



# The nature of trust

## How it is built and its implications

13<sup>th</sup> January 2017  
Instituto Superior Técnico

The voice for brands



# Background

- Prompted by ...
  - AIM's strategic vision "*Sustainable growth through trusted brands*"
  - Policy interest in brands, innovation and growth
  - The competitive dimension with private label
- Commissioned by AIM and national brands associations
- A three-phase approach
  - Desk research | original consumer research | economic analysis



**IHD**  
Institute of International Trade  
and Cross-border Management  
At the University of Applied  
Sciences Worms



## 'Brand & Consumer Trust Study'

### Desk Research Phase "The Nature of Trust"

FOR EUROPEAN BRAND ASSOCIATIONS

*Study conducted by*

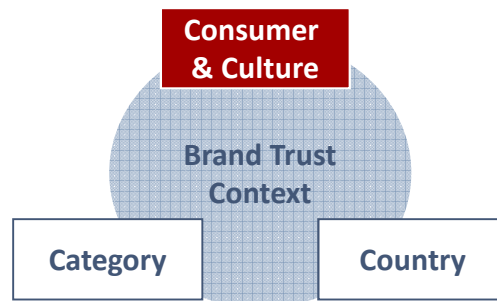


**IHD**

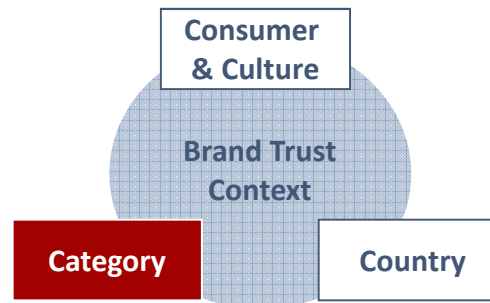
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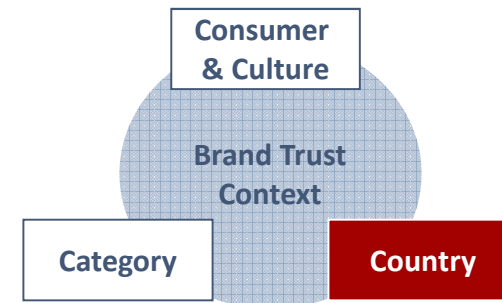
## Brands and consumer trust is highly context dependent



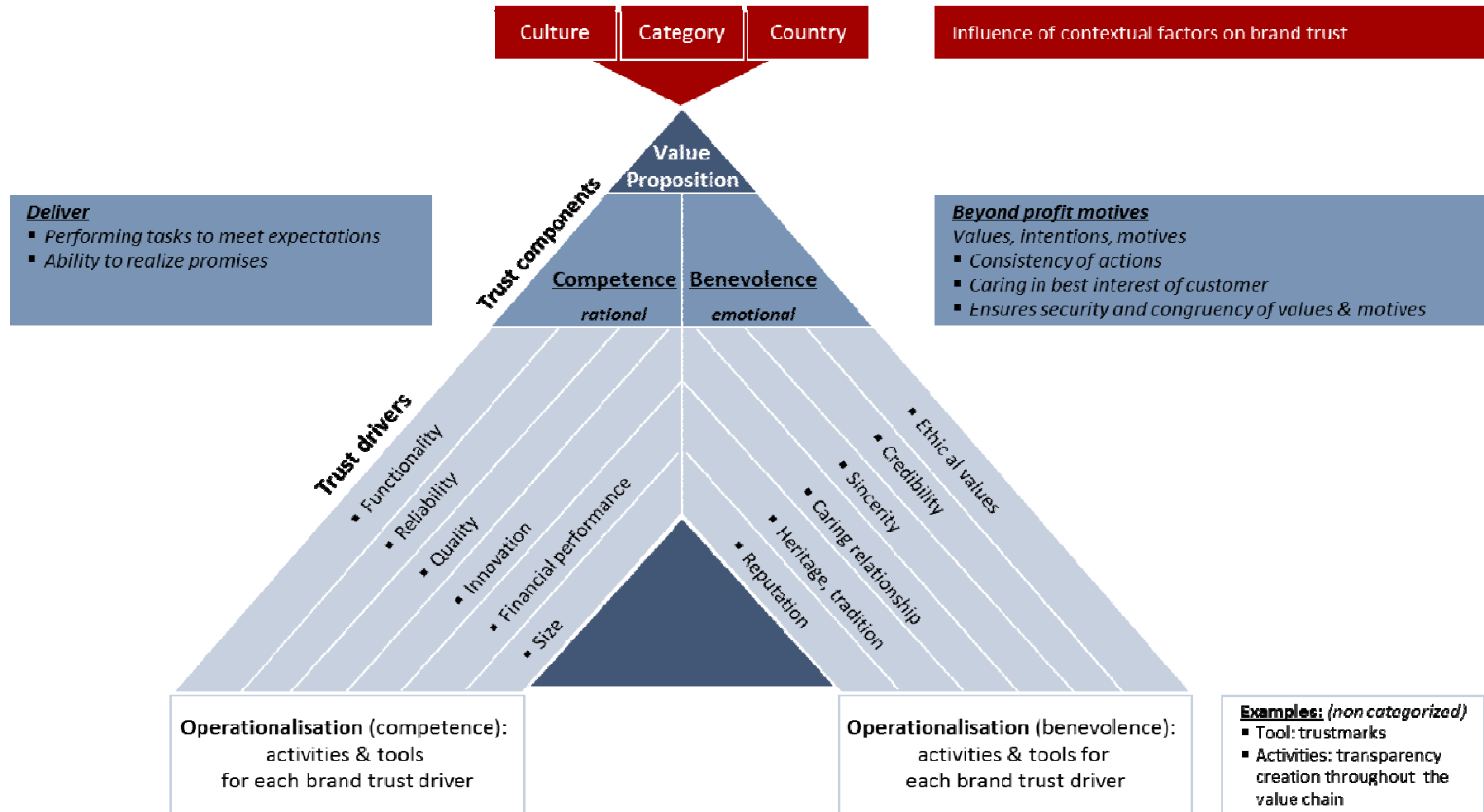
- The role of trust depends on **perception of risk and uncertainty**
- Consumers differ by their **trust propensity** influenced by
  - **cultural norms** and
  - **past experiences**



- Importance differs by category
- Category characteristics influence building and restoring brand trust, eg.
  - category **experience**
  - category **innovation**
  - category **involvement**
  - level of **competition**



- Development and stability of a countries' economy



## TRUST is EXPECTED and a REQUIRED and cannot be developed in isolation

- **Consumers wish to be respected and treated as “people”** rather than as a target for the extraction of value or gain – is it time to change terminology?
- **PEOPLE as a collective have unprecedented power** to evaluate the competence and benevolence associated with a Brand and its owner.
- The definition of trust has not changed but influencing factors, **speed of building trust, destroying trust and building mistrust** have materially changed.
- The ability for people to inform themselves means that **consumers (people) can be, want to be and need to be a part of brand trust building**. An increasing number seek to be respected advocates

## BRAND TRUST STRATEGIES are key for companies

- Trust building and protecting requires adjusted focus to measures sensitive to **country, culture and category involvement**
- **Benevolence trust drivers increase brand equity** which in turn drives brand and company value.
- People have increased expectations of Government to protect them but have low and declining trust so are turning **to NGO's to substantiate brand trust**
- **The absence of any transactional trust cannot be overcome by any initiatives**



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TRUST ME...

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THE ROLE OF CONSUMER TRUST FOR BRAND GROWTH

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KANTAR WORLD PANEL





Does trust matter?

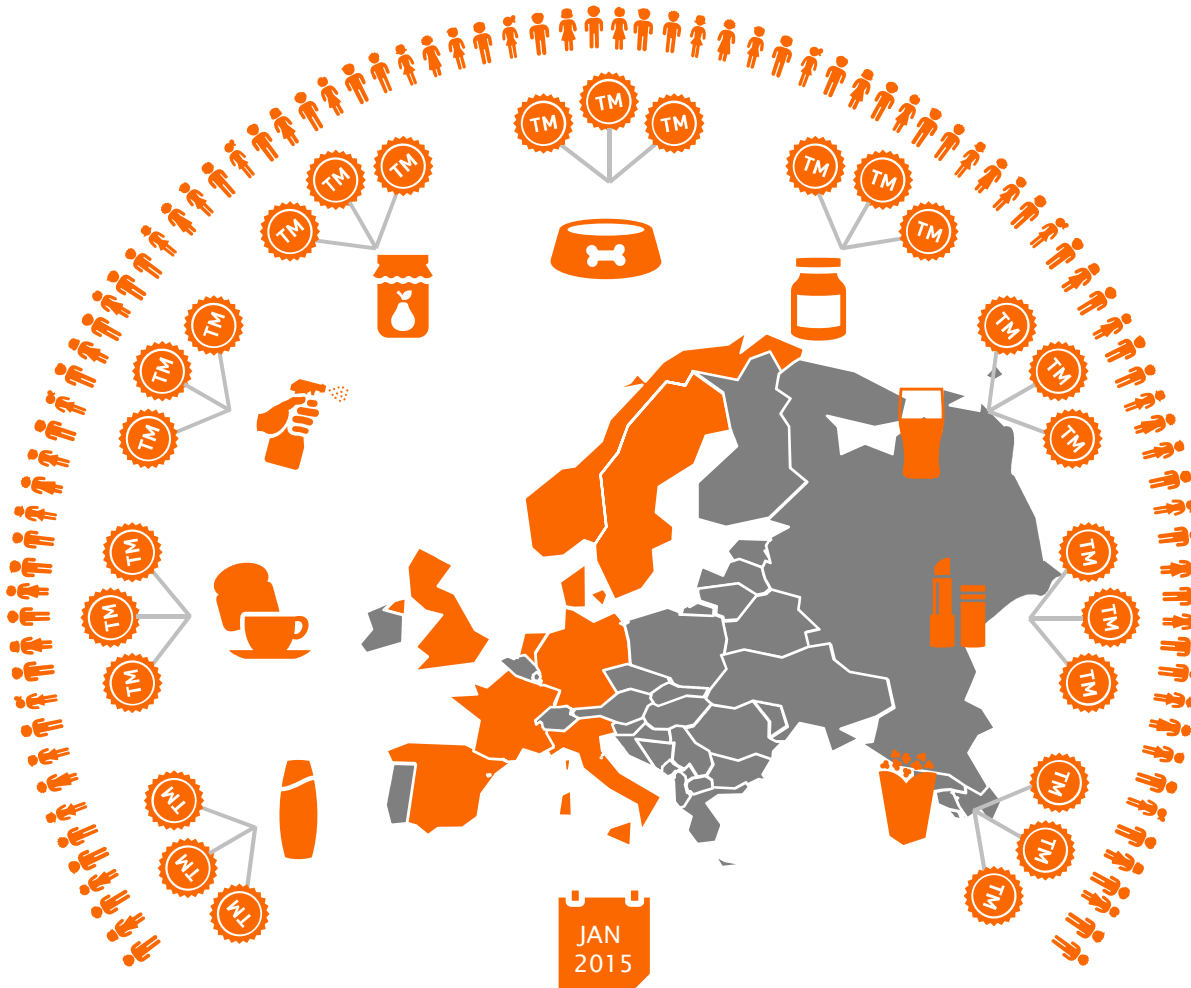


Who do consumers trust most?



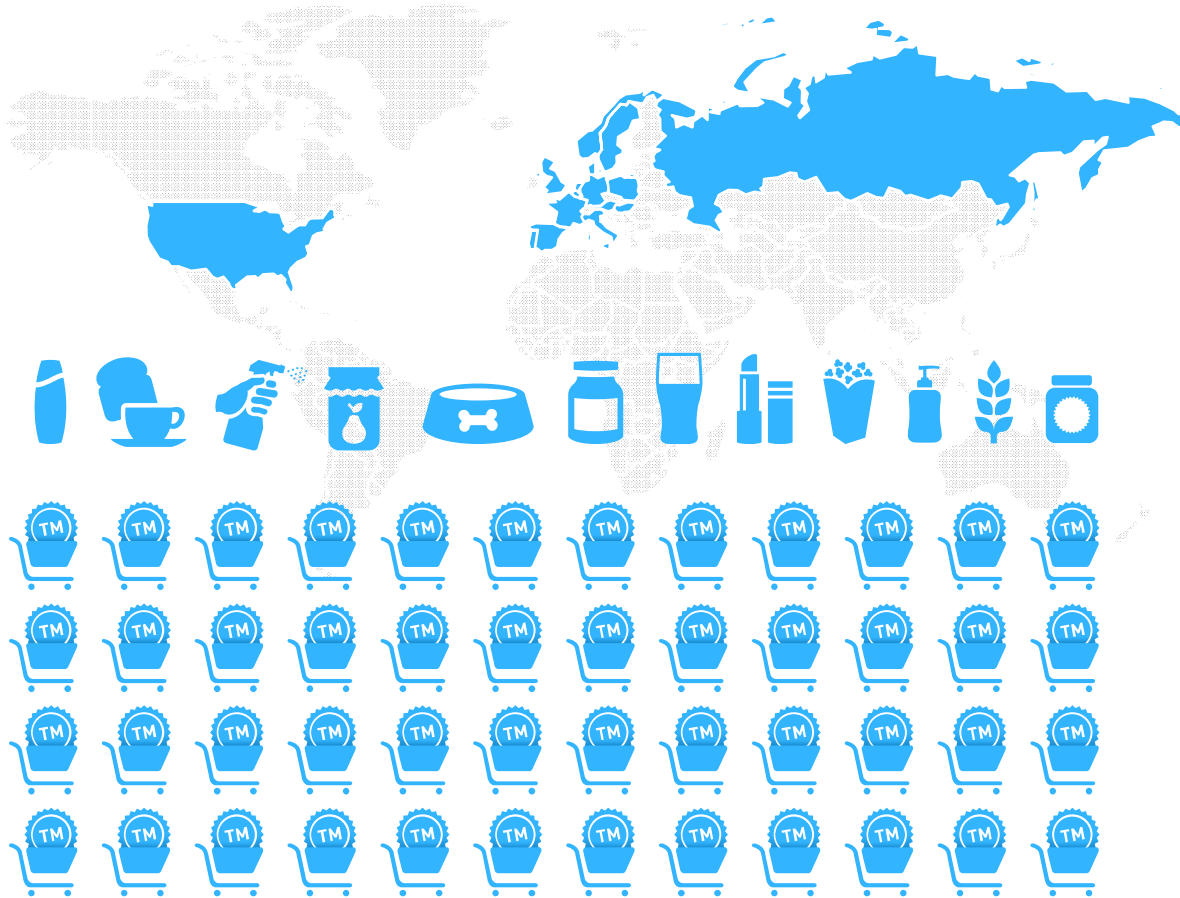
How can you build trust?

# EXPLORATION OF CONSUMER ATTITUDES TO BRANDS...



- ▷ 9 COUNTRIES
- ▷ 30 CATEGORIES
- ▷ 757 BRANDS  
\*TOP 3 BY VOL. SHARE
- ▷ 13,900 CONSUMERS
- ▷ JAN 2015

# .... AND LINKING TO THEIR ACTUAL PURCHASING BEHAVIOUR

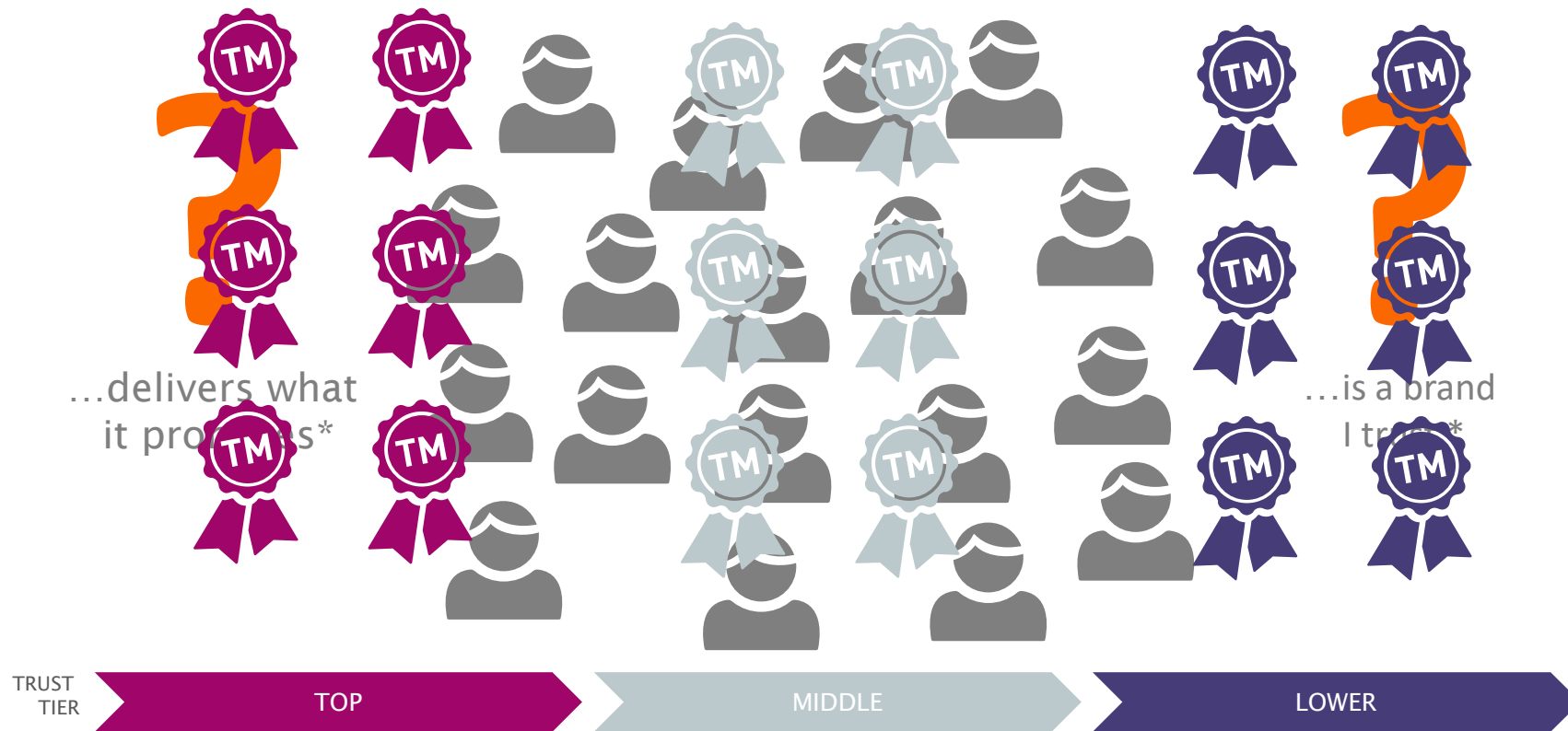


- ▷ 16 COUNTRIES
- ▷ 79 CATEGORIES
- ▷ >10 000 BRANDS
- ▷ 4 YEARS



# WE ASKED CONSUMERS THE EXTENT TO WHICH EACH BRAND ...

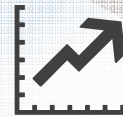
Then segmented brands into 3 groups according to their trust score\*\*



# DOES TRUST MATTER?



Attracting buyers and building trust – a virtuous circle



Grow faster



Fosters advocacy



Engenders higher willingness to pay



Not hindered by price point



Does trust matter?

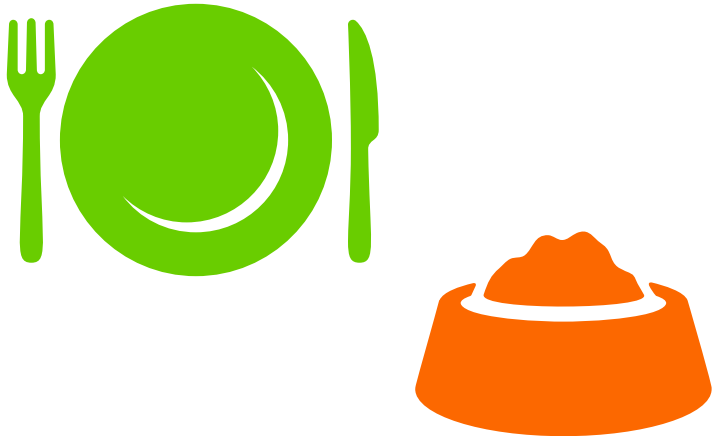


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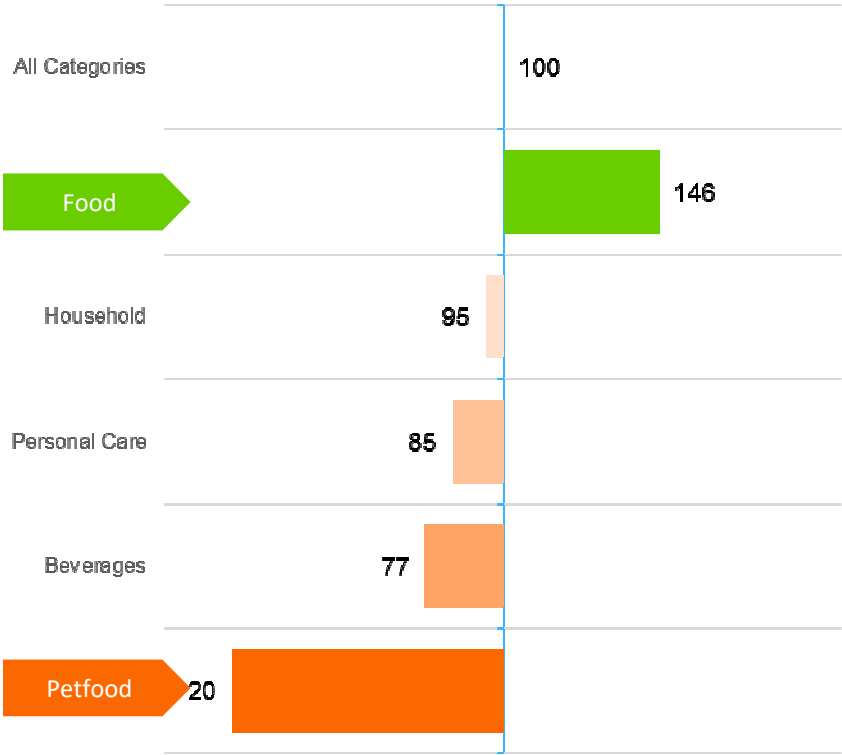
How can you build trust?

# WE HAVE MORE TRUST IN WHAT WE EAT THAN WHAT WE FEED TO OUR PETS



The more intimate the relationship with the category and the higher the level of perceived risk, the more we need to trust it

# BRANDS PRESENT IN TOP TIER BY SUPER-CATEGORY  
Index vs All Categories



# THERE ARE FEW UNIVERSALLY TRUSTED BRANDS



The same brand in the same category can be in the top and bottom tier in different countries.



TRUST TIER





# THERE ARE SOME COUNTRY BIASES

Italy and Norway place high trust in brands with local heritage; UK in indulgence



## TRUSTED BRANDS ARE:



More often food brands



Not too expensive and not too cheap



Usually larger brands



Not country or category dependent ... who you are, not what or where you are



Does trust matter?

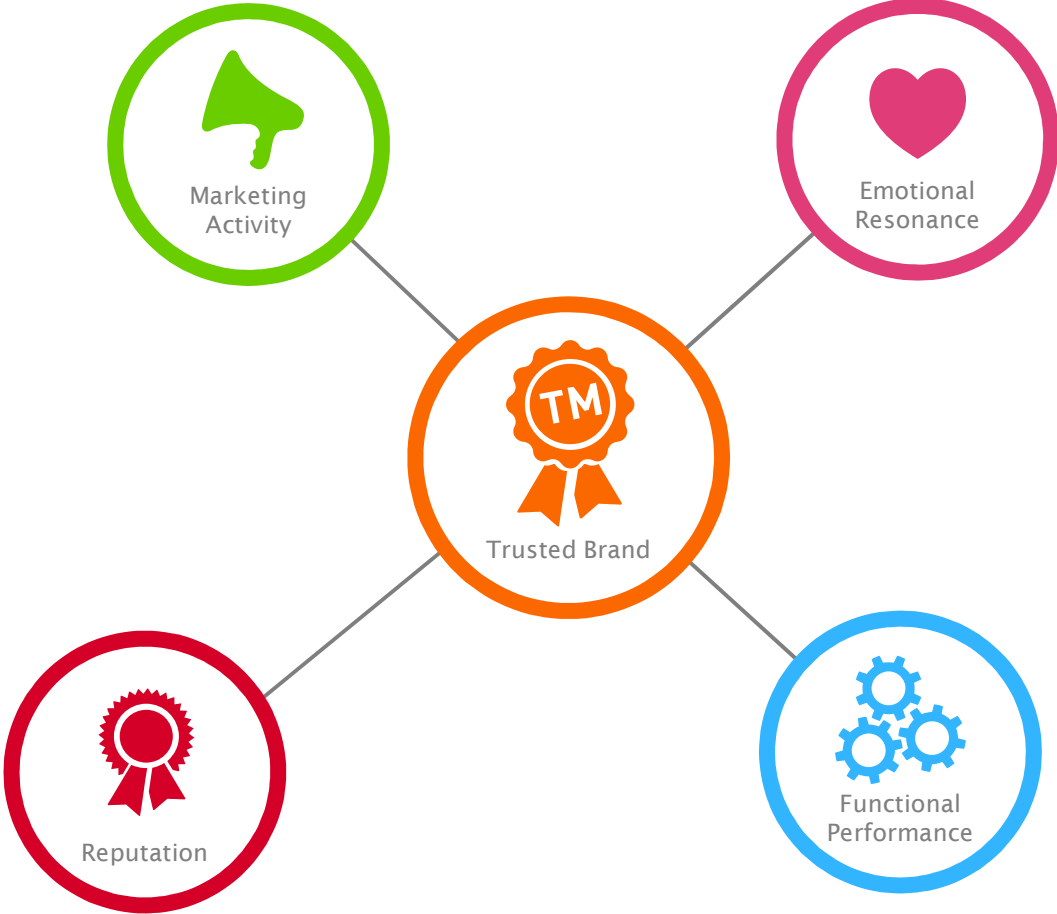


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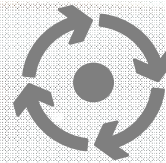
How can you build trust?

# SO HOW CAN YOU FOSTER TRUST? 4 SETS OF DRIVERS EXPLORED



DEPENDS ON WHO YOU ARE AND WHERE YOU START FROM BUT LET'S TAKE AN EXAMPLE ....

WHAT INGREDIENTS MIGHT DELIVER THE BEST RESULT?



### DRIVE BRAND PERCEPTION

Build reputation on consistency of quality



### BE LOUD

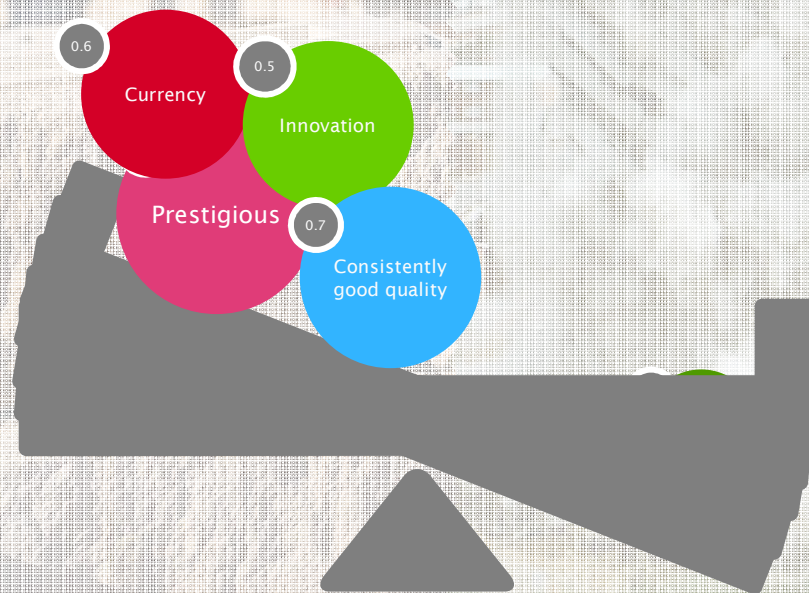
More advertising and social media activity



### RE-INVENT YOURSELF

More and better innovation

# TO MINIMISE THE RISK, REDRESS THE BALANCE BETWEEN LONG TERM BRAND BUILDING AND SHORT TERM SALES CAMPAIGNS





## The Role of Consumer Trust in the Economics of Brands



Europe Economics

# Consumer trust is valuable to firms

- Competitive advantage
- Price premium
- Brand value for shareholders
- Stakeholder loyalty
- Intellectual property
- Risk reduction esp for innovations

80-90% of FMCG product introductions fail.



More trusted brands have twice as many buyers as less trusted ones and grow faster in terms of both volumes and numbers of buyers.



A brand built with one product can sometimes be extended to others.



Firms investing in and using trade marks between 2000 and 2003 grew 6 per cent per annum faster from 2003 to 2006.





# Consumers trusting brands is valuable to wider society

Branded competition creates the social benefits of competition

Brands are one of the main devices the Market uses to address market failures

Product variety

Consumer & investor activism, driving up ethical standards

Brand identification markets

Central to innovation & thereby encourage faster economic growth

1 in 5 employees in Europe work in trade mark-intensive sectors

Facilitate trade

## Brands address market failures by:

- Enhancing info.
- Allowing repeated interaction with consumers.
- Allowing info dissemination to non-consumers (“reputation”).

## New analysis of impact on: **growth**

- Used EPO/OHIM data on trade mark-intensive sectors.
- 2009-11 growth in those sectors 3.9% vs 1.85% for GDP.
- Faster growth in those sectors added 1% to GDP growth.



## Key themes

- Consumer trust in brands matters
- There are 12 main components of trust
- Trust is very context specific – No ‘one size fits all’
- Broadly, being consistent, innovative and ‘loud’ are strong trust-building strategies



The nature of trust, how it is built and its implications for companies and the economy.

# Consumer Trust in Brands

A three-in-one report summarising three significant studies into trust and brands.

20<sup>th</sup> October 2015

Commissioned by national brand associations in Europe and AIM, the European Brands Association.

**AIM**®  
EUROPEAN BRANDS ASSOCIATION

The central graphic is a 2x2 grid. The top-left and bottom-left quadrants are orange and feature a person walking a tightrope. The top-right quadrant is purple and contains text. The bottom-right quadrant is white and contains the AIM logo and text. The main title "Consumer Trust in Brands" is centered across the grid.



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The voice for brands