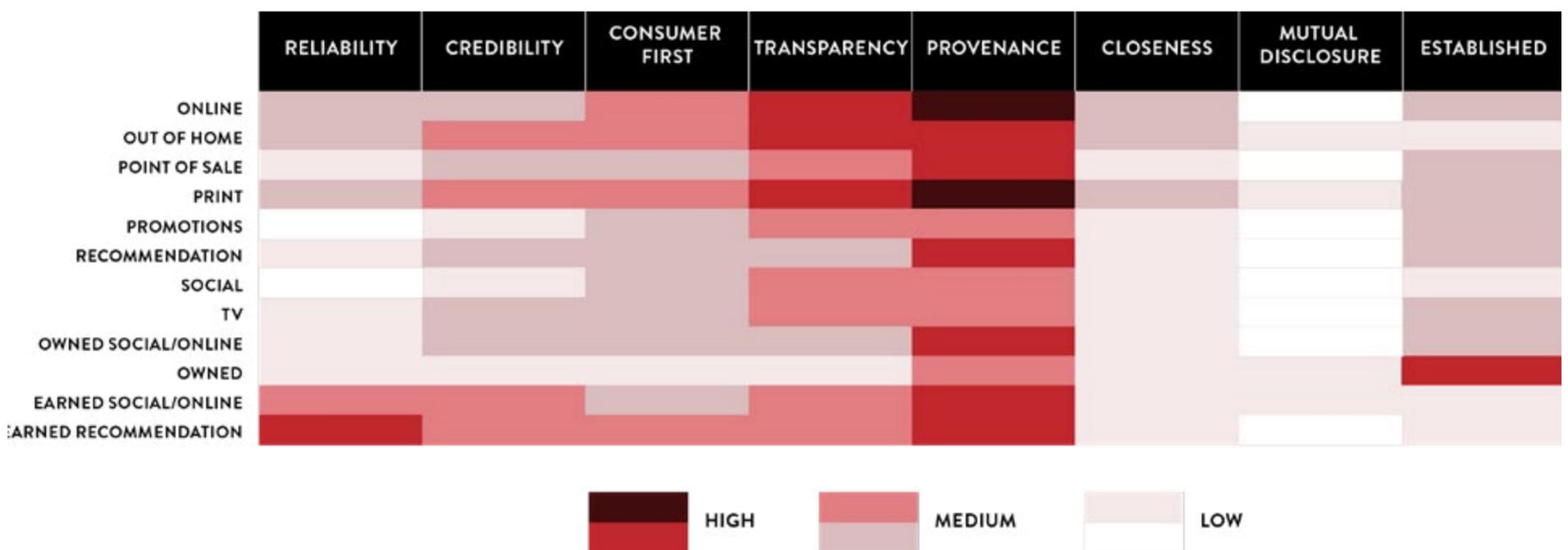
Different media channels help establish different trust drivers. The challenge is for brands to choose the right channel to match the market and audience they are trying to connect with. For example:

- To drive reliability, conversation and earned channels are the most effective media channels. Recommendations from friends and family is top across all markets, with online reviews and blog endorsements also featuring in the top ten.
- To build credibility, traditional paid channels such as TV, outdoor and sponsorship perform particularly well. In the transition to a digital economy, a mixed media approach is critical.

Figure 4 shows a heat map that summarises the effectiveness of key media channels in establishing different drivers of trust, based on our analysis of consumers in Germany.

Against a backdrop of falling trust in communications channels themselves, this insight brings a new string to the bow of media planners and can help engage consumers more effectively.

Figure 4: Effectiveness of media channels in establishing different drivers of trust in Germany



Building a trust advantage

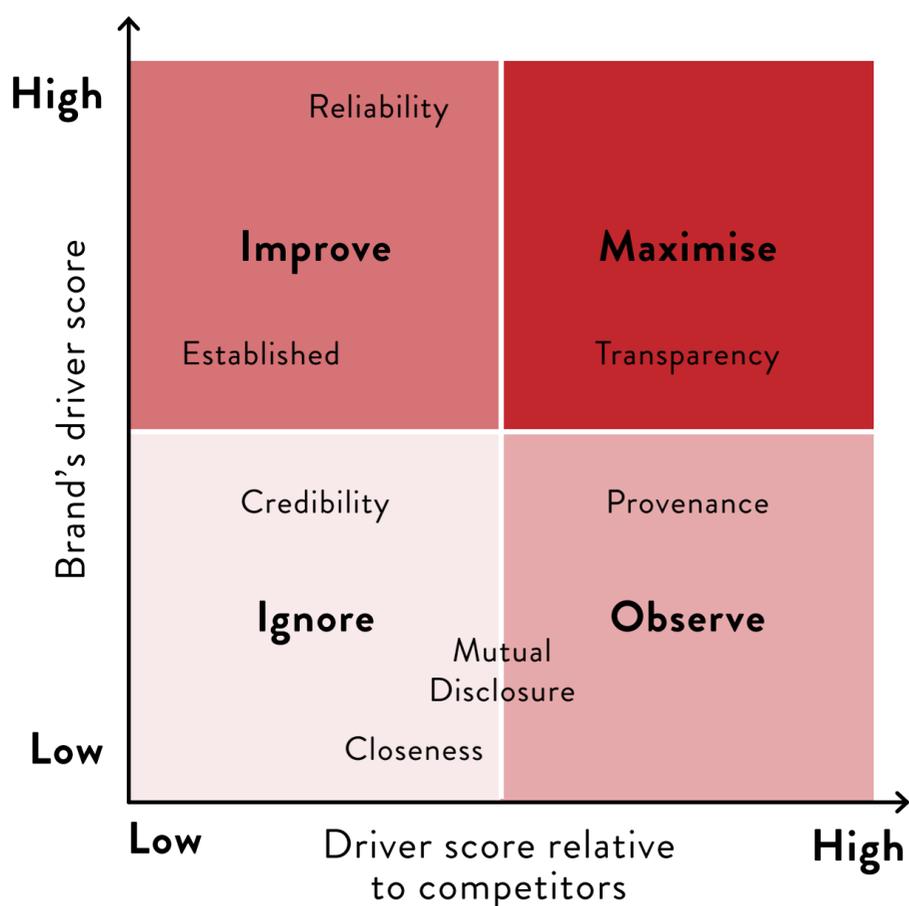
In a digital age, brands need to be smarter at choosing the right trust driver for the right audience and right channel. But they need to do this in the context of their competition. How can brands differentiate themselves through the way they build trust with their consumers? Five steps can set them on the path to competitive advantage.

1. Understand performance on current trust-building measures versus competitors

By measuring (e.g. through consumer surveys, focus groups and advanced analytics) the extent to which they are trusted in each dimension of our framework—and how this compares to the competitor set—brands can begin to identify where they should focus. This process of prioritisation will allow them to concentrate on those areas that potentially allow greatest differentiation while ensuring they address areas of weakness. Figure 5 below shows a hypothetical example for a financial services company. Given cultural differences in attitudes to trust, this exercise should be conducted on a market-by-market basis.

Figure 5: Brands should prioritise the trust drivers they focus on versus their competitors

A framework for prioritising action, based on an example from financial services.



Source: Dentsu Aegis Network analysis.

2. Fit channel mix to trust driver and audience

As our research demonstrates, capitalising on the insight of the trust framework requires brands to flex their approach depending on which driver is important to them, the audience in question and the channels they are using to reach them. As emerging technologies change the way brands interact with consumers—embracing voice activation, AI chatbots and even mixed reality, for example—it will be critical for brands to monitor carefully their impact on trust dynamics.

3. Integrate insights into core business decision-making

Given the transparency to which all brands are now exposed across all elements of their value chain, insight into trust-building cannot reside solely within the marketing and consumer-facing functions of a business. Given the potential impact of trust on a brand's stakeholder reputation and financial performance, trust insights should be shared regularly across product development, strategy, external relations and CSR functions.

4. Engage the outliers

Brands can learn as much from consumers who don't trust them as from those who do. Consumers with a high level of trust in a brand can provide an ideal testing ground for new products and services. And consumers who don't trust a brand can potentially yield insights into what a brand could be doing better. Gathering more diverse perspectives (e.g. through social listening or focus groups) can help brands stay ahead of the game.

5. Track business impact of trust

Consumer trust manifests itself across a number of business metrics: loyalty and retention, revenue and even share price. For consumer-facing companies (e.g. in the retail and fast-moving consumer goods sectors) in particular, being able to track consumer trust against other potential metrics can yield insight into the bottom-line impact of trust as well as the value to the business of an effective consumer engagement strategy.

A close-up photograph of a person's hands holding a smartphone. The person's left hand is at the bottom, holding the phone, while their right hand is positioned above the screen, with the index finger pointing towards it. The background is dark and filled with glowing, ethereal blue fiber optic cables that create a sense of digital connectivity and data flow. The entire scene is framed by a white border.

ABOUT THE RESEARCH

Methodology

This paper is based on an online survey of 6,400 consumers in China, Germany, the United Kingdom and United States conducted in 2017. It also draws on the lessons learned from client engagements undertaken by Carat executives, particularly in financial services and consumer goods, as well as interviews with subject-matter experts.

References

¹Edelman, Trust Barometer, 2017.

²Edelman, An Implosion of Trust, 2017.

³David Maister, Robert Galford and Charles Green, The Trusted Adviser, 2000.

⁴The Guardian, 2017.

⁵See www.glassdoor.com

⁶Parks Associates, Cybersecurity:

Turning Necessity into Business Opportunity, 2017.

⁷Ofgem, Switches up by nearly 30% as millions go 'energy shopping', 2017.

⁸New York Times press release, 2017.

Contacts

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About Dentsu Aegis Network's Digital Consumer Series

This paper is the first in a series of publications that will explore changing consumer dynamics in the digital economy. To learn more about this series or Dentsu Aegis Network's thought leadership more broadly, please contact tim.cooper@dentsuaegis.com.

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