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American Business Faces A Crisis of Trust

There has been a continuing erosion of trust across numerous business sectors in America according to the Golin/Harris Trust Survey.

Nearly 70 percent of survey respondents said, "I don't know whom to trust anymore," and said they will "hold business to a higher standard in their behavior and communications."

Recent economic events and the wave of scandals that have swept the business landscape have accelerated and underscored this erosion of trust, but the challenge goes deeper.

"An America that is cynical or skeptical about business generally is a serious problem – more serious than any specific business scandal," said Rich Jernstedt, CEO, Golin/Harris International. "Corporate misdeeds – or even perceptions of wrongdoing – cause direct and collateral damage to business as a whole, not only to specific industries. The erosion of trust indicated in the research is a call to action. And it must be heard loud and clear."

To better understand this decline of trust in American business, the Golin/Harris Trust Survey identified, compared and analyzed the degree and direction of trust across 26 different business sectors. The Trust Survey pinpoints which industries Americans trust the most and trust the least, and maps the extent to which trust in them has increased and decreased over the past year. Most importantly, the survey also identifies the key actions that businesses should take to become more trusted.

"The survey found that every business type and category has trust issues," Jernstedt said. "While the results of the survey are concerning, we see some very compelling opportunities for businesses to build and strengthen trust in their brands."

An industry's "trust score" is expressed as a single plus or minus number, the Golin/Harris Trust Index. A positive score indicates a strong trust profile, while a negative index number signals trust challenges that should be addressed. The highest possible Trust Index score is +100, and -100 is the lowest possible score.

Trust Index Results

How widespread is the crisis of trust? Fifty-four percent, or 14 business sectors, rated Trust Index scores of -25 or less, indicating significant trust problems. The average score was -20 for all companies studied, reflecting a general lack of trust among Americans towards business as a whole.

Five industries in particular ranked at the bottom of the Trust Index: Oil & Gas (-63), Insurance (-59), Brokerage/Wall Street (-58), Utilities (-52) and Airlines/Travel (-52). According to the survey participants, these industries are seen as distant or detached from their customers. Other factors that may contribute to a lack of trust include perceptions that these industries are plagued by questionable ethics in their business practices, are difficult or confusing to deal with, act primarily in self-interest, or simply disappoint stakeholders by making promises they fail to keep.

contrast, the most trusted business sectors set and meet people's expectations at every level, from perceived quality of a product or service to a customer's personal interaction with the company, the respondents say. These trusted companies successfully show they are committed to their customers, employees and communities in which they do business.

Five business sectors emerged in the Trust Survey with positive Trust Index scores: Groceries/Supermarkets (+40), Major Retail Chains (+36), Drug Stores (+9), Computer Hardware/Software (+8) and Health and Beauty (+8).

Key Factors Influencing Trust

Trust results from a combination of personal experience, perceptions of honest, ethical business practices, expert recommendations and the important--and sometimes hard to define--relationship people have with the company or brand.

Following 10 factors were identified by more than 70 percent of those surveyed as being "very influential" or somewhat influential in determining their level of trust:

- Personal experience with company's product/services
- How company handles a crisis
- Published review of company's product/service
- Recommendation from employee
- Company's brand/reputation
- Endorsement by expert in the field or financial community
- Recommendation from friend or relative
- Company's financial performance
- Article in newspaper or magazine
- News story on TV or radio

"Trust is an asset to be invested in conscientiously over time," said Jernstedt. "It is fostered through repeated positive experiences with a company or its products. People must believe – and see demonstrated every day – that the company is honest, forthright and committed to the customer and the community. Accountability and consistency are critical."

More significantly, trusted brands are made, not born.

"Every company can take positive, constructive action to build, repair, reinvigorate and reinforce trust," explained Ellen Ryan Mardiks, Worldwide Director of Marketing and Brand Strategy, Golin/Harris. "The bottom line of our research is that every challenge with trust reveals an opportunity to build stronger, richer relationships with customers, employees, partners, investors and the communities in which they do business."

When asked, "What are the most critical actions that companies you don't trust should do to earn your trust this year?" survey respondents cited 12 effective action steps:

- Be open and honest in business practices (94%)
- Communicate more clearly, effectively and straightforwardly (93%)
- Provide the best value in products and services (88%)
- Visibly demonstrate concern and consideration for employees (83%)
- Provide outstanding products and services regardless of price (72%)
- Do a better job understanding and addressing my needs (65%)
- Demonstrate and communicate industry leadership (65%)
- Change the way the company communicates financial activities (61%)
- Be innovative and different from the competition (56%)
- Make the CEO a spokesperson beyond reproach (50%)
- Make Board of Directors more hands-on and involved day-to-day (50%)
- Be involved with the community (50%)

“Building trust is a blend of behavior and communication,” said Mardiks. “These twelve actions are powerful indicators of leadership, commitment and connection to stakeholders. Every company should judge their performance against them. These actions and communications supporting them can and will build trust.”

The Role of the CEO

The role of the CEO as embodiment and ambassador of trust was especially apparent in the results of the Golin/Harris Trust Survey. We asked respondents to imagine they were having a conversation with the CEO of a company they trusted and respected. The CEO asks what his or her company can do to keep earning their trust.

Here are the five things mentioned most often in response:

- Assume personal responsibility and accountability (65%)
- Personally and visibly show care and concern for customers (60%)
- Stick to a code of business ethics no matter what (58%)
- Communicate openly and frequently with stakeholders (56%)
- Handle crises better, more openly and more directly (51%)

“Building trust must begin with the CEO,” Jernstedt pointed out. “The CEO can play a critical role in building and sustaining a company’s relationships with its stakeholders. But, it doesn’t end there. Building trust has to be everyone’s responsibility.”

One of the strongest underlying messages about the role of the CEO in fostering trust is that advertising and selling a good product or service is not enough to become a trusted brand. As the most authoritative spokesperson for the company, the CEO sets the tone, galvanizes the message and conveys the commitment for the brand. This means the CEO must extend his or her personal leadership to the company’s public relations activities, and the public relations program must focus on the strategies and tactics that build trust.

About the Golin/Harris Trust Survey

The Golin/Harris Trust Survey was conducted in February 2002. More than 700 Americans were randomly sampled and surveyed in the national study, yielding a confidence factor of 95 to 96 percent. The survey was conducted by NFO WorldGroup, one of the world’s leading providers of research-based marketing information and counsel. As “marketing minds specializing in research TM, NFO has facilitated Fortune 500 clients’ business decisions for more than 50 years by providing in-depth knowledge and understanding of consumers and brands through research.

Industries put under the microscope in the Golin/Harris Trust Survey ranged from major retail chains, grocery and supermarkets, health and beauty, quick serve restaurants and food product companies, through Internet computer and electronics, financial services, health and hospitals, automotive, chemical and pharmaceuticals business sectors.

Golin/Harris International is a strategic communications firm with a strong marketing heritage and consumer focus, with world-class expertise in corporate/employee communications, public affairs, technology and financial relations. The firm’s mission is to help clients build their brands and their businesses by creating and managing strong, trust-based relationships with their key constituencies. This philosophy is based on founder Al Golin’s belief that people want to do business with companies they know and trust. For more than 40 years, the firm has specialized in long-term partnerships with some of the best known and most trusted brand names and companies in the world.

For more detailed information, or if you have any questions about the Golin/Harris Trust Survey, please contact Ellen Ryan Mardiks via e-mail at emardiks@golinharris.com or by telephone at 312/729-4000.

