Drive Revenue and Customer Satisfaction by Building Trust

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Initiatives: CRM Strategy and Customer Experience

Being trustworthy is a powerful way for organizations to ensure sustainable levels of customer satisfaction, loyalty and advocacy. Application leaders must use technology to gain customer confidence as a means of nurturing and maintaining brand trust.

Overview

Key Challenges

- It is easier for organizations to build customers’ confidence in them than it is to build trust. Confidence is built at the transaction level and, while not a guarantee, it can lead to brand trust.

- Trust is more difficult to achieve than confidence and is easier to lose.

- While confidence and trust are both key factors in driving revenue and profitability, they are not equal. Trust, when compared to confidence, produces outsized results.

- How technology is managed and utilized is a key and often overlooked component in gaining customers’ trust. Many organizations fail to see it as an “agent” of the organization.

Recommendations

For application leaders responsible for customer experience:

- Be an advocate for brand trust by explaining how it drives revenue and reduces operational costs.

- Become a more trustworthy organization by using Gartner’s framework for building organizational trustworthiness.

- Increase customer confidence, and potentially gain trust, by building competency.

- Increase customer trust by incorporating the nine characteristics of trustworthy organizations into strategic and technology roadmaps.

Strategic Planning Assumptions
By 2023, organizations that implement a formal digital trust policy will generate 30% more profit than those that do not.

Through 2023, organizations that can instill digital trust will be able to participate in 50% more ecosystems to expand revenue generation opportunities.

Through 2022, customer trust will replace customer experience (CX) as the foremost strategic term for positioning and messaging of differentiated services.

**Introduction**

Trust declined across the board for American consumers between 2016 and 2018, generally by double-digit percentage-point drops. It dropped more significantly for big and/or remote institutions. Next to the government, “Corporate America” (U.S./multinational) entities were the least trusted with only 27% of U.S. consumers trusting them. Big brands fared somewhat better with 53% of U.S. consumers trusting them. Entities that enjoyed a high degree of trust in 2016 retained more consumer trust than those entities in which trust was already low. Millennials and multicultural consumers demonstrate even more trust loss than U.S. consumers (see Figure 1). Furthermore, compared to five years ago, B2B and B2C customers have higher expectations for how brands treat their customers, and they believe they are more likely to hear about it when a brand does something untrustworthy or unethical (see Gartner’s [2019 Brand Survey](#)).

**Figure 1: The State of Consumer Trust**
While overall trust drops, organizations continue to expand the breadth of their reach — especially with customer-facing technologies acting as agents of the organization — adding another trust component. Not only is an organization’s trustworthiness measured by its people, it is also measured by its processes and the technologies it deploys. All agents can help or hinder the building of customer confidence and trust, and negate millions of investments in people, process and technology. As the number of agents multiplies, both confidence and trustworthiness become more complicated to instill because it is dependent on the combined strength of the organization’s representatives — be they humans or technologies.

In essence, a customer’s “trust” in an organization goes beyond the expectation that all company interactions related to the selling of its products and services are consistent and transparent (in other words, confidence). Trust stems from the essence of the organization and is demonstrated by the trustworthy attributes of its leadership and agents. Customers are more willing to engage with organizations that they trust (or that are trusted by friends and family) than brands they do not know or do not trust. By being trustworthy, especially in a digital world, organizations can improve their business outcomes.
The two words, “confidence” and “trust,” are used interchangeably and share some commonality, but they are not the same. In her short theoretical paper, Barbara D Adams distinguishes the concept of trust from the concept of confidence. A confidence judgment typically has a very specific reference and is influenced by base rates and prior probabilities. A trust judgment has a broader scope and is characterized by a specific lack of information, and by the need to take a “leap of faith” from what is known to what is unknown. Moreover, unlike confidence judgements (which can occur in many situations), trust is only an issue in the presence of risk, uncertainty, vulnerability and the need for interdependency with another person. Without these situational antecedents, trust is not likely to come into play. In short, it is important to make a distinction between the concepts of trust and confidence.

Confidence is based on repeated and consistent actions. It is built when there is little or no risk and can be used to gain trust. For example, a customer may be willing to use the products of an organization without trusting the organization or have confidence in the organization’s ability to handle a low-value transaction without trusting the brand.

Trust, on the other hand, is to believe that someone is good and honest and will not harm you, or that something is safe and reliable according to the Cambridge Dictionary. It is required when risk is increased. For example, a customer is more willing to try a new product or an expensive product from an organization that is trusted versus one that is not.

Analysis

Be an Advocate for Brand Trust

Of the most trusted 100 brands, the vast majority were founded at least 50 years ago and just two were founded after 2000 (see Morning Consult’s The State of Consumer Trust, 2020). Building trust is accompanied by revenue gains whereas a loss in trust can bring bad press, lost revenue and fines — depending on the nature of the incident that led to reduced trust.

By earning the trust of their customers, companies create financial value in their brands:

- Eighty-nine percent of customers indicate they’d take action to disengage from a brand that breaches their trust. In the absence of trust, 81% of customers refuse to do business with a brand they don’t trust.

- When brands build trust, consumers reward them when compared to brands they do not fully trust. When the brand is trusted, consumers are more likely to buy first from them (+28 points), stay loyal (+33), become an advocate (+27) and defend them (+21) (see Edelman 2019 Trust Barometer Special Report).

- According to Gartner survey results, trust is 2.5 times more important to a positive customer experience (CX) in (B2B) buying than the next three factors identified: an understanding of the customer’s situation, product expertise and a commitment to customer value realization (see “Earn Trust to Drive a Positive Buying Experience and Win High-Quality Deals”).
For a number of years, Gartner has surveyed individuals who are involved in technology buying efforts for their organizations. The theme across all of these surveys is consistent and clear: Buyers crave information they believe they can trust, and they use personal interactions to get a more complete perspective. While trust is often intangible, recent studies showed that, when buyers feel their chosen vendor is highly trustworthy, a high-quality deal is 1.9 times more likely to occur (see “Earn Trust to Drive a Positive Buying Experience and Win High-Quality Deals”).

Thirty-five percent of customers ranked “trust in brand” as their top three reasons to shop at a particular retailer according to PwC’s “Global Consumer Insights Survey 2019”.

A paper published by the U.K. Office for National Statistics shows that the cost to transact goes down as trust goes up.

According to a 2002 Watson Wyatt study, trust also increases value both to shareholders and customers. Researchers found that high-trust organizations outperformed low-trust organizations in total return to shareholders by 286%.

Breaches in trust often have financial consequences and reduces trust (and confidence) which is difficult to earn back:

- **Culture:** From a report in USA Today: “Wells Fargo has agreed to pay $3 billion to settle claims related to its creation of millions of fake accounts to meet sales goals, including $500 million that will be returned to investors, the Securities and Exchange Commission said. ‘The conduct at the core of today’s settlements — and the past culture that gave rise to it — are reprehensible and wholly inconsistent with the values on which Wells Fargo is built,’ company CEO Charlie Scharf said in a statement.”

- **Employees:** From a report in Computer Weekly: In a data leak class action in the U.K., the High Court ruled Morrisons supermarket liable for a data breach by a former employee, who posted the personal data of thousands of workers online in 2014. The posting included bank, salary and national insurance details of almost 100,000 members of staff.

- **Administration:** Aetna was fined $1.15 million for leaking the HIV-positive status of 2,460 New York residents in a mailing, as it used envelopes with large transparent windows through which personal details were visible (see “Aetna Is Fined by New York for Leaking Members’ HIV Status,” Reuters and “Aetna Sues Claims Administrator KCC Over Botched Notice in HIV Case,” Reuters.)

- **Data usage:** Facebook was fined $5 billion by the FTC as part of a settlement and also agreed to limit the power of the CEO. This was a record-breaking fine and the largest ever imposed on a company for violating consumer’s privacy rights. The fine was prompted by the 2018 Cambridge Analytica scandal. In a separate agreement with the Securities and Exchange Commission, Facebook agreed to pay $100 million to settle data misuse charges. Ponemon Institute reported that Trust in Facebook dropped 66% as a result of the 2016 Cambridge Analytica scandal.
Use Gartner’s Framework for Building Organizational Trustworthiness

For organizations to deliver on customer expectations, the organization must be perceived as trustworthy.

Gartner has identified a framework for building organizational trustworthiness (see Figure 2, which illustrates Gartner's framework for organizational trustworthiness). It identifies the organization's agents in which confidence must be built to nurture trust and the most important characteristics that the organization and its agents must embrace and exemplify in order for the organization to be perceived as trustworthy by its customers.

*Figure 2: Gartner Framework for Organizational Trustworthiness*

At the core of trust are the values of the organization's leadership and its culture, which must permeate through the organization's interactions with the world through its “agents” (its employees, partners and suppliers, its products and services, its processes, and its technologies). All of these
agents must be competent and consistent in their customer interactions to build confidence. Agents must demonstrate the trust characteristics in their dealings with the world to gain trust.

Build Competency to Increase Customer Confidence

Confidence in something is typically based on prior experiences and expectations that a company will consistently deliver the same experiences. A vote of confidence, however, is not a vote of trustworthiness.

Examples of core competency driving confidence include:

- Customers may not trust their banks, but they have confidence that their bank will accurately process their transactions and that their money is reasonably safe and secure due to statutory banking regulations.

- Customers may not trust an organization with which they are doing business, but their confidence level is raised because the contract executed with the organization protects their interests. Contracts often dictate the terms and conditions of the trust.

- Customers may not trust a retailer, but they are confident that the retailer will deliver the goods ordered — both expeditiously and efficiently with the specifications and features advertised or they can easily return any items for a refund. Transactions often have an implied warranty.

Confidence is based on getting repeated results from carrying out a specific action. Trust, on the other hand, is more an emotional feeling. For example, family members are generally trusted until they repeatedly violate that trust, and in some cases, they may continue to be “trusted,” even when there is no confidence that they will follow through on promises or other expectations.

Use Customer Trust to Increase Revenue and Expand Customer Relationships

In thinking about confidence and trust, there is a correlation to both cost and risk as perceived by the customer. The greater the cost and/or the greater the customer’s perceived risk, the more trustworthiness matters. Trust also encourages longevity in customer relationships through repeat purchases and purchases of more expensive items with extended lives (see Figure 3).

Figure 3: Relationship of Confidence to Trust
While confidence is a powerful tool for increasing the number of transactions (in other words, more of the same), trust is required to increase the value of the transactions. Transaction value may be determined by the cost of the item being sold, the length of the required relationship (based on the lifetime of the solution being sold) or the perceived danger associated with using the solution. The level of trust necessary depends on the nature of what is being sold.

For example:

- Repeat purchases of a low-value item require confidence as opposed to trust.
- Purchases of high-value items, like cars or critical equipment for manufacturing (due to their cost) require greater trust.
- Purchases of high-risk items like hang gliders, medical equipment or airplanes (due to potential injury or death) require greater trust.
- Purchases of items with supposed long life spans like houses, kitchen and restaurant equipment, require greater trust.

Building an organizational mindset that values customer trust requires expanding beyond traditional trust approaches that are typically exemplified by transactions and contracts. Organizations must consider and utilize new, collaborative approaches that extend beyond...
traditional organizational disciplines and borders, to business and ecosystem partners — especially if they want their customers to trust them with their data, which is a prerequisite for personalization (see “Use Privacy to Build Trust and Personalize Customer Experiences”).

For example, most retailers have been struggling with delivering a seamless execution of cross-channel purchase processes for customers, largely due to political issues inside the organization that prevent appropriate investments in technology and integration. Likewise, many industries struggle with identity and access management because they view customer authentication separately from fraud detection and look at each channel uniquely. Both issues can be viewed by customers as incompetency. The new mindset starts at the top and permeates the entire organization and ecosystem with the requirements for trustworthiness.

Increase Customer Trust by Adopting and Demonstrating the Characteristics of Trustworthy Organizations

Unless trustworthiness exists at the core of an organization, it is difficult for the organization to be perceived as trustworthy. For example, while adding an oversight group or office for ethical use of technology may reinforce trust when the brand is already trusted (or even expected of trusted brands), it will not instill trust for an untrusted brand. Once a brand is considered untrustworthy, it is difficult for the brand to build or regain trust.

Figure 4: Nine Characteristics of a Trusted Organization

Nine Characteristics of a Trusted Organization

- Honest and Truthful
- Communication
- Competent
- Transparent
- Customer-Centric
- Financially Viable
- Socially Responsible
- Innovative
- Safety and Privacy Conscious

Source: Gartner
For organizations to be trusted, and appear trustworthy to their customers, they should embrace and exemplify the nine characteristics shared by trusted organizations, as seen in Figure 4:

1. **Honest and truthful**: Leaders foster credibility in their relationships with employees and customers/constituents through ethical and transparent behavior, coupled with a customer-centric view. Not only is this behavior continually and consistently exhibited by the best leaders, it is also stressed as a requirement for all employees to include contractors and other temporary staff — with no exceptions. Organizations without trustworthy leaders will find it difficult to demonstrate trust throughout the organization.

2. **Communicative**: Leaders’ communication with employees is clear, direct, consistent and frequent, and used to build relationships. Employees’ communication with external constituents is of the same caliber. The frequency of communication, however, should be based on constituent type (partner, supplier, customer), topic (advertising versus order delivery), culture, geography, constituent interest, especially in the case of customers, for receiving communications.

3. **Competent**: Proficiency and expertise must be demonstrated in all products and services. Likewise, proficiency and expertise must be exhibited by agents in the organization’s ecosystem to include all employees, partners, suppliers, processes and technologies. Are people reliable, predictable? Do they always follow through to reach resolution and confirm with customers? Are processes effective and efficient? Is the technology intuitive and does it work as expected?

4. **Transparent**: Transparency breeds trust — both internally and externally. Seeing is indeed believing (and understanding). Customers must understand not only the products and services offered, but the value associated with differing price points.

5. **Customer-centric**: Organizations that truly understand their customers have a greater probability of being perceived as trustworthy. They not only demonstrate value through customer interactions but are responsive to customer concerns — especially in times of crisis. For example, Johnson & Johnson’s response to the poisoning of its Tylenol product in 1982 became a model for crisis management. By focusing on the customer (versus a primary focus on themselves), some organizations are demonstrating a shift in their digital commerce interactions from inward thinking to outward thinking. For example, rather than returning results of overstock or high margin items to a customer’s search requests, sellers are actually returning results that best match the customer’s interest. Likewise, they are streamlining archaic processes that impact customer experience. Being customer-centric includes seeing the organization from the customer’s perspectives, which results in solution-oriented approaches to customer engagement. It also helps employees listen to customers and improves the likelihood that customer problems will be solved.

6. **Financially viable**: Research shows that companies that perform well are generally considered to be more trustworthy. Being financially viable requires a results-oriented mentality. This type of mentality improves not only an organization’s operations and financial outcomes, but also its
customer experiences — both of which increase customer trust. Results-oriented organizations solve customer problems because it is in the best interest of both the organization and the customer. When the organization is not results-driven, employees fail to listen to customers, often leading to perceptions of organizational incompetence, and customer frustration and distrust.

7. **Socially responsible:** Being socially responsible demonstrates compassion or care for something other than profitability. This makes the organization seem more human, which means that it is perceived as more trustworthy. Humans relate best to other humans or agents that appear more humanlike — thus increasing trust.

8. **Innovative:** Being innovative increases customer trust — especially when the innovation delivers new products, services and solutions of value to customers. This is especially true in digital services, like software, e-commerce, ecosystem platforms, social networks and apps, for example. Some traditional physical (“analog”) products, however, like wooden toys or puzzles, or even games like Monopoly or Backgammon, might not require extensive refreshes. Innovation also suggests creativity, inventiveness and perhaps even ingenuity in processes, all of which are positive attributes for an organization focused on solving customer problems.

9. **Safety and privacy conscious:** Providing a safe environment for customers and their data promotes trust. Data breaches and privacy violations drive mistrust. One of the best ways to exhibit digital safety and privacy consciousness is to make privacy policies transparent and visible to both existing and future customers. If done well, this could be a both a marketing point and a competitive advantage over other providers. Privacy starts with great cybersecurity, but it is more about the ethical and permissioned use of personal data. Privacy = security + ethics. This is especially important in a digital world where personal info is stored and used. Organizations handling large troves of personal data should have ethics committees that report to the board of directors. This will inspire more confidence in the organization. While cybersecurity and ethics are likely the primary concerns of consumers and business customers, business continuity and resilience (for services and products, for example) could also inspire more confidence in a company’s ability to deliver on its promises.

**Conclusion**

Organizations should first inspire customer confidence in their ability to continuously execute on their basic value proposition through all agents. Any organization is only as good as its weakest link. Customers who have confidence in their suppliers’ ability to deliver on their value proposition are more likely to be satisfied with their relationship and may be more open to trust the organization and its agents. Trust is earned over time. It comes by seamlessly delivering quality products and services that have been appropriately priced by an organization that values its customers and looks out for their interests. It relies on a company being both customer-centric and remaining conscious of customer safety and privacy. Trust can only be gained when the organization thinks beyond its corporate profits — while maintaining financial viability and being
socially responsible. Trust can be maintained by using privacy policies to improve customer experience and creating a group to oversee the ethical use of technology.

Evidence
The Gartner framework for building organizational trustworthiness is based on the review and synthesis of many sources of research regarding how customers perceive trust and what they believe to be characteristics of trustworthy organizations (see Note 1).

The research was further discussed and vetted by Gartner analysts who distilled the original research into eight characteristics and identified the agents (or customer touchpoints) at which it must be exemplified. This latest update incorporates additional research and the inclusion of a ninth characteristic (see Note 2).

1 The points represent the gap or percentage who will engage in each behavior on behalf of a brand based on whether customers “do not fully trust” or “have trusted for a long time.” In other words, consumers are twice as likely to buy first from, stay loyal to or advocate a brand in which they have trusted for a long time. To a slightly lesser degree, they are more likely to defend the brand as well.

Note 1: Original Research
Basis for the Original Eight Characteristics of Trustworthy Organizations
Gartner research found these common customer beliefs regarding trustworthy organizations:

- Products and services are priced commensurate with value to earn a reasonable profit.
- Competency and transparency are core values, which are continually exemplified in all customer interactions.
- Organizations are committed to solving customer problems and will follow up as necessary.
- Employees and partners treat customers consistently and respectfully, are empathetic to customer needs, and value the customer’s relationship with the organization.
- Social responsibility is a core value and the organization demonstrates that it is not exclusively focused on making money but is also interested in improving the world.
- Innovation is pursued and deemed critical to deliver more value to customers.

Additional resources:


“Trust in Transactions: an Economist’s Perspective,” Kellogg
“The Economic Value of Trust,” RealTime Performance


“What Erodes Trust in Digital Brands?” Neustar

“Customer 2020: Are You Future-Ready or Reliving the Past?” Accenture


“40+ of the Most Trusted Brands In America,” Reader’s Digest
“These Are the Brands Americans Trust the Most,” Fortune

“The Most Trustworthy E-Commerce Sites,” RIS

“10 E-Commerce Sites Engendering Trust,” Medium

“The Decision to Trust,” Harvard Business Review

“Consumers Prefer ‘Honest’ Brands — And Are Willing to Pay Extra for Them,” NBC News Digital

“Why Trust Matters So Much in Business,” Fortune

“The Strategic Importance of Trust in Business, According to Your Strategic Thinking Business Coach,” Evan Carmichael.

“The Importance of Trust in Business [Infographic],” Ciceron

“The Strategic Importance of Trust in Business,” Lehigh Valley Business

“The Importance of Building Trust,” HuffPost

“The Importance of Building Trust in Your Business,” Glassdoor

“Building Trust in Business Partnerships,” Queen’s University Industrial Relations Centre (IRC)

“Business Leaders, the Public Wants to Trust You. Now’s Your Chance,” Fortune

“The Business Case for Trust,” FranklinCovey

“The Role of Trust in Sustainable Business,” TriplePundit (3p)

“47% of Shoppers Frustrated With Brand Inconsistencies,” FierceRetail

“Why Global Brand Consistency Impacts Revenue,” Mimeo

“How the Best Leaders Build Trust,” LeadershipNow

“To Increase Revenue Stop Selling,” Forbes

“Lies and the Declining Trust in Brands,” Branding Strategy Insider

**Note 2: Additional Research**

Basis for the Update to the Eight Characteristics of Trustworthy Organizations Which Also Led to Adding a Ninth Characteristic

Safety and privacy consciousness was added to Gartner’s list of characteristics for trustworthy organizations. The consistency of data breaches and negative headlines showcasing corporate carelessness with consumer information have brought a heightened pitch to consumer concerns
demonstrated by the decline of consumer trust in “big brands” and “Corporate America” and the prevalence of negative headlines in popular culture regarding privacy. Over the last three years, consumers have seen breaches at major brands, including Equifax, the U.S. Postal Service and Facebook, to name just a few. These breaches reinforce consumers’ views that brands fail to protect their sensitive customer data — giving customers even more reason to be untrusting of any company asking for personal information (see “Marketing to Privacy Focused Consumers in the Era of Personal Data”).

2019 Gartner End-User Buying Behavior Survey

Results presented are based on the 2019 Gartner End-User Buying Behavior Survey conducted to further understand the buying process for enterprise technology. The research was conducted online from February to April 2019 among respondents located in the U.S., Canada, the U.K. and Germany. Respondents in organizations with more than 100 employees and $50 million in revenue were surveyed. The 1,464 respondents were involved in large-scale technology purchases in one of the following seven categories: application software (on-premises or cloud), infrastructure software (on-premises or cloud), data center hardware, security (hardware, software or services), IT outsourcing/managed services, professional services (related to technology strategy or implementation), or communications services. Respondents were asked about the purchase process, including general awareness generation and what factors impact purchase decisions.

Additional Resources:

“2018 in Review: Analyzing Billions of Online Posts with Social Listening,” Infegy

“Who Are the World’s Most Trusted Brands and Why? (Updated for 2020),” Infegy

“Least Trusted Brands 2018,” PCMag

“Best and Worst Reputation (2020),” USA Today

“Mention Me (Customer Advocacy Research Report 2020),” Mention Me

“2019 Edelman Trust Barometer Special Report in Brands We Trust”

“2020 Edelman Special Report: Brand Trust and the Coronavirus Pandemic”

“Australia’s Most Trusted Brands,” Daily Mail

“APAC Most Trusted Brands,” Reader’s Digest

“Most Trusted Brands of India,” Marketing Mind

“New Zealand’s Most Trusted Brands,” Reader’s Digest

“Lessons From Canada’s Most Trusted Brands,” Strategy Online
“The State of Consumer Trust,” Morning Consult

“The 3 Components of Trust in Buyer-Seller Relationships: A Marketer’s Perspective,” The Trust Project at Northwestern University

“Ranked: The Most Valuable Brands in the World,” Visual Capitalist

Recommended by the Authors

Building Stakeholder Confidence and Interpersonal Trust for CIOs
Use Privacy to Build Trust and Personalize Customer Experiences
Trust Drives the B2B Technology Customer Life Cycle
Addressing the Crisis of Trust
Market Trends: Evolving From Customer Experience to Customer Trust, CM BPO Through 2022
Earn Trust to Drive a Positive Buying Experience and Win High-Quality Deals
Don’t Treat Your Customer Like a Criminal
How Your Response to COVID-19 Can Help You Build Customer Trust

Recommended For You

The Eight Building Blocks of CRM: Customer Experience
Digital Business Requires Organizations to Focus on Customer Centricity
The Eight Building Blocks of CRM: Overview
The Eight Building Blocks of CRM: Strategy
CRM Strategy and Customer Experience Primer for 2020