



# Who Do You Trust?

Improving trust through customer service







# Foreword

Joanna Causon Chief Executive

Trust is as old as human society and is fundamental to our interactions as customers, employees or leaders. As the business environment and our lives become more complex, trust has become more important and arguably more difficult to sustain.

The online world has enabled transparency and greater access to information. But the scale of information and unclear provenance of many sources has fuelled confusion, uncertainty and perceptions of “fake news”. As customers, we often interact with organisations through different channels, or without speaking to a person. We may be receptive to communications or offers that speak to our personal needs but many of us are hesitant about sharing personal information with organisations. In wider society, growing inequality and polarisation of political and cultural worldviews have strained trust between individuals and communities. The Covid-19 pandemic has highlighted the importance of trust between organisations, customers, suppliers and partners in enabling organisations to adapt successfully to changing and unpredictable conditions. Our research reaffirms that trust is linked to higher levels of customer retention and recommendation and can help organisations improve efficiency and reduce cost.

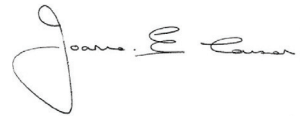
However, in recent times, customers’ average level of trust in organisations have stagnated and there is a significant variety in the levels of trust generated by different organisations. Yet our research suggests that relatively few organisations measure or deliberately create strategies to improve trust. Many organisations see trust as a by-product of focusing on customer satisfaction. As we take stock and adapt to the evolving Covid-19 environment, I believe that organisations have much to gain from looking more closely at the factors that influence and drive customers’ trust.

This research, which draws on the perspectives of customers, senior executives and employees, identifies the most important things organisations can do to build or damage trust. It shows that an organisation’s reputation for customer satisfaction, quality of products and services, competence, reliability, transparency and being treated as an individual are customers’ highest stated priorities for trust. In addition, an organisation’s ethical behaviour – the sense it does the right thing in its governance, the way it treats employees and its impact on society – has a particularly strong correlation with high levels of trust. Empathy and care are critical in the context of customer experiences that have high personal importance, or when dealing with vulnerable customers.



Our research proposes a model of trust based on 7 dimensions – customer ethos, competence and capabilities, reliability and dependability, transparency, ethics, empathy and brand validation. We have set out a practical framework to help organisations build and maintain trust in a complex, changing and demanding environment. But crucially, trust requires more than a set of actions or initiatives. It needs to be founded on a long-term commitment and purpose. For leaders, it will become more important to focus on organisational purpose, demonstrate empathy and act in a way that embodies the organisation’s values. Where appropriate, leaders will need to engage with customers, employees and stakeholders on ethical and societal issues and the impact of disruptive technologies like artificial intelligence.

At such a critical time for our organisations, economy and society, I believe The Institute has a vital role in maintaining a focus on customers and raising the profile of the service agenda. This research is a significant step forward in understanding the drivers of trust and defining the relationship between trust and customer experience. I hope the research provides you with valuable evidence, insight and a practical framework to build and sustain trust.

A handwritten signature in black ink, appearing to read "Joanne E. Carter". The signature is written in a cursive style with a large initial 'J' and a distinct 'E'.



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# Executive Summary

The uncertainty of the current environment, the variability of customers' propensity to trust organisations, and the links between trust, customer satisfaction and vital business outcomes, suggest there is an urgent need to re-examine the key factors influencing trust.

In this research we examine the perspectives of customers, employees and senior executives, to assess what influences customers' trust, the relationship between customer experience and trust, and the priorities for organisations to build sustainable trust.

# There is a strong correlation and relationship between customer satisfaction and trust

From a statistical perspective, trust has the strongest correlation with customer satisfaction of any of the 26 measures that make up the UK Customer Satisfaction Index (UKCSI). In general, the most highly rated organisations for customer satisfaction also have the highest levels of trust.

## Strength of correlation between customer satisfaction individual measures



41%

Customers strongly agree that customer service strongly influences their trust in an organisation

67%

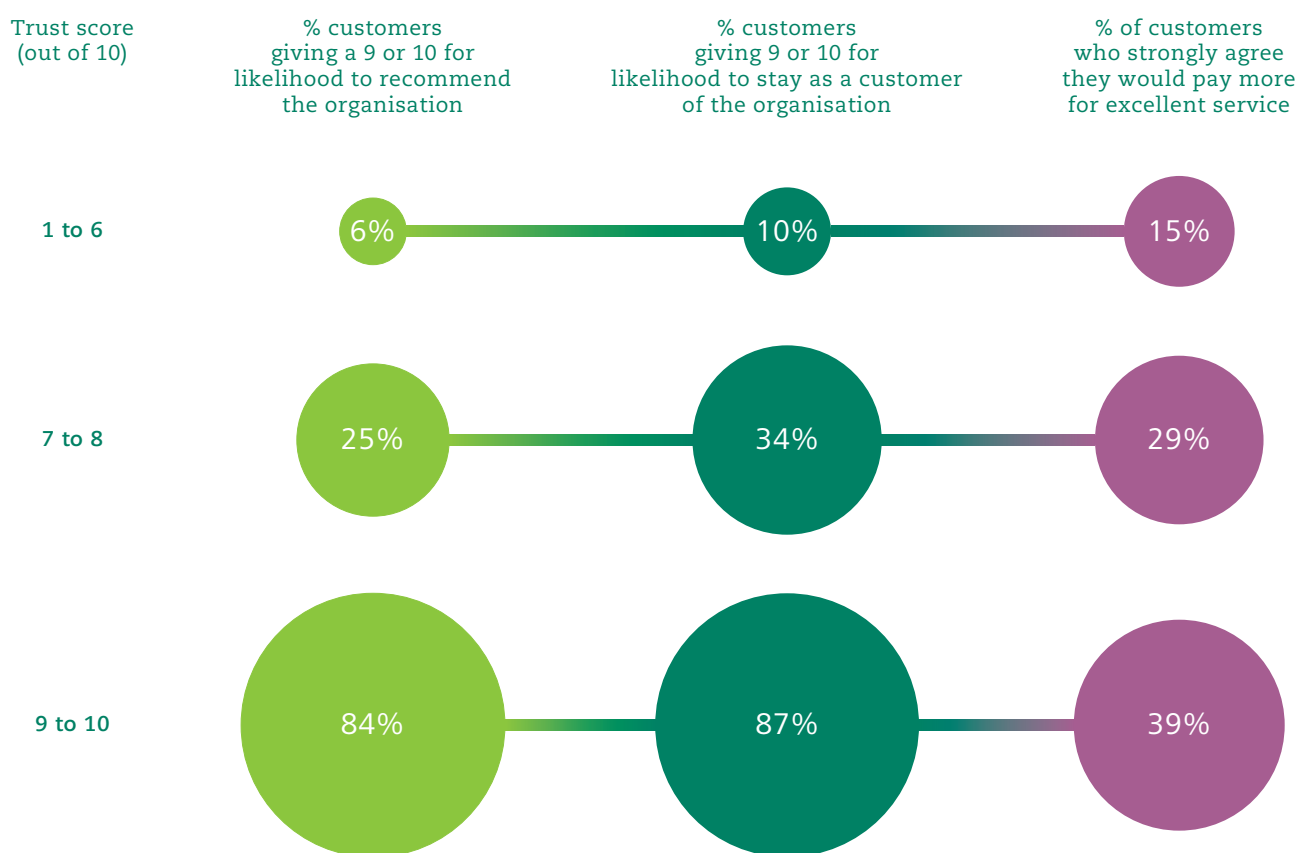
Customers agree that having a high level of trust makes their experience of dealing with an organisation better

94%

Customers say it is very important or important that they trust the customer service of an organisation they are dealing with

# Trust strengthens loyalty and advocacy, improves relationships and can help reduce costs and improve efficiency

Customers with high levels of trust in an organisation (especially those giving a 9 or 10 out of 10) are much more likely than average to stay as a customer, recommend the organisation or even pay a premium for excellent service.



(Source: UKCSI January 2021)

Customers who trust an organisation tend to agree that if an organisation makes a mistake or something goes wrong, they are likely to give the organisation an opportunity to put things right. They are also inclined to believe an organisation will do what it has promised without needing to be chased.

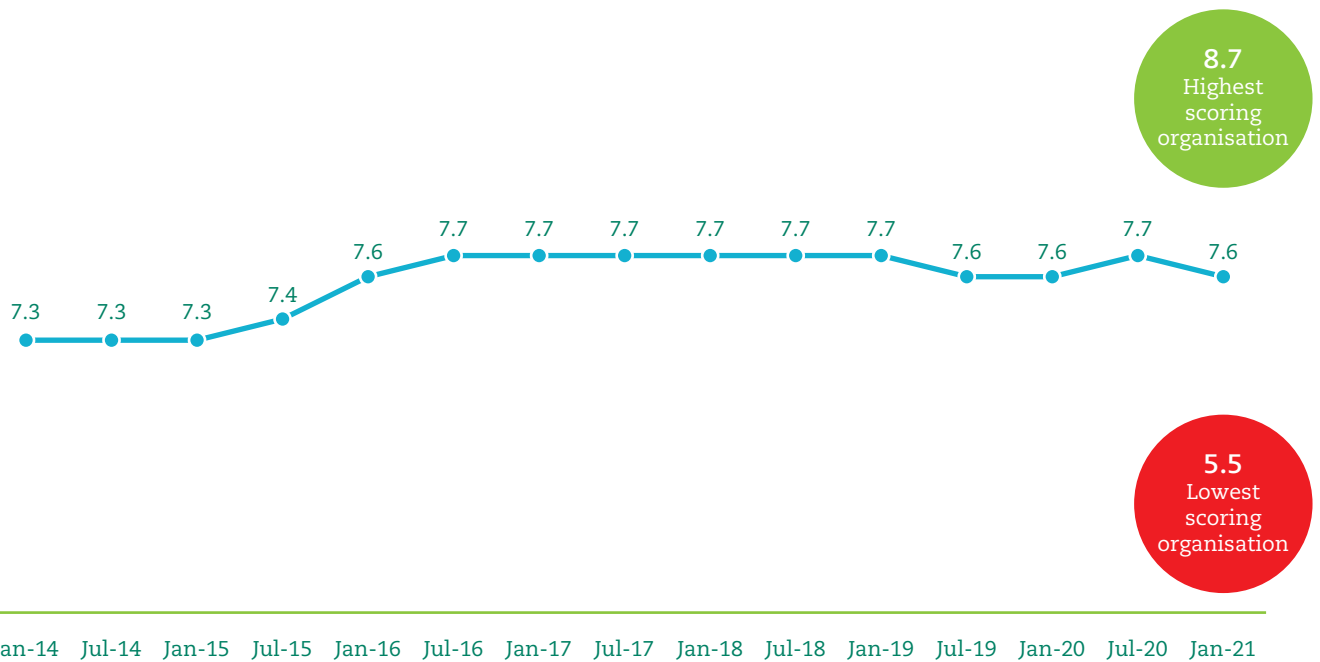
Senior executives interviewed for this research identified a range of business benefits associated with trust.

<p>Lower cost to serve</p>	<ul style="list-style-type: none"> <li>• Less need for customers to chase and make repeat contact</li> <li>• Lower demand by customers for documentary evidence of every transaction</li> <li>• Lower cost per acquisition of new customers</li> <li>• Fewer cases of fraud</li> </ul>
<p>Customer loyalty and advocacy</p>	<ul style="list-style-type: none"> <li>• Higher retention rates</li> <li>• Higher recommendation rates</li> <li>• More openness from customers to testing or using new products and services</li> <li>• Some customers may be willing to pay more for sustainable price and service</li> <li>• Enhanced ability to attract customers who seek a long-term relationship, rather than switching between providers</li> </ul>
<p>A reservoir of customer goodwill</p>	<ul style="list-style-type: none"> <li>• Customers more forgiving of mistakes, provided they are put right</li> <li>• Maintain customer engagement through significant business transformation / transition</li> <li>• Helps counter adverse media coverage, provided relevant issues are addressed</li> <li>• Customers willing to provide feedback to help shape service priorities</li> <li>• Customers more likely to co-operate with the organisation, if new services require changes in accustomed processes or interactions</li> </ul>
<p>Employee engagement</p>	<ul style="list-style-type: none"> <li>• Better collaboration and problem solving, less silo working</li> <li>• Enhanced creativity, flexibility and innovation</li> <li>• Improved retention and recruitment of employees who are committed to deliver excellent service</li> </ul>
<p>Supplier relationships</p>	<ul style="list-style-type: none"> <li>• Suppliers proactively seek ways of improving service or making savings</li> </ul>
<p>Stakeholder relationships</p>	<ul style="list-style-type: none"> <li>• Credibility with key stakeholders such as investors, regulators, investors</li> <li>• More open dialogue about commercial and customer satisfaction impacts of regulation</li> </ul>

# The average level of customers' trust in organisations has stagnated in recent years, with wide variations between different organisations

The average level of customers' trust has barely moved in the last five years but conceals a wide range in the trust scores for individual organisations: 3.2 points (out of 10) separates the highest and lowest scoring organisations.

## To what extent did you trust the organisation with whom you had a customer experience?



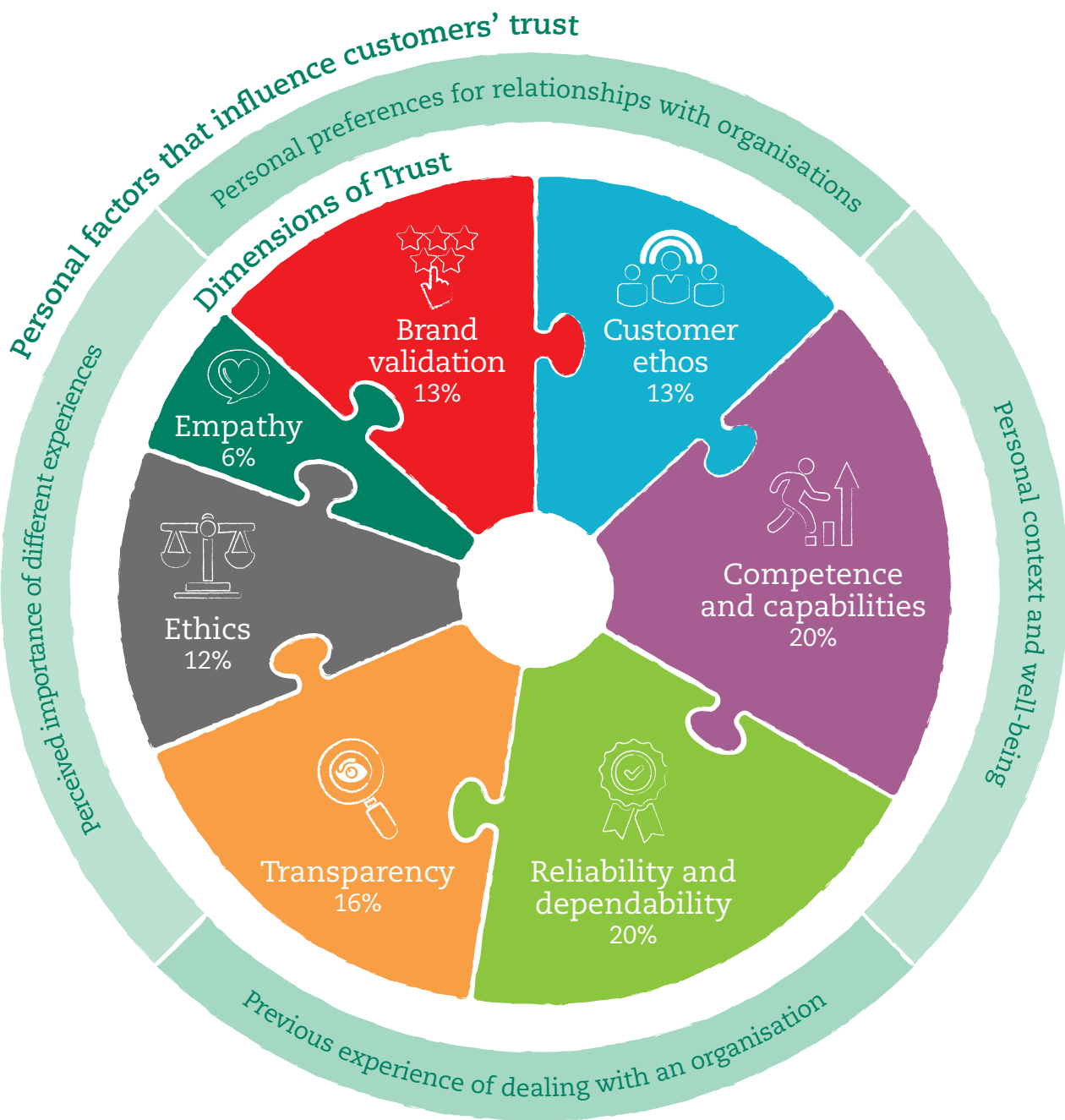
(Source: UKCSI January 2021)



# Based on our research with customers, senior executives, employees we propose a model of customer trust based on 7 dimensions

1) Customer ethos	The sense that an organisation genuinely considers the needs and interests of its customers in its decision-making and actions and seeks to design experiences around customer needs
2) Competence and capabilities	Quality of products and services, people, the end-to-end service experience and underpinning capabilities
3) Reliability and dependability	<ul style="list-style-type: none"><li>• Consistency in delivering the brand or service promise</li><li>• Accountability for putting things right</li><li>• Enabling easy access to help and advice</li></ul>
4) Transparency	Transparency and honesty in communications, terms and conditions, pricing, management of personal data
5) Ethics	<ul style="list-style-type: none"><li>• Treating employees and suppliers fairly</li><li>• Genuine commitment to environmental sustainability</li><li>• Paying a fair amount of tax</li><li>• Making a positive contribution to society beyond the organisation's direct commercial objectives</li></ul>
6) Empathy and care	<ul style="list-style-type: none"><li>• Listening to, understanding and acknowledging customers' individual needs and circumstances</li><li>• Providing reassurance</li><li>• Seeking to provide solutions tailored to personal needs</li></ul>
7) Brand validation	Feedback about an organisation from friends and family, online reviews, mainstream media, social media, influencers

# A model of customer trust



# Quality of products and services, competence, reliability, transparency, being treated as an individual and an organisation's reputation for customer service have the highest stated influence on customers' trust in an organisation

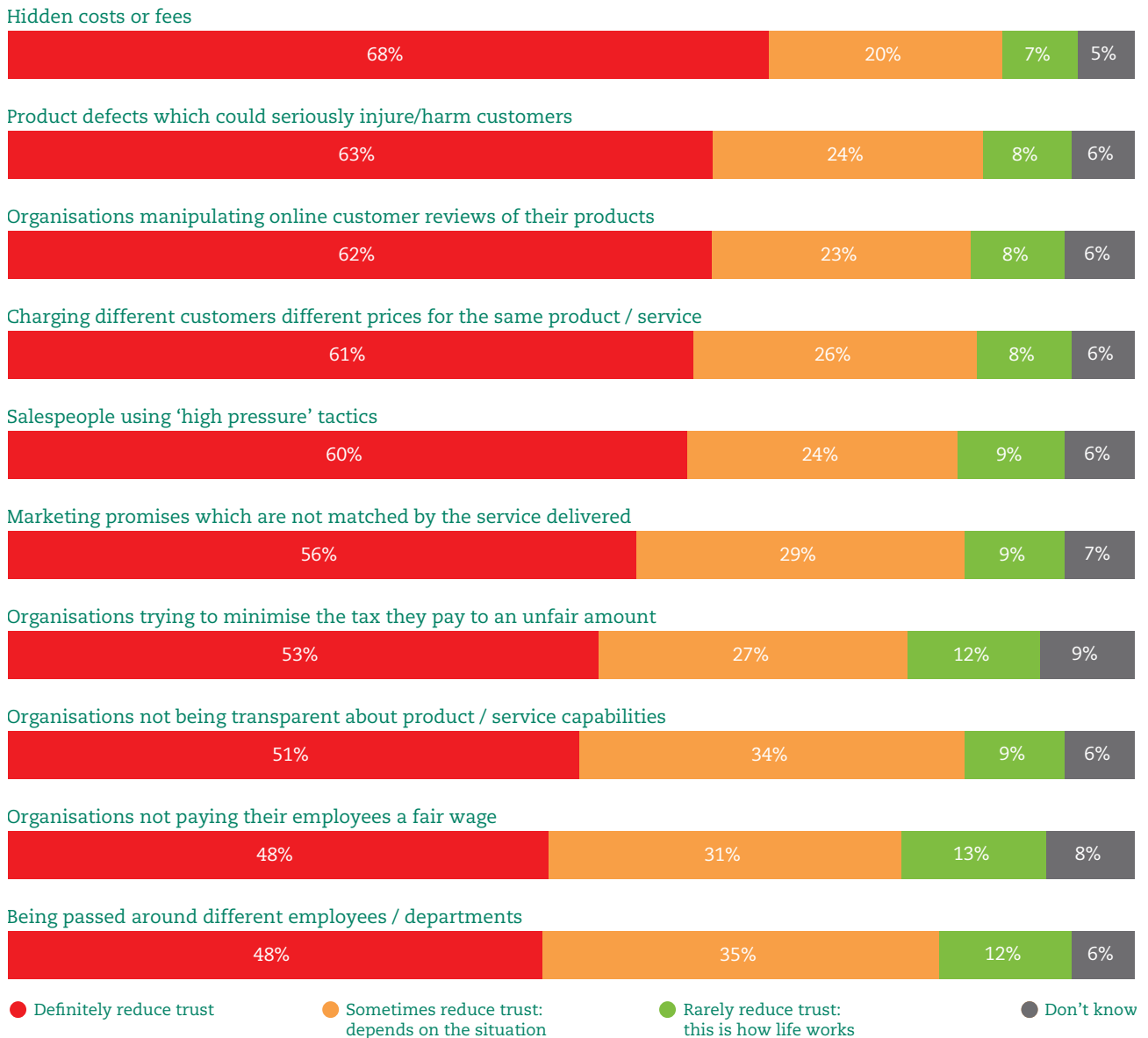
**% customers rating this as important to their trust in an organisation**



Our research suggests that customers' propensity to trust is influenced is also influenced by highly personal factors including preferences in relationships with organisations, previous experience of dealing with organisations, perceived importance of experiences and personal context and well-being.

# Hidden costs, dangerous product defects, manipulation of online reviews and charging customers different rates for the same products or services are seen by customers the leading “trustbreakers”

## Which of the following business practices reduce your trust in an organisation?



## The factors that influence customers' trust in organisations are consistent across sectors but there are also variations

In the Banking sector well-trained staff, an organisation's reputation for customer satisfaction, making it easy to contact a person when you need to, and being treated as an individual, are more important than average.

For housing association customers, well-trained staff and customer satisfaction reputation are the leading sources of trust. In addition, several factors appear to be particularly important to trust in housing associations, including the views of friends and family, people's comments on social media and an organisation caring about society as well as its own interests.

In the Utilities sector, honesty and transparency about price prices, and consistency of pricing and service over time, are particularly important in creating trust.

In Retail, delivering on the brand promise, and the perception that an organisation pays its fair share of tax appear to be linked to trust more strongly than in other sectors.



# Senior executives interviewed for this research highlighted factors that have become more important in building trust

## A heightened need for transparency in an online world

In an online world where information and opinion about many organisations is readily accessible, there is a heightened need to communicate and respond rapidly and be seen as transparent. Transparency is evidenced in the clarity, visibility and timeliness of communications, especially in relation to important service or price changes. Some organisations seek to promote transparency by giving customers easier access to personal information such as product usage and history.

## An increased focus on the needs of vulnerable customers

Our research suggests that vulnerability may have been heightened during the Covid-19 pandemic, with significant numbers of customers experiencing a deterioration in their financial, mental or physical well-being. The organisations we interviewed recognised the need to increase the level of care for vulnerable customers, especially people who have fallen behind with payments, rarely make contact, or do not readily disclose the difficulties they are experiencing. Addressing the needs of vulnerable people is essential to build their trust but also to demonstrate an organisation's ethical behaviour to government, regulators and wider society.

## Integrating digital and human experiences

Covid-19 has accelerated adoption of digital channels by a broader range of customers although several senior executives we interviewed said that their organisation has chosen to refocus resourcing so that customers' ability to contact the organisation and speak to an employee is not impaired. Our research suggests that trust is most likely to be nurtured by harnessing technology to streamline access to information and routine experiences and enabling direct human contact when help is needed.

### Examples of digital experiences that enhance trust include:

- Reducing customer effort by processing routine transactions quickly and accurately
- Offering relevant personalised experiences and offers, based on data and segmentation
- Giving transparency of bookings, appointments, progress of orders or repairs, service updates, information about Covid safety and protection
- Video consultations or demonstrations, virtual tours, virtual showrooms

# Our research concludes with key actions and enablers to help organisations build trust in their relationships with customers, employees, suppliers and key stakeholders

Earning trust requires more a set of actions or initiatives. It needs to be founded on a long-term commitment and a consistent framework through which the organisation's competence, dependability and reliability, transparency, ethics, empathy and care are enacted.

-  **1** Define your organisation's purpose
-  **2** Build a customer ethos, vision and strategy that sets the framework for the organisation's competence, dependability and reliability, transparency, ethics, empathy
-  **3** Develop the attitudes and behaviours that support the organisation's customer ethos
-  **4** Demonstrate competence, reliability and transparency in the organisation's core customer proposition
-  **5** Grow capabilities that underpin the core customer proposition
-  **6** Recruit, develop and engage employees to deliver the organisation's customer proposition
-  **7** Effective, transparent, ethical governance
-  **8** Make a credible and positive impact on society
-  **9** Develop collaborative relationships with suppliers
-  **10** Maintain constructive and transparent dialogue with regulators and government
-  **11** Engage proactively to build brand and reputation

# Objectives and methodology



## Objectives

The research addresses five key questions:

**1** What influences customers' trust in organisations, in the context of their overall relationship and of their service experiences?

**2** What is the impact of trust on buying behaviour, business and financial performance?

**3** What are the most powerful actions organisations can take to create or damage trust?

**4** How do organisations measure trust?

**5** Where should organisations focus in order to improve trust, customer satisfaction and business performance?

# Methodology

The methodology is based on interviews with senior executives in 20 organisations; and online surveys with 2,053 consumers and 426 employees working in customer facing roles.

In the report we have indicated where evidence is drawn from interviews, or from online surveys. In general, quantitative data is based on evidence from the online surveys. It should be noted that senior executives we have interviewed are different from, and unrelated to, the sample of employees in the online survey.

## Interviews with senior executives in 20 organisations

Cosmos  
Covea Insurance plc  
Curo Group  
Insurance company (anonymous)  
first direct  
HMRC  
John Lewis  
Kia  
Knight Frank  
M & G plc

M & S plc  
Natural Resources Wales  
O2  
Octopus Energy  
Oxfordshire County Council  
Pension Insurance Corporation (PIC)  
PSA Group  
Telecommunications company (anonymous)  
Vivid  
Welsh Water

## An online survey of 2,053 consumers, representative of the UK population

The customer sample is representative of the UK population by age, region, gender, income and ethnicity.

For certain questions, a sample of 300 customers was asked about their experiences and attitudes towards organisations in the following sectors:

Banks  
Insurance  
Utilities (electricity, gas and water)  
Telecommunications  
Retail (Non-food)  
Local council or authority  
Housing associations  
Train companies  
Supermarkets

## An online survey of 426 employees

Includes employees from a wider range of sectors, size of organisation and job role.

## Secondary research

Where appropriate, this research refers to a range of published research including the UK Customer Satisfaction Index (UKCSI) and The Institute's breakthrough research.

# About the UK Customer Satisfaction Index (UKCSI)

The UKCSI is a national benchmark of customer satisfaction which the Institute has published twice a year since 2008. Customers are asked to their experiences of dealing with an organisation on 26 metrics of customer satisfaction, using a 1 – 10 scale. Organisations receive an index score based on average of their customers' scores across all measures. The January 2021 UKCSI covers 13 sectors and includes customer satisfaction scores for 271 organisations or organisation types.

For further information please visit [www.instituteofcustomerservice.com](http://www.instituteofcustomerservice.com)



# 1

The relationship  
between trust,  
customer  
satisfaction  
and business  
performance

Trust and customer experience are fundamentally connected. Every organisation interviewed for this research recognised that trust is vital to their success, whether in attracting or retaining customers, growing profitable revenue, developing stakeholder relationships or delivering public policy or social objectives.

## There is a strong correlation and relationship between customer satisfaction and trust

In an online survey of consumers conducted for this research 41% strongly agreed that customer service contributes significantly to their trust in an organisation. 67% of people also agreed that having a high level of trust makes their experience of dealing with an organisation better.

41%

Customers strongly agree that customer service strongly influences their trust in an organisation

67%

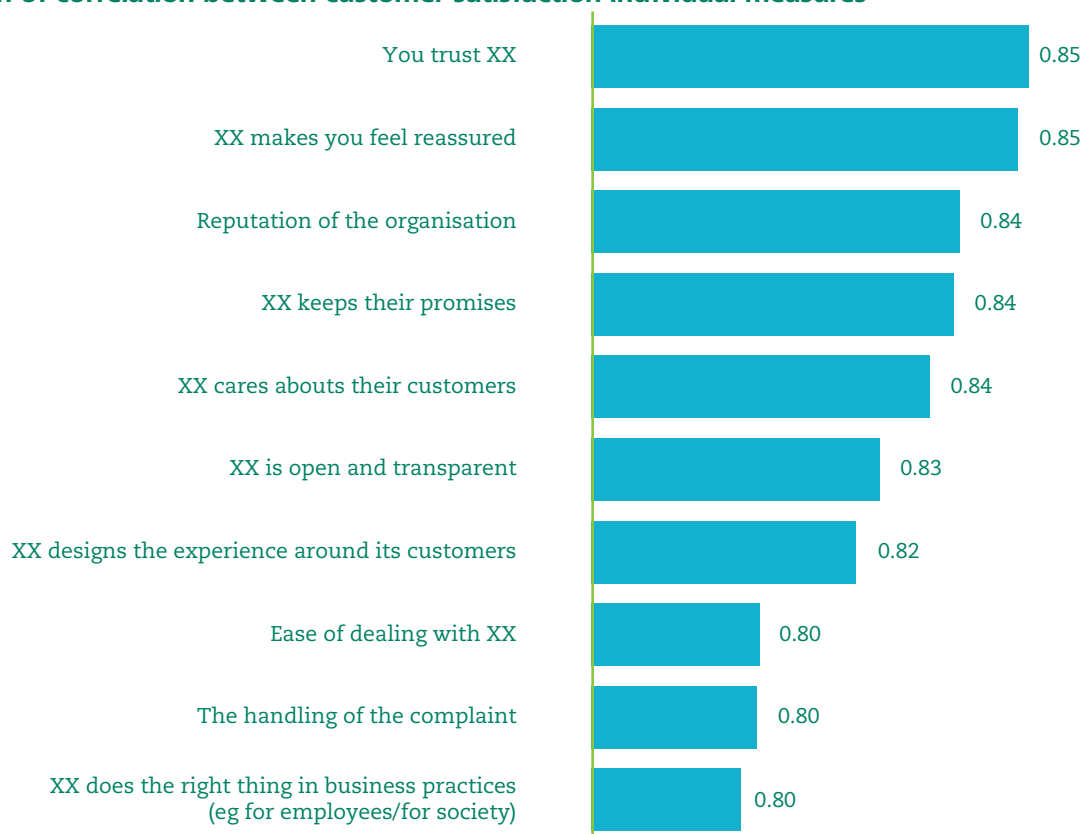
Customers agree that having a high level of trust makes their experience of dealing with an organisation better

94%

Customers say it is very important or important that they trust the customer service of an organisation they are dealing with

From a statistical perspective, trust has the strongest correlation with customer satisfaction of all of the 26 measures that make up the UK Customer Satisfaction Index (UKCSI), the national benchmark of customer satisfaction, published by The Institute of Customer Service. In general, the most highly rated organisations for customer satisfaction also have the highest levels of trust.

### Strength of correlation between customer satisfaction individual measures

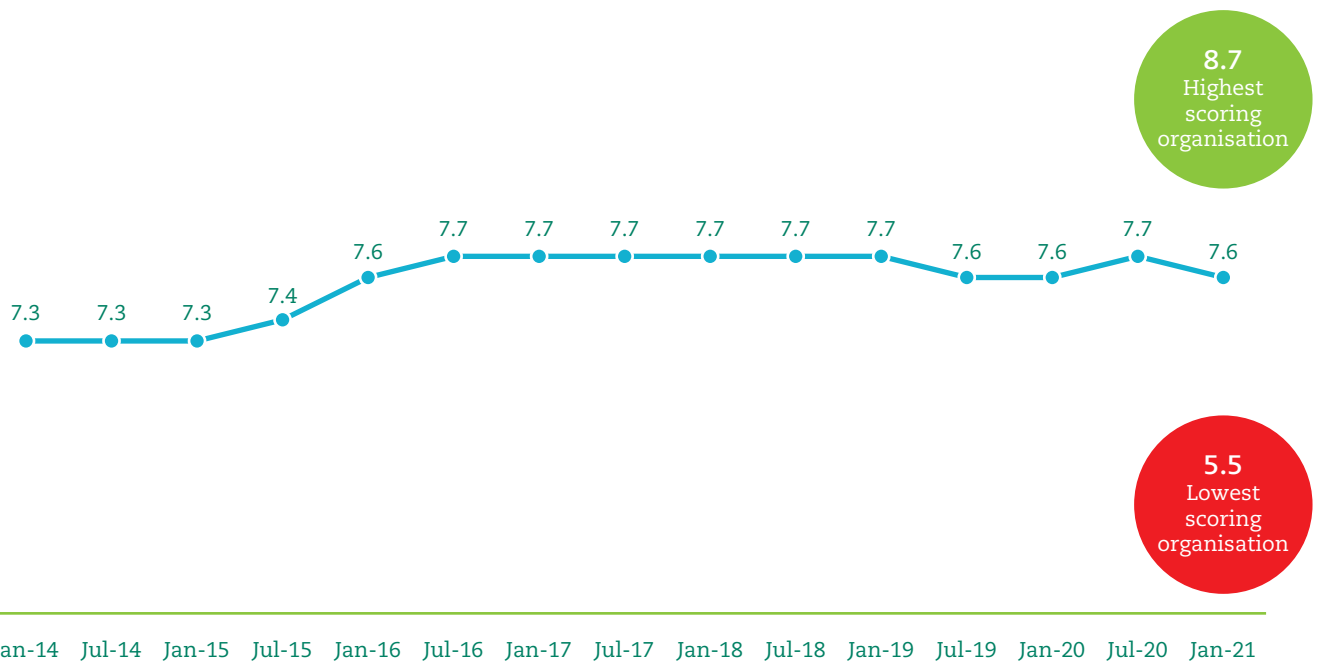


Based on customers' responses in the January 2021 UK Customer Satisfaction Index (UKCSI)

# Customers' trust in organisations has been stagnant over recent years, with wide variations between different organisations

The average level of customers' trust has barely moved in the last five years but conceals a wide range in the trust scores for individual organisations: 3.2 points (out of 10) separates the highest and lowest scoring organisations.

## How satisfied or dissatisfied are you that you trust XX? (scale of 1 -10)



# Most customers trust organisations to treat them with fairness, but their trust is guarded

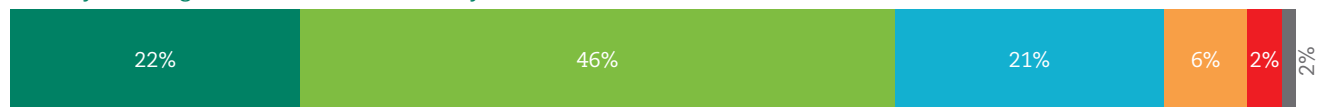
In March 2021, the Edelman Barometer<sup>1</sup>, which tracks trust dimensions of competence, reliability, ethics and transparency, reported a decline in trust in government, business media and non-governmental organisations.

Our research found that 68% of customers generally trust organisations to treat them fairly (22% strongly agreeing they trust organisations to treat them fairly and 46% slightly agreeing).

However, only 48% agree that organisations mostly deal with customer complaints fairly. More than half of customers believe that organisations lack transparency about errors that affect customers and that industry regulators have a major role in ensuring that organisations behave fairly towards customers. 54% of people admit that they are less forgiving of poor customer service than they were three years ago.

## Indicators of customers' trust in organisations

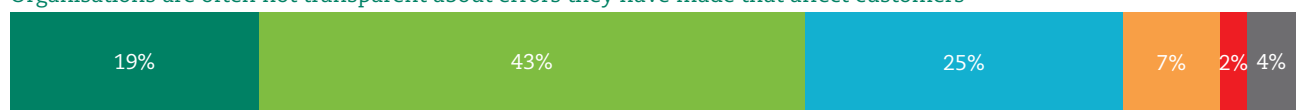
I mostly trust organisations to treat me fairly



I am less forgiving of poor customer service compared to 3 years ago



Organisations are often not transparent about errors they have made that affect customers



Industry regulators play a big part in ensuring organisations behave fairly



Organisations mostly deal with customer complaints fairly



● Agree strongly   ● Agree slightly   ● Neither agree nor disagree   ● Disagree slightly   ● Disagree strongly   ● Don't know

<sup>1</sup> See 2021 Edelman Trust Barometer at <https://www.edelman.com/trust/2021-trust-barometer>



# Our research suggests that customers' propensity to trust is influenced by highly personal factors including preferences in relationships with organisations, previous experience of dealing with organisations, perceived importance of experiences, personal context and well-being

Customers have differing needs and preferences in their relationships with organisations. Some customers appear to have a greater need to trust an organisation than others and customers vary in their relative readiness to give their trust. This suggests that individual customers have different thresholds for trusting organisations, based on their personal experiences and preferences.

Our research found that 31% of customers strongly agree that they are influenced by an organisation's reputation for customer satisfaction and 28% prefer to buy from brands they trust.

However, 32% are happy to consider buying from any organisation, if the product and price offered meets their needs, and 19% indicate that they tend not to be influenced by an organisation's reputation for customer service when making a purchase. 45% of customers expect a high standard of service if they are a long-standing customer. But 15% don't believe that loyalty to an organisation should be rewarded by preferential or higher quality service.

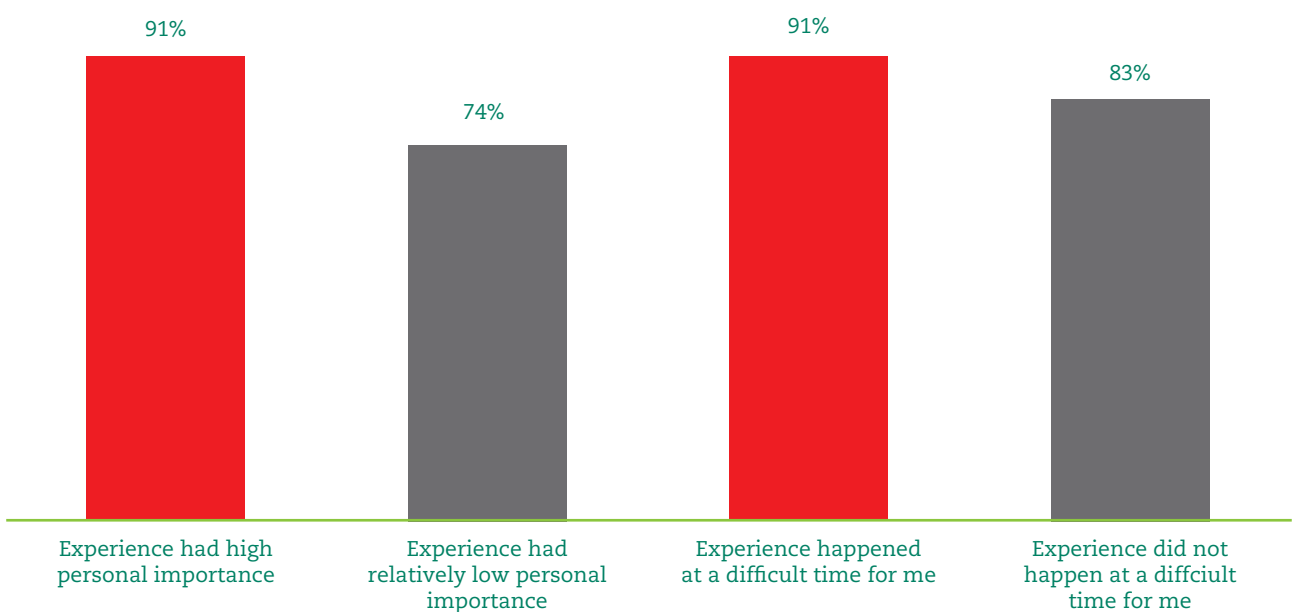


Our evidence suggests that when an experience has high personal importance, or happens at a difficult time, feelings of trust, or lack of trust, are magnified by the way the experience is handled

**Experiences with high personal importance**

- Experiences that have high personal value such as buying a house, car or holiday, making a gift
- Experiences of high importance and where outcomes and costs may be unexpected, such as making an Insurance claim, getting a car repaired, home maintenance
- Issues concerned with health, welfare or impact of others' behaviour e.g. anti-social behaviour
- Experiences that coincide with stressful or challenging circumstances, such as bereavement, change in marital status, change of job or employment status
- Where an organisation has caused a problem for a customer, or an unexpected event has occurred that causes a disruption of service
- Where a customer feels unable to achieve their objective, or to access help

**% of highly satisfied customers who also give a 9 or 10 (out of 10) for trust**



Source: UKCSI July 2019

Customers who regard themselves as fortunate, broadly happy and as having a strong purpose in life are much more likely than those who feel less positive about their life to believe that, in general, organisations treat them fairly.



Since the onset of the Covid-19 crisis, there has been a growth in the number of people who feel that their financial, mental or physical well-being has deteriorated. As a result, the influence of personal context on trust in organisations is likely to have become more important to many customers. While organisations cannot always affect customers' personal circumstances, they need to be increasingly mindful of how to identify and care for vulnerable customers.

# The climate of trust may also reflect and be influenced by customers' behaviour

In our research with customers, over 50% agreed that it is acceptable to return a product that is subsequently included in a sale and repurchase it at a lower price. More than 40% of people admitted that they would probably not tell an organisation if they have been undercharged, that sometimes it's necessary to exaggerate a problem to ensure that is addressed, or that they have occasionally lost their temper with a customer service representative. A significant minority of customers disagreed that these behaviours are ever acceptable. But many are neutral and avoided giving an explicit view. However, 53% of people believe it is never appropriate to use a product and then return it. This evidence suggests that organisations need to take a balanced and intelligence-led approach in detecting fraud or dishonesty, recognising that most customers, in most circumstances behave honestly.

## Customers' admissions about their honesty and behaviour

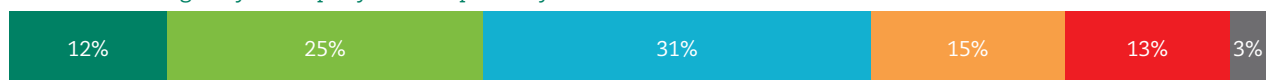
It is fair to return a product to buy it again at a lower price if it's been put in the Sale



On occasions, you have to exaggerate a problem to get an organisation to deal with it properly



If I'm undercharged by a company I would probably not tell them



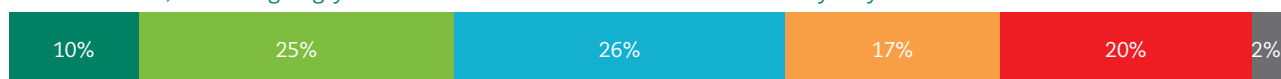
I have sometimes lost my temper with customer service representative



Large companies make such big profits that I understand when some people behave dishonestly towards them



As a last resort, becoming angry at frontline customer service is often the only way to ensure an issue is dealt with



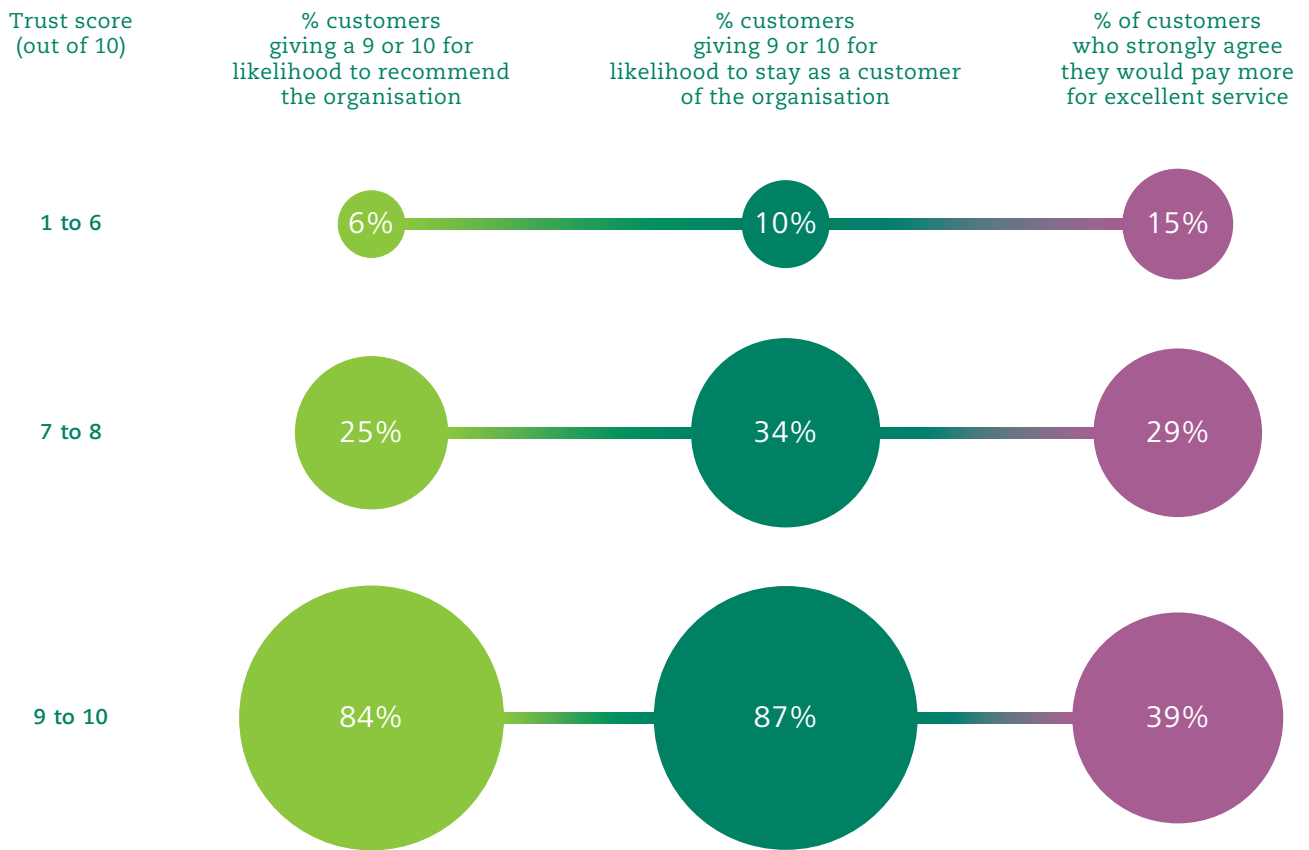
It's ok to use a product once or twice and then return it if you don't like it



● Agree strongly   ● Agree slightly   ● Neither agree nor disagree   ● Disagree slightly   ● Disagree strongly   ● Not applicable

# The business benefits of trust

Evidence from the UK Customer Satisfaction Index (UKCSI) suggests that customers with high levels of trust in an organisation (especially those giving a 9 or 10 out of 10) are much more likely than average to stay as a customer, recommend the organisation or even pay a premium for excellent service.



Source: UKCSI January 2021

Customers who trust an organisation tend to agree that if an organisation makes a mistake or something goes wrong, they are likely to give the organisation an opportunity to put things right. They are also inclined to believe an organisation will do what it has promised without needing to be chased. Earning customers' trust may therefore reduce repeat contacts and help organisations improve efficiency.

### Thinking about organisations you trust, to what extent do you agree with the following statements?

If something goes wrong with their products or services, I'm more likely to give them a chance to put it right rather than choosing another supplier



They'll do what they say they will without me chasing them



● Definitely      ● Possibly      ● Never      ● Don't know / NA

Senior executives from a wide range of organisations who were interviewed for this research highlighted a range of business benefits that are the product of high levels of customer trust including lower costs, increased customer retention and potential for revenue growth. Crucially, senior executives also highlighted trust as creating a “reservoir of goodwill” that can help organisations overcome mistakes, disruption or adverse publicity, providing an organisation has a reputation for competence, reliability and care for customers.

High levels of customer trust make organisations a more attractive proposition for current and potential employees who seek and are motivated by an environment that provides excellent customer service. Trust within an organisation, and between an organisation and its suppliers, encourages collaboration, problem-solving and innovation. Trust is essential to maintaining credibility and developing relationships with key stakeholders including investors, regulators, industry experts and government.

**Senior executives interviewed for this research identified a range of business benefits associated with trust**

<p>Lower cost to serve</p>	<ul style="list-style-type: none"> <li>• Less need for customers to chase and make repeat contact</li> <li>• Lower demand by customers for documentary evidence of every transaction</li> <li>• Lower cost per acquisition of new customers</li> <li>• Fewer cases of fraud</li> </ul>
<p>Customer loyalty and advocacy</p>	<ul style="list-style-type: none"> <li>• Higher retention rates</li> <li>• Higher recommendation rates</li> <li>• More openness from customers to testing or using new products and services</li> <li>• Some customers may be willing to pay more for sustainable price and service</li> <li>• Enhanced ability to attract customers who seek a long-term relationship, rather than switching between providers</li> </ul>
<p>A reservoir of customer goodwill</p>	<ul style="list-style-type: none"> <li>• Customers more forgiving of mistakes, provided they are put right</li> <li>• Maintain customer engagement through significant business transformation / transition</li> <li>• Helps counter adverse media coverage, provided relevant issues are addressed</li> <li>• Customers willing to provide feedback to help shape service priorities</li> <li>• Customers more likely to co-operate with the organisation, if new services require changes in accustomed processes or interactions</li> </ul>
<p>Employee engagement</p>	<ul style="list-style-type: none"> <li>• Better collaboration and problem solving, less silo working</li> <li>• Enhanced creativity, flexibility and innovation</li> <li>• Improved retention and recruitment of employees who are committed to deliver excellent service</li> </ul>
<p>Supplier relationships</p>	<ul style="list-style-type: none"> <li>• Suppliers proactively seek ways of improving service or making savings</li> </ul>
<p>Stakeholder relationships</p>	<ul style="list-style-type: none"> <li>• Credibility with key stakeholders such as investors, regulators, investors</li> <li>• More open dialogue about commercial and customer satisfaction impacts of regulation</li> </ul>

## A need to reassess the drivers of trust?

Despite the strong relationship between trust and customer satisfaction, and the business benefits of trust, relatively few of the organisations we interviewed explicitly measure trust, identify the drivers of trust, or build strategies to develop trust. In most cases, this is because trust is seen as integral to the organisation's culture and customer proposition and is therefore implicit in measures of customer satisfaction, loyalty and advocacy.

The uncertainty of the current environment, the variability of customers' propensity to trust organisations, and the links between trust, customer satisfaction and vital business outcomes, suggests an urgent need to re-examine the key factors influencing trust. In this research we examine the perspectives of customers, employees and senior executives, to assess what influences customers' trust, the relationship between customer experience and trust, and the priorities for organisations to build sustainable trust.



## The relationship between trust, customer satisfaction and business performance: key takeouts


- There is a strong correlation and relationship between customer satisfaction and trust
- Customers' trust in organisations has been stagnant over recent years, with wide variations in levels of trust between different organisations
- Trust is influenced by personal expectations and preferences about relationships with organisations. Some customers appear to have a greater need to trust an organisation than others. Customers vary in their relative readiness to give their trust
- Trust is influenced by personal context and beliefs. When a customer experience has high personal importance, or happens at a difficult time, feelings of trust or lack of trust are magnified by the way the experience is handled by an organisation
- Customers who regard themselves as fortunate, broadly happy and as having a strong purpose in life are much more likely than those who feel less positive about their life to believe that in general organisations treat them fairly
- The business benefits of trust are lower cost to serve, customer loyalty and advocacy, better employee engagement, supplier and stakeholder relationships. Trust also creates a "reservoir of goodwill" that can help organisations navigate transformation or crises
- Despite the strong relationship between trust and customer satisfaction, and the business benefits of trust, relatively few of the organisations we interviewed explicitly measure trust.

# 2

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A model for  
defining trust in  
organisations

Based on our research with customers, senior executives, employees and secondary sources, we propose a model of customer trust based on 7 dimensions. This model adapts draws on the four dimensions of the Edelman Trust Barometer – ability, dependability, integrity and purpose – and adapts them to a customer experience context. It also includes dimensions of customer ethos, transparency, ethics, empathy and care and brand validation.



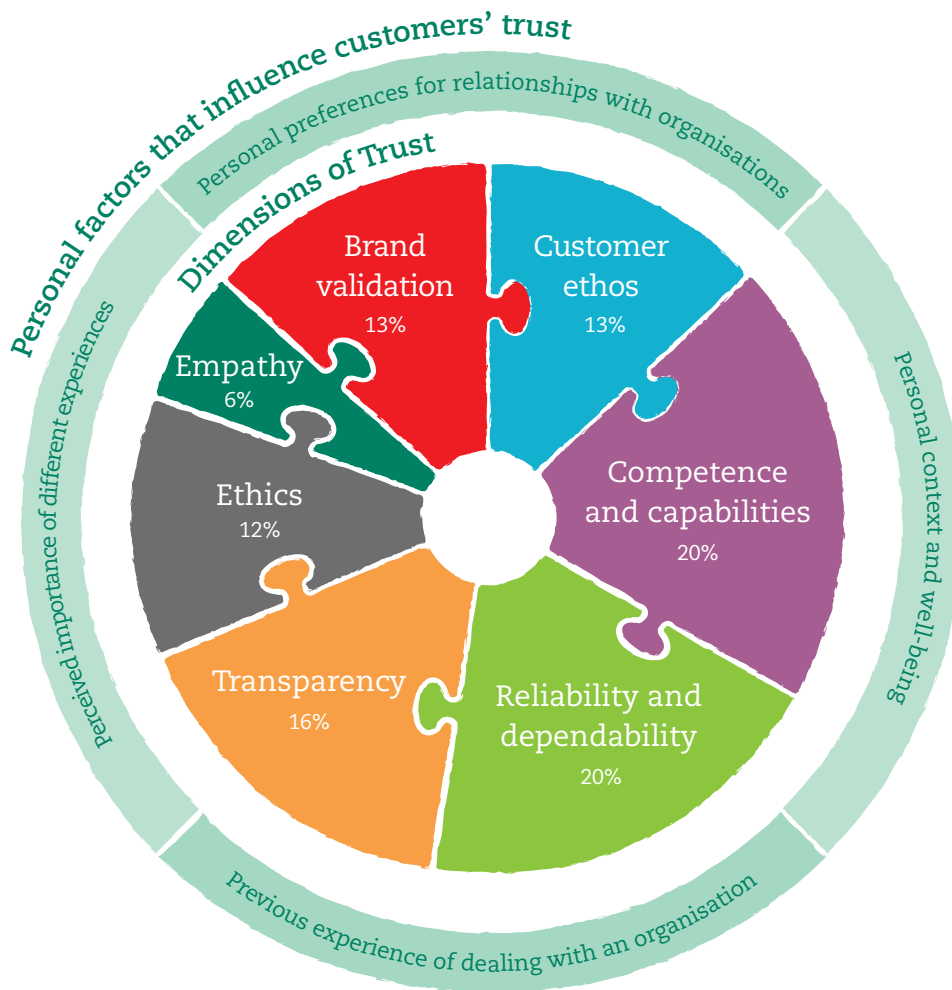
**We propose a model of  
customer trust based on 7  
dimensions**

# 7 dimensions of customers' trust in organisations

1) Customer ethos	The sense that an organisation genuinely considers the needs and interests of its customers in its decision-making and actions and seeks to design experiences around customer needs
2) Competence and capabilities	Quality of products and services, people, the end-to-end service experience and underpinning capabilities
3) Reliability and dependability	<ul style="list-style-type: none"><li>• Consistency in delivering the brand or service promise</li><li>• Accountability for putting things right</li><li>• Enabling easy access to help and advice</li></ul>
4) Transparency	Transparency and honesty in communications, terms and conditions, pricing, management of personal data
5) Ethics	<ul style="list-style-type: none"><li>• Treating employees and suppliers fairly</li><li>• Genuine commitment to environmental sustainability</li><li>• Paying a fair amount of tax</li><li>• Making a positive contribution to society beyond the organisation's direct commercial objectives</li></ul>
6) Empathy and care	<ul style="list-style-type: none"><li>• Listening to, understanding and acknowledging customers' individual needs and circumstances</li><li>• Providing reassurance</li><li>• Seeking to provide solutions tailored to personal needs</li></ul>
7) Brand validation	Feedback about an organisation from friends and family, online reviews, mainstream media, social media, influencers

An interpretation of the relative weighting of each dimension can be made based on the number of times attributes relating to the dimensions of trust were identified by a sample of 2,053 customers as being one of the top three factors that influence their trust for an organisation.

### The dimensions of customer trust



In chapter 3, we examine the range and relative strength of factors influencing customers' trust in organisations as well as variations by sector and customer segment.

# 3

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## Customers' perspectives on trust

This chapter examines the factors that influence customers' trust in organisations in five ways:

- Customers' perspectives on the factors that contribute most to their own and others' trust in organisations
- A statistical analysis of the relationship between trust and a range of customer experience measures
- Customers' views on "trustbreakers": practices by organisations that reduce trust
- Customers' fears when dealing with an organisation for the first time
- Sources of information that are seen by customers as the most reliable to assess an organisation's trustworthiness

The factors with highest stated influence on customers' trust are quality of products and services, competence, reliability, transparency, being treated as an individual and an organisation's reputation for customer service

Customers were asked to rate the importance of 36 factors in relation to an organisation's competence, reliability, transparency, ethics, care for customers, brand values and integrity, in two ways:

- Identifying factors that are important to their trust in an organisation

- Identifying the top 3 factors influencing their trust in an organisation

	Trust Dimension	% of customers rating this as important to their trust in an organisation	% of customers who rated this amongst their top 3 important factors to build trust	% of customers rating this as important to their trust in an organisation (ranked)	% of customers who rated this amongst their top 3 important factors to build trust (ranked)
Their customer satisfaction reputation	Brand validation	47%	15%	1	4
Staff are well trained	Competence and capabilities	38%	13%	2	6
Quality of their product or service	Competence and capabilities	38%	18%	2	1
Solving problems quickly and right first time	Competence and capabilities	37%	17%	4	2
Reliability of their product or service	Reliability and dependability	36%	16%	5	3
Putting their customers' needs first	Customer ethos	36%	15%	5	4
They treat you as an individual	Empathy	33%	11%	7	7
Honest and transparent about price rises	Transparency	32%	10%	8	9
Making it easy to contact a person when you need to	Reliability and dependability	32%	11%	8	7



	Trust Dimension	% of customers rating this as important to their trust in an organisation	% of customers who rated this amongst their top 3 important factors to build trust	% of customers rating this as important to their trust in an organisation (ranked)	% of customers who rated this amongst their top 3 important factors to build trust (ranked)
Communicate in clear and straightforward language	Transparency	32%	9%	8	11
Own up to their mistakes and put things right	Reliability and dependability	31%	9%	11	11
Do what they promise without you having to chase them	Reliability and dependability	31%	10%	11	9
Effectiveness of their communication & customer service	Competence and capabilities	30%	8%	13	15
Making it easy to access information and advice	Customer ethos	29%	8%	14	15
My friends or family's comments on them	Brand validation	29%	8%	14	15
Deliver on their brand promise	Reliability and dependability	29%	9%	14	11
Consistency of their service and pricing over time	Transparency	29%	9%	14	11
They listen and give you time to explain things	Empathy	28%	7%	18	20

	Trust Dimension	% of customers rating this as important to their trust in an organisation	% of customers who rated this amongst their top 3 important factors to build trust	% of customers rating this as important to their trust in an organisation (ranked)	% of customers who rated this amongst their top 3 important factors to build trust (ranked)
Terms and conditions are straightforward and transparent	Transparency	28%	7%	18	20
Paying staff fairly	Ethics	26%	8%	20	15
Reliable guarantees	Transparency	26%	8%	20	15
Online review sites (e.g. Trustpilot, Google reviews, Glassdoor)	Brand validation	25%	7%	22	20
They pay their fair share of tax	Ethics	25%	7%	22	20
Reducing harmful impacts to the environment	Ethics	23%	6%	24	24
Flexibility to adapt their service when circumstances change	Competence and capabilities	23%	6%	24	24
Treating suppliers fairly	Ethics	22%	6%	26	24
Honest and transparent about personal data information they collect about customers	Transparency	21%	5%	27	27

	Trust Dimension	% of customers rating this as important to their trust in an organisation	% of customers who rated this amongst their top 3 important factors to build trust	% of customers rating this as important to their trust in an organisation (ranked)	% of customers who rated this amongst their top 3 important factors to build trust (ranked)
Allow you to use the channel(s) that are most convenient for you	Customer ethos	21%	5%	27	27
They care about society not just about their own interests	Ethics	20%	5%	29	27
Interested in a long-term relationship with a customer beyond point of sale	Customer ethos	20%	5%	29	27
Supporting charities or the local community	Ethics	18%	4%	31	31
Reviews of them in mainstream media (newspapers, TV, radio, etc)	Brand validation	18%	4%	31	31
Finding a balance between respecting my privacy and personalising the service	Customer ethos	18%	4%	31	31
They provide a named contact	Customer ethos	17%	4%	34	31
People's comments on social media	Brand validation	14%	3%	35	35
What influencers say on social media	Brand validation	10%	3%	36	36

Taking into account the factors most frequently rated by customers as important to trust and the factors most frequently cited as being the three most critical to trust, the leading attributes cover quality of products and services, competence, reliability, transparency, being treated as an individual and an organisation's reputation for customer service.

Customers were also asked to consider what affects other people's trust in organisations, to give a broader, less personal perspective on the factors influencing trust. Standards of customer service, product guarantees, customer reviews, competitive prices and recommendations were identified as the most prominent factors.

### Thinking about people you know, such as friends and family, how much would you say the following factors positively influence their trust in organisations?

Good customer service standards



Product guarantees



5 star or similar positive reviews from other customers



Low prices



Recommendations from friends or family



Reputation for being an ethical organisation (e.g. treatment of staff)



An established brand or organisation



An expert's recommendation



Country where a product is made



Recommendation from an independent third party



Product or service has limited availability e.g. being told 'Hurry only 1 left!'



High prices



Extensive advertising



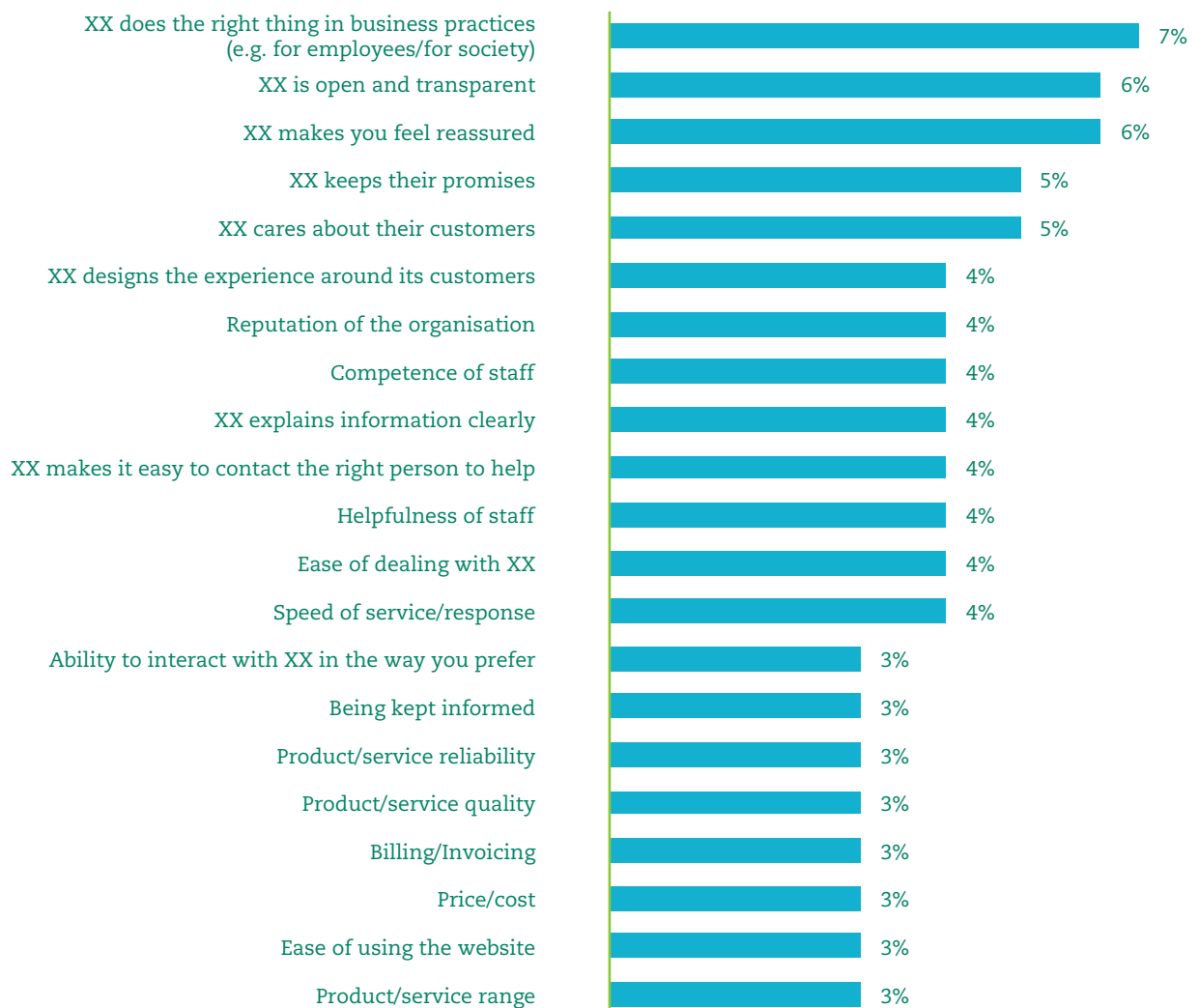
Celebrity endorsements



# An organisation doing the right thing in its business practices has the strongest contribution to customer trust

Our research uses a regression analysis of the relative strength of relationship between trust and the range of customer satisfaction measures that feature in the UK Customer Satisfaction Index (UKCSI). In this analysis, measures of an organisation’s ethical conduct – doing the right thing in its business practices – followed by openness and transparency and reassurance, show the strongest contribution to trust. This suggests that whilst tangible factors representing an organisation’s competence or reliability tend to have the highest stated importance, issues of ethical behaviour are salient for many customers and contribute significantly to a latent feeling of trust.

## Relative contribution of customer satisfaction measures to trust

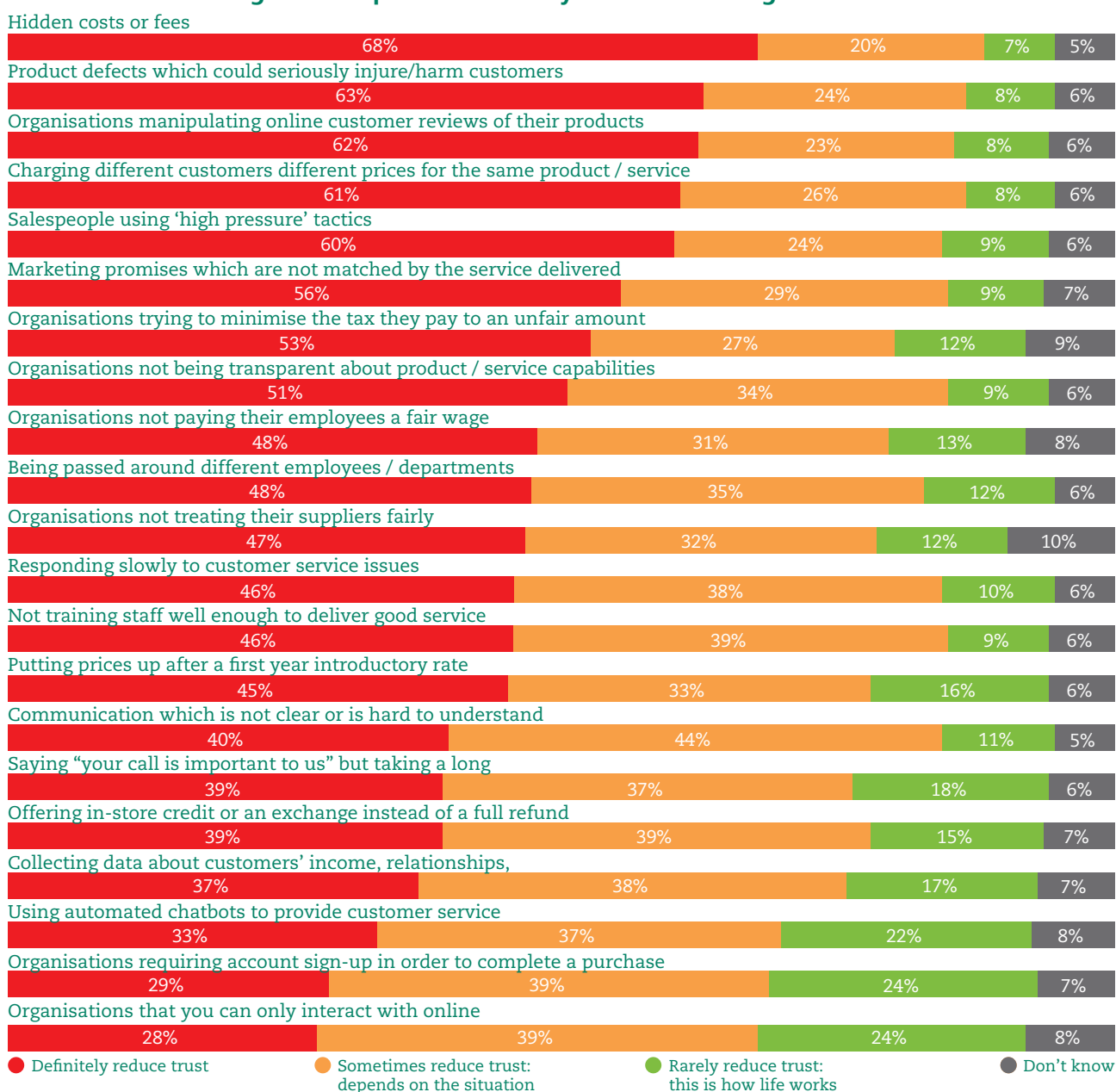


% indicates contribution of each measure to how satisfied are you that you trust xx ?

# Hidden costs, dangerous product defects, manipulation of online reviews and charging customers different rates for the same products or services are the leading “trustbreakers”

In addition, more than 50% of customers say their trust would be significantly damaged by “high pressure” sales tactics, false marketing promises, organisations not paying their fair share of tax, lack of transparency about product or service capabilities, organisations not treating their employees or suppliers fairly and being passed around different departments or unresponsive service.

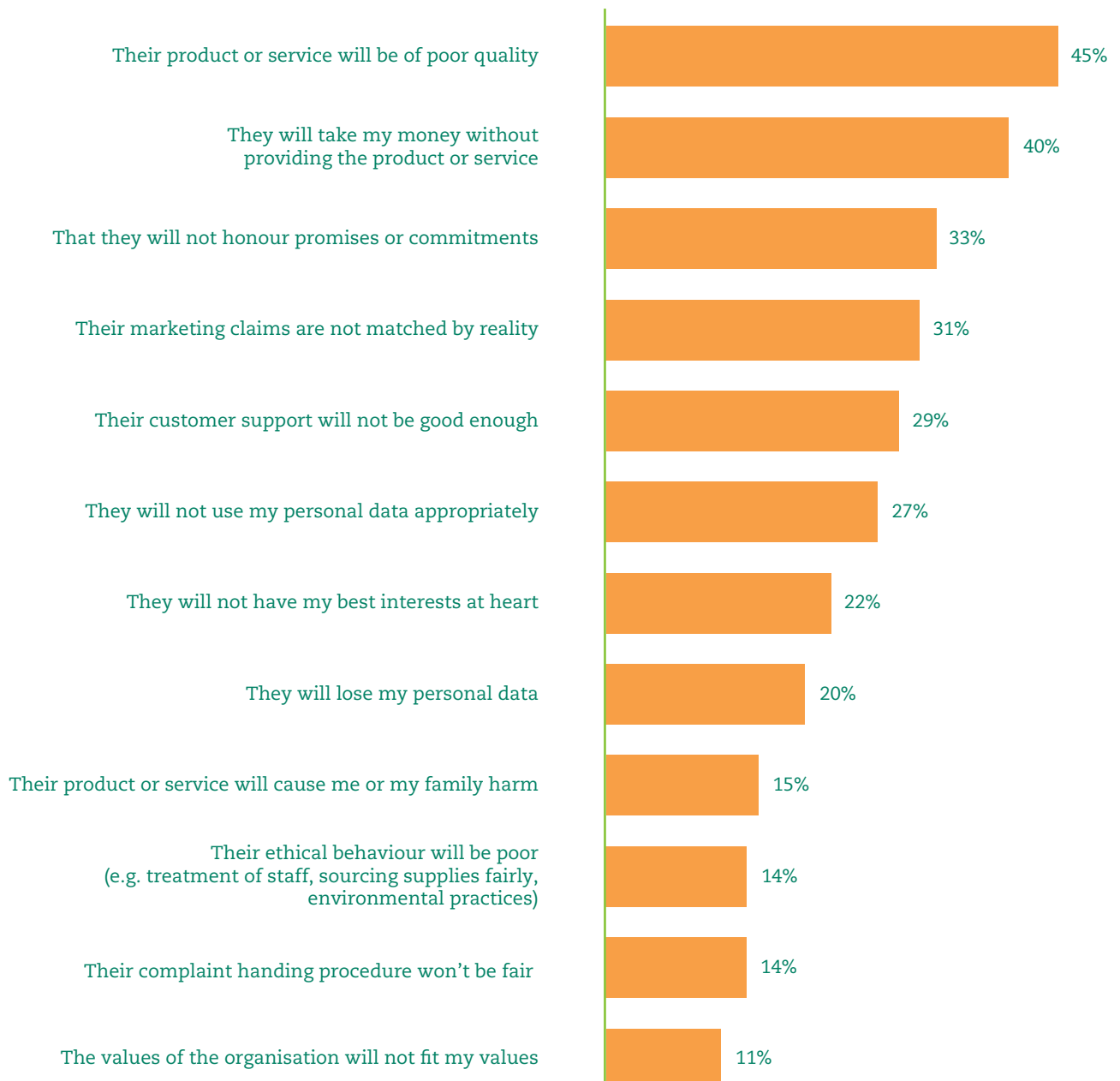
## Which of the following business practices reduce your trust in an organisation?



# When buying from an organisation for the first time, customers' biggest fears are poor quality of products or services, or that an organisation takes payment without providing what has been paid for

Over 30% of customers are also concerned about an organisation not honouring promises or commitments or failing to live up to its marketing promises. Substantial numbers of customers highlight fears that an organisation may not use personal data appropriately (27%) or even lose personal data (20%).

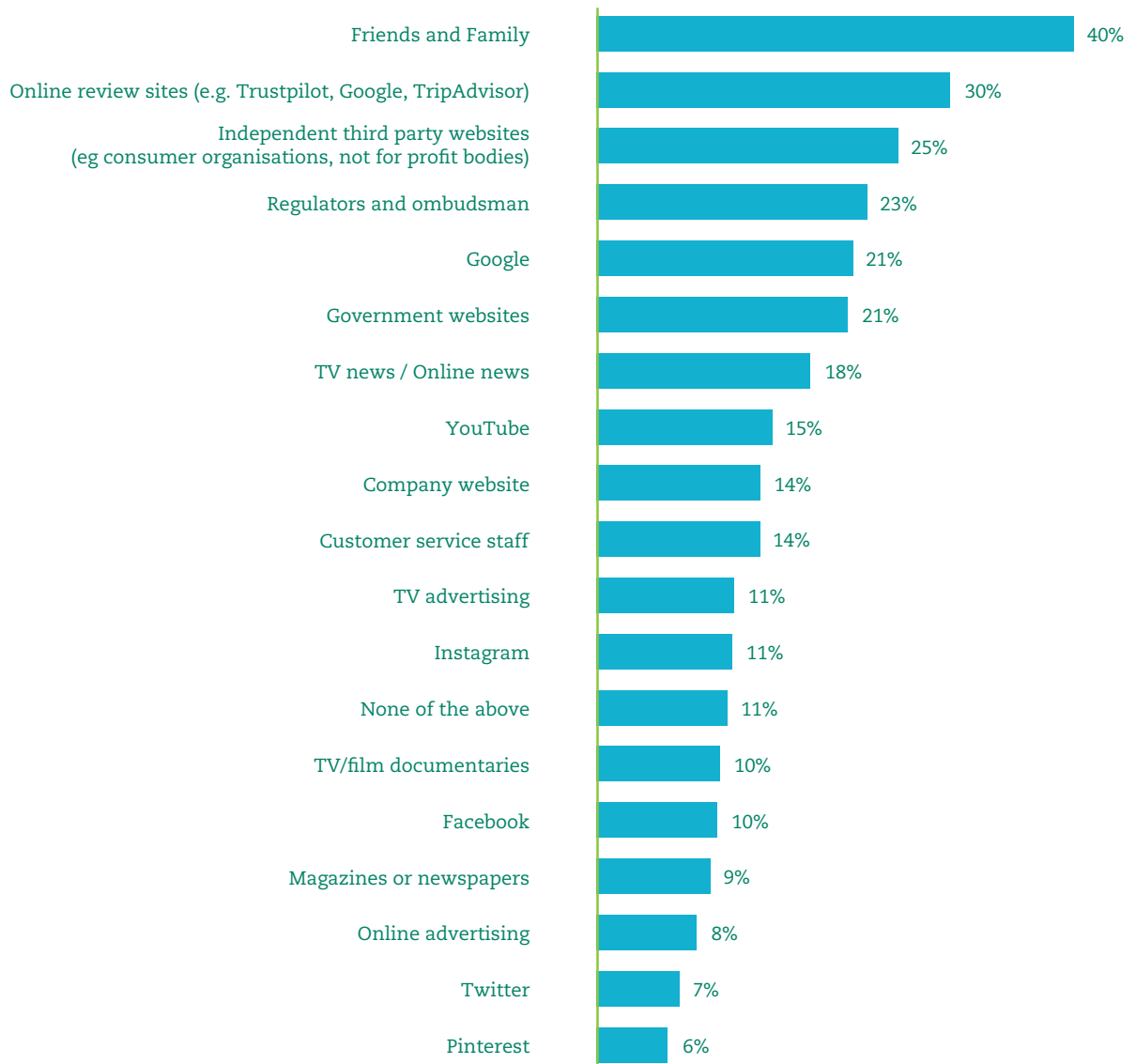
## When you choose to buy from an organisation for the first time, what do you fear the most?



# Friends and family and online review sites are seen as the most reliable sources of information about an organisation's trustworthiness

In addition, more than 20% of customers consider consumer bodies, regulators and ombudsman and government websites as reliable sources of information about organisations.

## What are the most reliable sources of information about the trustworthiness of the organisations you have bought from or dealt with?





While large numbers of customers in all age groups rely on friends and family and review sites as sources for reliable information about organisations, younger customers appear to be much less likely than average to refer to regulators or ombudsman, and more likely to seek evidence about trustworthiness from social media platforms like YouTube and Instagram.

### What are the most reliable sources of information about the trustworthiness of the organisations you have bought from or deal with?

	Age groups						
	All customers	18 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65+
Regulators and ombudsman	23%	9%	12%	21%	29%	33%	30%
YouTube	15%	33%	27%	18%	7%	5%	2%
Instagram	11%	28%	26%	14%	2%	1%	1%

● At least 10% points less than average

● At least 10% points more than average

This evidence suggests that regulators and ombudsman may need to explore ways of increasing their reach and impact in particular amongst younger customers. The findings also validate the relevance of the Competition and Market Authorities' work in creating guidelines and a code of practice for online influencers<sup>2</sup>.

<sup>2</sup> See [www.gov.uk/government/publications/social-media-endorsements-guide-for-influencers/social-media-endorsements-being-transparent-with-your-followers](https://www.gov.uk/government/publications/social-media-endorsements-guide-for-influencers/social-media-endorsements-being-transparent-with-your-followers)

# Customers' perspectives on trust: key takeouts

## Factors with the strongest stated influence on customers' trust in organisations

- Quality of their product / service
- Solving problems right and quickly first time
- Reliability of their product or service
- Putting their customers' needs first
- Reputation for customer service
- Staff are well trained
- Making it easy to contact a person when you need to
- They treat you as an individual
- Do what they promise without you having to chase them
- Honest and transparent about price rises

## Customer experience measures that correlate strongly with trust

- Organisation does the right thing in its business practices
- Organisation is open and transparent
- Organisation makes you feel reassured

### Business practices that reduce customers' trust

- Hidden costs / fees
- Potentially dangerous product defects
- Manipulation of online customer reviews
- Charging customers differently for the same product / service
- High pressure sales tactics
- Marketing claims not matched by the service delivered
- Organisations minimising the tax they pay
- Lack of transparency about product / service capabilities

### Customers' biggest fears when dealing with an organisation for the first time

- Product / service will be of poor quality
- Organisations taking money without providing product / service
- Failing to honour promises and commitments
- Marketing claims not matched by reality

# 4

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Sector and  
channel  
perspectives  
on trust

In general, the factors customers identify as influencing their trust in organisations are relatively consistent across sectors. But there are variations in the relative importance of attributes that influence trust.

For example, in the Banking sector well-trained staff, an organisation's reputation for customer satisfaction, making it easy to contact a person when you need to, and being treated as an individual, are more important than average.

For housing association customers, well-trained staff and customer satisfaction reputation are the leading sources of trust but this is the only sector in which the comments of friends and family are amongst the highest stated drivers of trust. In addition, several factors appear to be particularly important to trust in housing associations, including people's comments on social media and an organisation caring about society as well as its own interests.

In the Utilities sector, honesty and transparency about price prices, and consistency of pricing and service over time, are particularly important in creating trust.

In Retail, delivering on the brand promise, and the perception that an organisation pays its fair share of tax appear to be linked to trust more strongly than in other sectors.

# Banks and Building Societies

% of customers identifying each factor as important in trusting an organisation		Factors rated at least 3% points more than average
Their customer satisfaction reputation	54%	<ul style="list-style-type: none"> <li>• Customer satisfaction reputation</li> <li>• Staff are well trained</li> <li>• They treat you as an individual</li> <li>• Solving problems quickly and right first time</li> <li>• Quality of their product or service</li> <li>• Putting their customer needs first</li> <li>• Communicate in clear and straightforward language</li> <li>• Making it easy to contact a person when you need to</li> <li>• They listen and give you time to explain things</li> <li>• Making it easy to access information and advice</li> </ul>
Staff are well trained	48%	
They treat you as an individual	43%	
Solving problems quickly and right first time	41%	
Quality of their product or service	40%	
Putting their customers' needs first	39%	
Communicate in clear and straightforward language	37%	
Making it easy to contact a person when you need to	37%	
Making it easy to access information and advice	35%	
Reliability of their product or service	35%	



# Insurance

% of customers identifying each factor as important in trusting an organisation		Factors rated at least 3% points more than average
Their customer satisfaction reputation	50%	<ul style="list-style-type: none"> <li>• Their customer satisfaction reputation</li> <li>• They treat you as an individual</li> <li>• Communicate in clear and straightforward language</li> <li>• Making it easy to contact a person when you need to</li> <li>• Terms and conditions are straightforward and transparent</li> <li>• Online review sites</li> <li>• Interested in a long-term relationship with a customer</li> </ul>
Quality of their product or service	39%	
They treat you as an individual	37%	
Solving problems quickly and right first time	36%	
Making it easy to contact a person when you need to	36%	
Communicate in clear and straightforward language	36%	
Reliability of their product or service	35%	
Staff are well trained	35%	
Terms and conditions are straightforward and transparent	33%	
Putting their customers' needs first	33%	



# Local Council or Authority

% of customers identifying each factor as important in trusting an organisation		Factors rated at least 3% points more than average
Their customer satisfaction reputation	43%	<ul style="list-style-type: none"> <li>• Making it easy to contact a person when you need to</li> <li>• Making it easy to access information and advice</li> <li>• Do what they promise without you having to chase them</li> <li>• They listen and give you time to explain things</li> <li>• Reducing harmful impacts to the environment</li> <li>• They provide a named contact</li> <li>• They care about society not just about their own interests</li> <li>• Supporting charities or the local community</li> </ul>
Staff are well trained	37%	
Making it easy to contact a person when you need to	36%	
Solving problems quickly and right first time	36%	
Do what they promise without you having to chase them	35%	
Own up to their mistakes and put things right	33%	
They treat you as an individual	33%	
Communicate in clear and straightforward language	32%	
Putting their customers' needs first	32%	
They listen and give you time to explain things	32%	





# Housing Associations

% of customers identifying each factor as important in trusting an organisation		Factors rated at least 3% points more than average
Their customer satisfaction reputation	31%	<ul style="list-style-type: none"> <li>• They care about society not just their own interests</li> <li>• People’s comments on social media</li> <li>• What influencers say on social media</li> </ul>
Staff are well trained	31%	
They treat you as an individual	30%	
Communicate in clear and straightforward language	29%	
Putting their customers' needs first	29%	
Solving problems quickly and right first time	29%	
Making it easy to contact a person when you need to	28%	
My friends or family’s comments on them	28%	
Quality of their product or service	28%	
Reliability of their product or service	28%	



# Retail (Non-food)

% of customers identifying each factor as important in trusting an organisation		Factors rated at least 3% points more than average
Their customer satisfaction reputation	53%	<ul style="list-style-type: none"> <li>• Their customer satisfaction reputation</li> <li>• Quality of their product or service</li> <li>• Reliability of their product or service</li> <li>• Solving problems quickly and right first time</li> <li>• Deliver on their brand promise</li> <li>• My friends or family's comments on them</li> <li>• Doing what they promised without you having to chase them</li> <li>• Reliable guarantees</li> <li>• Own up to their mistakes and put things right</li> <li>• Consistency of their service and pricing over time</li> <li>• Terms and conditions are straightforward and transparent</li> <li>• They pay their fair share of tax</li> <li>• Paying staff fairly</li> <li>• Treating suppliers fairly</li> <li>• Reducing harmful impacts on the environment</li> <li>• Honest and transparent about personal data information they collect about customers</li> <li>• People's comments on social media</li> </ul>
Quality of their product or service	46%	
Reliability of their product or service	42%	
Solving problems quickly and right first time	40%	
Putting their customers' needs first	38%	
Deliver on their brand promise	36%	
Staff are well trained	36%	
Consistency of their service and pricing over time	34%	
Do what they promise without you having to chase them	34%	
Honest and transparent about price rises	34%	



# Supermarkets

% of customers identifying each factor as important in trusting an organisation		Factors rated at least 3% points more than average
Their customer satisfaction reputation	52%	<ul style="list-style-type: none"> <li>• Their customer satisfaction reputation</li> <li>• Putting their customer needs first</li> <li>• Quality of their product or service</li> <li>• Staff are well trained</li> <li>• Deliver on their brand promise</li> <li>• Paying staff fairly</li> <li>• Consistency of their service and pricing over time</li> <li>• Treating suppliers fairly</li> <li>• Supporting charities or the local community</li> <li>• They care about society not just about their own interests</li> </ul>
Putting their customers' needs first	46%	
Quality of their product or service	46%	
Staff are well trained	45%	
Reliability of their product or service	38%	
Solving problems quickly and right first time	38%	
Deliver on their brand promise	35%	
Honest and transparent about price rises	33%	
Own up to their mistakes and put things right	33%	
Paying staff fairly	33%	



# Telecommunications and Media

% of customers identifying each factor as important in trusting an organisation		Factors rated at least 3% points more than average
Their customer satisfaction reputation	48%	<ul style="list-style-type: none"> <li>• Quality of their product or service</li> <li>• Reliability of their product or service</li> <li>• Solving problems quickly and right first time</li> <li>• Honest and transparent about price rises</li> <li>• Own up to their mistakes and put things right</li> <li>• Consistency of their service and pricing over time</li> <li>• Terms and conditions are straightforward and transparent</li> <li>• Reliable guarantees</li> <li>• They pay their fair share of tax</li> <li>• Interested in a long-term relationship with a customer</li> </ul>
Reliability of their product or service	44%	
Quality of their product or service	44%	
Solving problems quickly and right first time	42%	
Honest and transparent about price rises	38%	
Staff are well trained	38%	
Putting their customers' needs first	37%	
Own up to their mistakes and put things right	35%	
Making it easy to contact a person when you need to	33%	
They treat you as an individual	33%	



# Train Companies

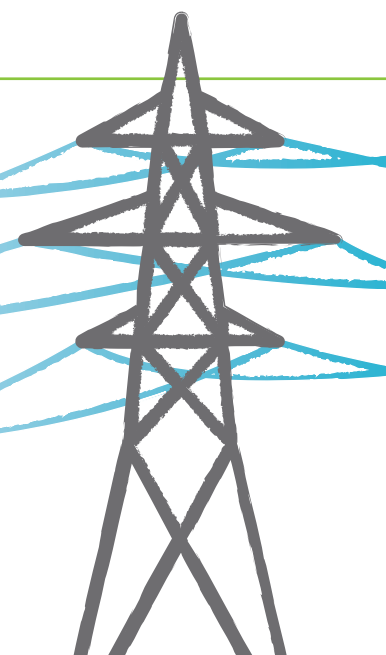
% of customers identifying each factor as important in trusting an organisation		Factors rated at least 3% points more than average
Their customer satisfaction reputation	36%	<ul style="list-style-type: none"> <li>• People's comments on social media</li> <li>• What influencers say on social media</li> </ul>
Staff are well trained	35%	
Putting their customers' needs first	31%	
Reliability of their product or service	31%	
Solving problems quickly and right first time	30%	
Making it easy to access information and advice	29%	
Quality of their product or service	29%	
Effectiveness of their communication and customer service	28%	
Honest and transparent about price rises	28%	
Own up to their mistakes and put things right	28%	



# Utilities

% of customers identifying each factor as important in trusting an organisation		Factors rated at least 3% points more than average
Their customer satisfaction reputation	51%	<ul style="list-style-type: none"> <li>• Their customer satisfaction reputation</li> <li>• Honest and transparent about price rises</li> <li>• Solving problems quickly and right first time</li> <li>• Reliability of their product or service</li> <li>• Communicate in clear and straightforward language</li> <li>• Making it easy to contact a person when you need to</li> <li>• Terms and conditions are straightforward and transparent</li> <li>• Consistency of their service and pricing over time</li> <li>• Do what they promise without you having to chase them</li> <li>• Own up to their mistakes and put things right</li> <li>• Reducing harmful impacts to the environment</li> <li>• Deliver on their brand promise</li> <li>• Making it easy to access information and advice</li> <li>• Online review sites</li> <li>• Reliable guarantees</li> </ul>
Honest and transparent about price rises	43%	
Reliability of their product or service	42%	
Solving problems quickly and right first time	42%	
Putting their customers' needs first	37%	
Communicate in clear and straightforward language	36%	
Consistency of their service and pricing over time	35%	
Do what they promise without you having to chase them	35%	
Making it easy to contact a person when you need to	35%	
Quality of their product or service	35%	

Evidence from interviews with senior executives, and our research with customers, suggests that customers' readiness or need to trust organisations may vary by sector because of personal beliefs, experiences, fears or context.



## Customers' trust in insurers is influenced by perceptions about pricing and claims policy

In the Insurance sector, as one of interviewees observed, the market has helped to reduce trust by attracting customers based on low prices, which in many cases are unsustainable. When customers renew their policy, they are sometimes presented with a price increase which appears disproportionate and unjustified. In some cases, the price is reduced when a customer objects, but this may serve further to erode trust in future renewal quotes and encourage customers to switch providers based only on price. In addition, long standing customers often feel they should be rewarded for loyalty, rather than new customers being given preferential rates.

Making an Insurance claim is one of the most personally important and potentially stressful customer experiences. One of the insurers we interviewed suggested that many customers do not have positive expectations when they make a claim, because they may not be fully aware of the extent of their cover, do not understand the basis on which the decision will be made, and suspect that the organisation will put its commercial interests first.

Trust in the Insurance sector as a whole has been affected by disputes over cover for business interruption during the Covid-19 pandemic. Thousands of small businesses that were unable to operate during the first lockdown from March 2020 were refused business interruption insurance because some insurers claimed that disease clauses did not cover the pandemic lockdown scenario. The Financial Conduct Authority (FCA) brought a test case to seek clarity about the application of certain non-damage business interruption policy wordings, with eight insurers agreeing to take part in proceedings<sup>3</sup>. Many small businesses formed campaign lobbying groups to press for a quick resolution of the issue. In January 2021, the Supreme Court found largely in favour of small firms receiving payments from business interruption insurance policies. As a result, many small businesses should receive insurance payments for business interruption and policies have been amended to clarify whether and how they will cover losses arising from lockdowns. Though the Supreme Court's ruling has been publicly welcomed for providing clarity, concerns remain about the speed of payouts to affected businesses and the implications for other business interruption policies, such as storm or flood losses.

<sup>3</sup> See [www.bbc.co.uk/news/business-55661702](https://www.bbc.co.uk/news/business-55661702)

As a result of these market conditions, there is a greater focus from organisations and regulators on transparency of pricing and cover and speed of resolution of claims and issues. An Insurance organisation we interviewed highlighted that long-term trust and sustainability require an honest, upfront conversation with customers about the extent of cover and transparency about levels of pricing and price changes, backed up by efficient and reliable services, especially in relation to claims.

Some organisations in the Insurance sector provide services on behalf of a variety of different brands. In these cases, there is a three-way trust dynamic involving customers, brands and third party service providers. Usually, the customer's direct relationship is with the brand from whom they bought an insurance policy. As a result, third party organisations may deal with customers whose expectations and levels of trust vary. In general, third party organisations do not discriminate between customers of different brands but aim to provide consistent levels of service to all. However, it is likely to be more profitable to develop long-term relationships with companies that command relatively high levels of trust. These relationships are strengthened by evidence of customer feedback, ethical standards and in some cases transparency with the Insurance market about operating margins.



## Trust can be influenced by asymmetrical relationships between public services organisations and customers

Relationships between providers of public services and citizens are often influenced by factors beyond conventional customer-supplier dynamics.

- There is often an asymmetric relationship or “power imbalance” between organisations and customers where public service providers have access to complex, technical information and skills required to deliver services on which customers are highly dependent
- Customers may not have a viable choice of service provider
- Organisations may have a statutory responsibility to deliver services with which customers are reluctant to engage.
- Quality of provision often depends on collaboration between a network of agencies, resulting in lack of clarity for customers about who is accountable for the service they experience
- Customers are not always aware of a public service organisation’s specific remit, especially if administrative arrangements have changed and may “blame” an organisation for failings over which it has no influence
- In some cases, customers’ trust in organisations may be influenced by their political views, for example on government tax policy, whether organisations pay their fair share of tax, or whether welfare benefits and public investment are fairly distributed.

Perhaps as a result of the particular dynamics of relationships between providers of public service and their customers, organisations in this sector are especially likely to measure levels of customer trust and develop strategies specifically to improve trust.

## Quality of homes and perceptions about organisations' investment priorities influence customers' trust of housing associations

A senior executive we interviewed from a housing organisation suggested that customers' trust is influenced by the circumstances in which housing associations were formed, and by their operating model. In some cases, housing associations were set up to manage and invest in old local authority housing stock. As a result, customers' trust is affected by perceptions about the quality of their home and expectations about the required level of maintenance. Customers in new, high quality homes often have higher levels of trust than those living in older homes that need maintenance.

Trust is also affected by customers' views about investment priorities set by housing associations, especially relative levels of funding committed to maintenance of existing properties compared to building of new homes. Leaseholder customers in particular tend to highlight issues of transparency and levels of service charges, which may rise because of planned or unforeseen expenditure. Housing associations cannot always be completely

transparent about the way they handle emotive and personal issues such as anti-social behaviour, which may lead customers to doubt that appropriate action is being taken.

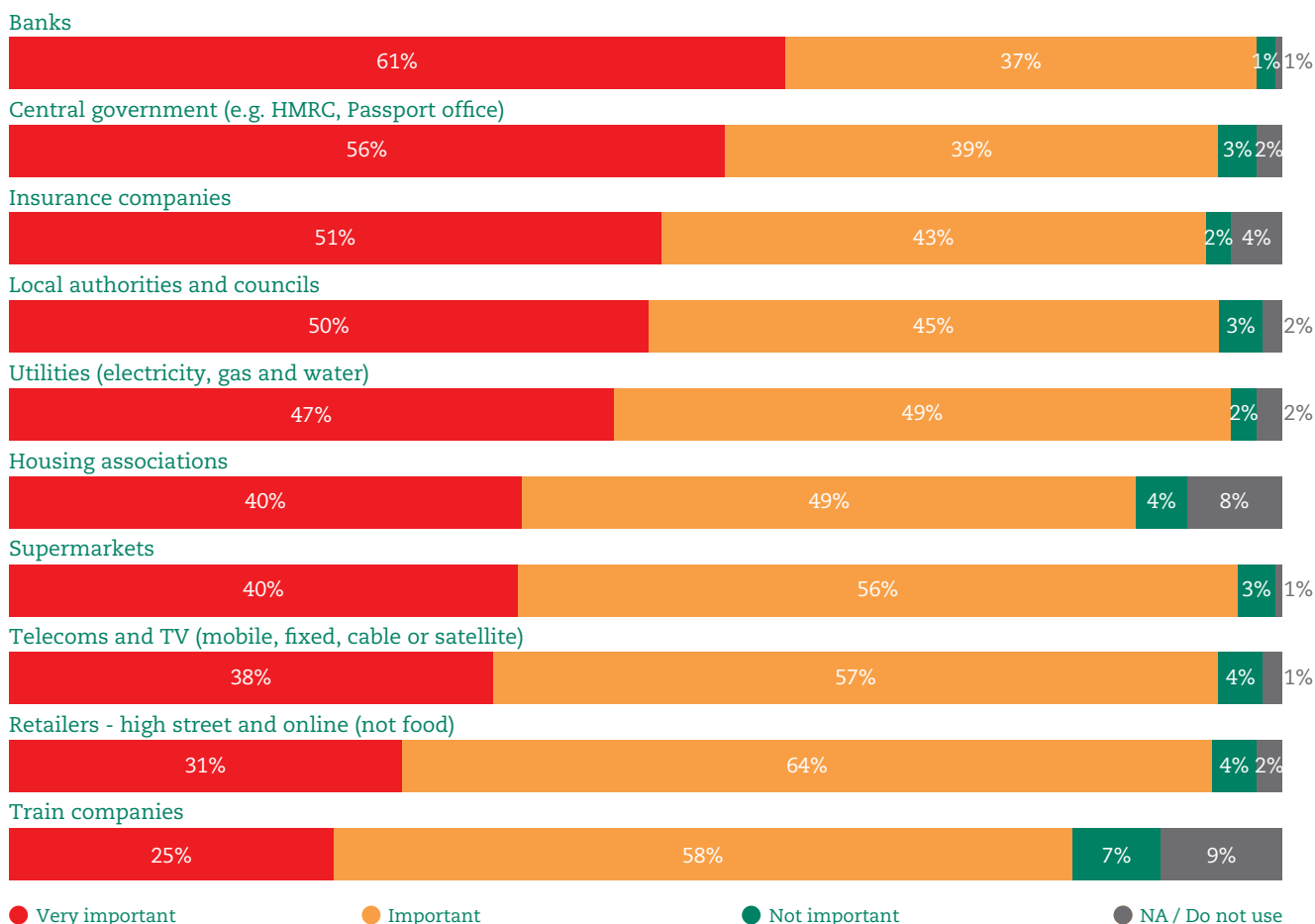
The nature of the relationship between housing associations and their customers has led to a prominent focus on co-creation and direct engagement. Customer committees and forums are a key mechanism for housing associations to engage and involve customers. Ensuring that these forums represent customers' interests, are well managed, and their outcomes effectively communicated, is essential to developing trusted relationships between housing associations and their customers.

# The need to trust an organisation's customer service appears to be most critical when dealing with banks, government agencies, insurance companies, local authorities and Utilities

In the online survey conducted for this research, customers were asked to comment on how important it that they trust the customer service of organisations in a range of sectors. On average, 94% of customers believe it is very important or important to trust an organisation's customer service, ranging from 98% in the banking sector to 83% in relation to train companies.



## How important is it that you trust the customer service of these organisations?

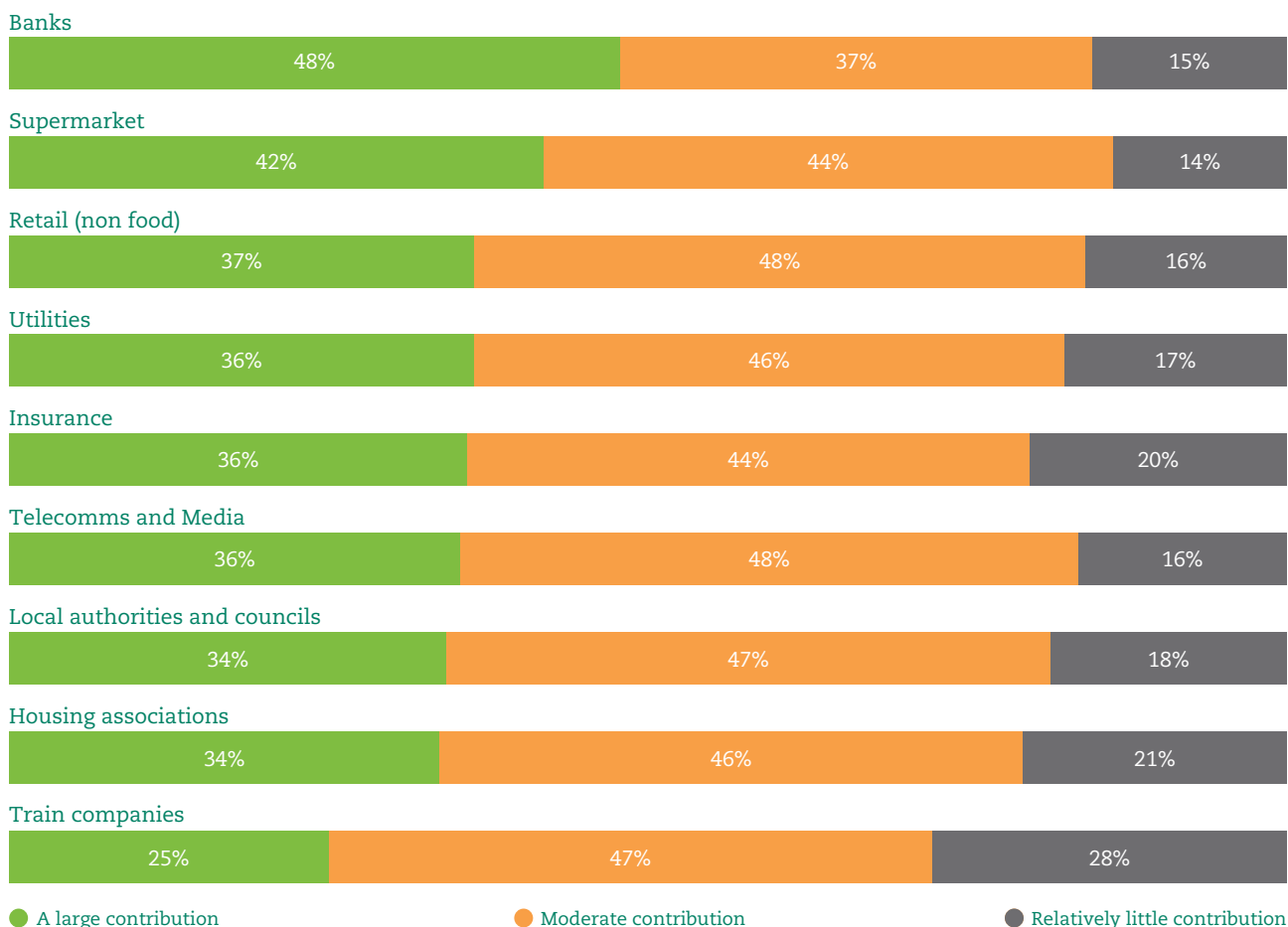


# The role of customer service in influencing broader trust in an organisation is most overt in the banking and supermarket sectors

41% of customers say that an organisation's customer service contributes strongly to their overall trust in the organisation, ranging from 48% of banking customers to 25% of rail customers.



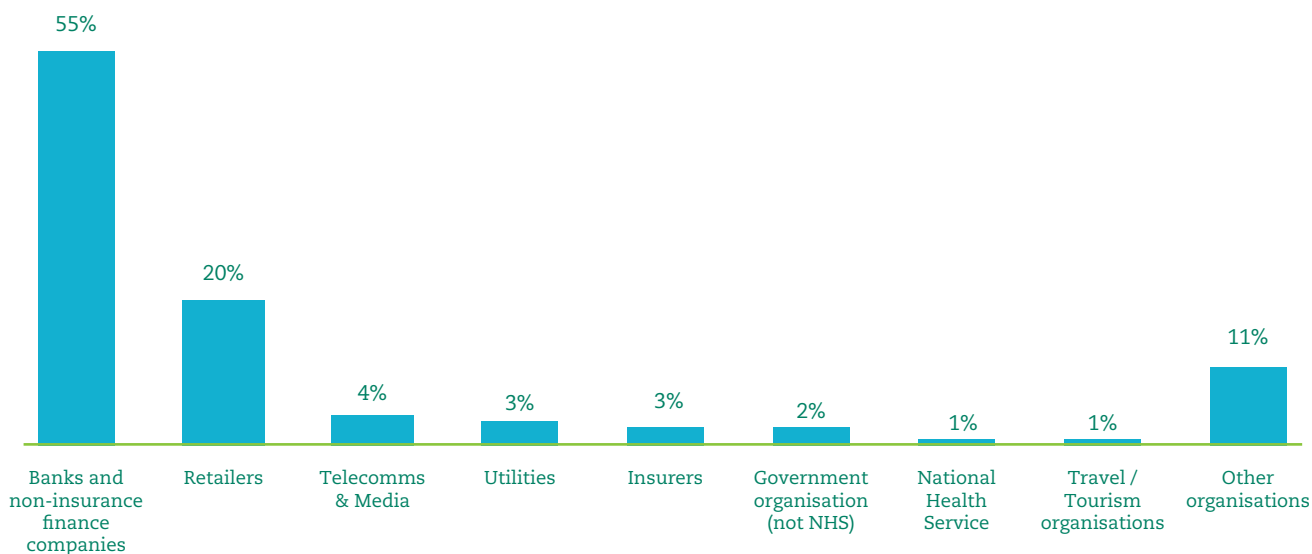
## To what extent does the customer service of these organisations contribute to how much you trust them?



These results are consistent with the relatively large numbers of customers who, when asked to name spontaneously and organisation they trust, identified a specific bank or “my bank.”



### Customers' responses when asked to name an organisation they trust: breakdown by sector



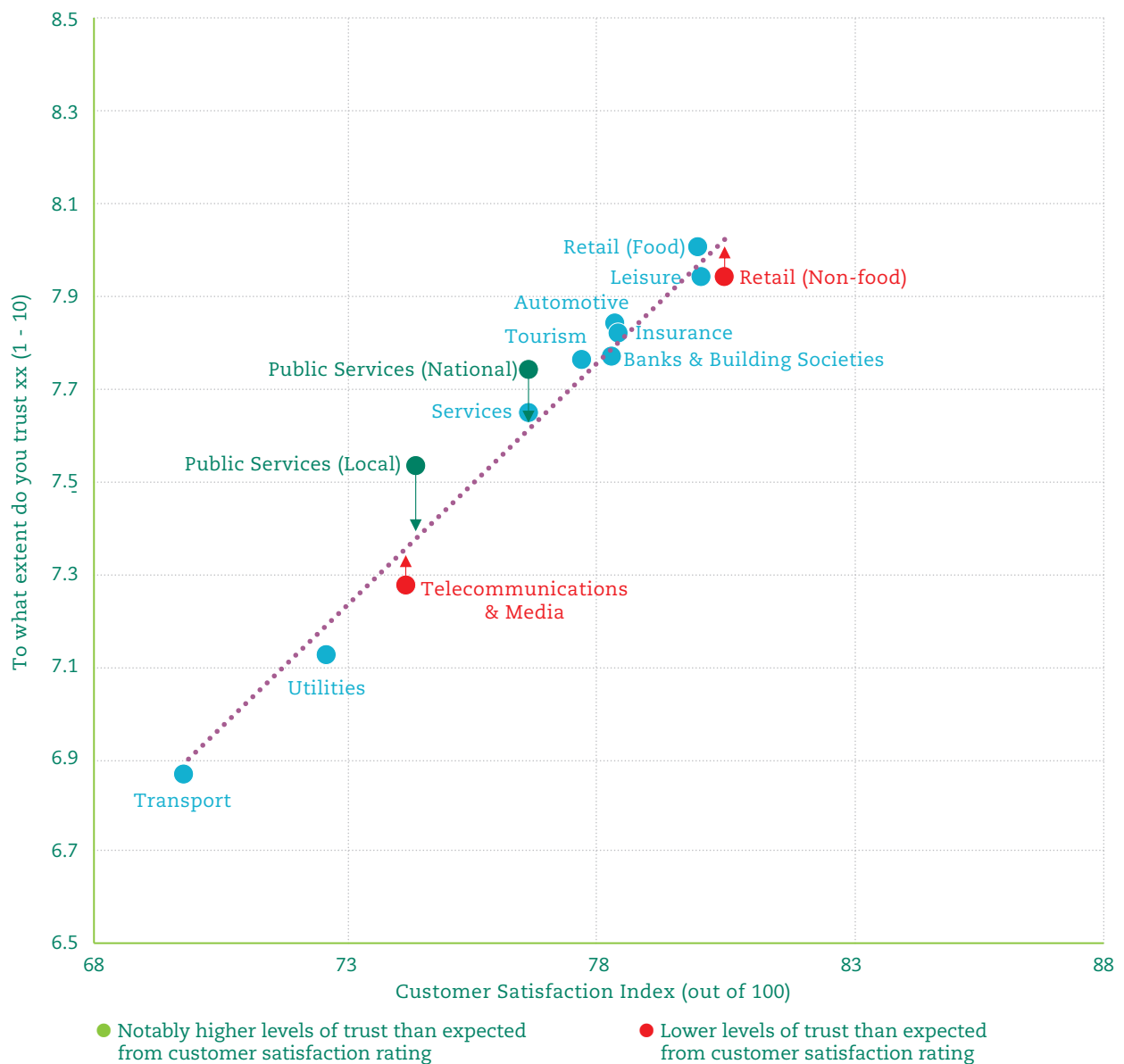
However, this does not necessarily indicate that banks or building societies in general are more trusted than organisations in other sectors. The benchmark measure of trust in the UK Customer Satisfaction Index (“to what extent do you trust xx”) shows that, while first direct and Nationwide are amongst the most trusted organisations,

many banks receive lower trust scores than organisations in other sectors<sup>4</sup>. Rather, this evidence suggests that in the banking sector, trust and customer service are tightly connected because customer experiences are concerned with money, personal data and often occur in the context of key life events.

<sup>3</sup> See Appendix 1 Most trusted organisations in the UK Customer Satisfaction Index Jan 2016 – Jan 2021

Trust in Public Services organisations is higher than average levels of satisfaction would suggest. In the Retail (Non-food) and Telecommunications and Media sectors, average trust is lower than what might be expected

Variations in the relationship between customer satisfaction and trust, by sector



When the Customer Satisfaction Index and trust scores of organisations in the 13 sectors that feature in the UK Customer Satisfaction Index are compared, most sectors record an average level of trust that is consistent with their overall level of customer satisfaction.

However, organisations in the Public Services Local and National sectors tend to receive higher levels of trust than might be expected from their ratings for customer satisfaction. Customers' trust is likely to be influenced by organisations' longevity and purpose. Many public sector organisations are long established and widely recognised, and provide services that are vital to personal health, well-being or community cohesion. Often, customers do not have a viable choice of provider, so there is a clear need to trust an organisation.

In the Retail (Non-food) and Telecommunications and Media sectors, the average of organisations' scores for trust is slightly lower than what might be expected, based on their level of customer satisfaction. This tends to align with the finding that in these sectors a relatively lower proportion of customers agreed that it is "very important" they trust an organisation's customer service, perhaps because they rarely interact with a service provider, their experiences are relatively straightforward transactions, or they feel confident they can switch to an alternative provider. However, where latent trust in an organisation is relatively low, and customers experience a problem or disruption, there may not be a "reservoir of goodwill" to give an organisation the benefit of the doubt or prevent a customer moving to another supplier. This evidence suggests that organisations in the Retail (Non-food) and Telecommunications and Media sector should examine ways of building trust through both their customer service and broader engagement.

## Experiences conducted in person or via an App show the highest average levels of trust

Over the past year, customers' channel use has evolved in many sectors. The disruption caused by the Covid-19 lockdown has led to fewer in person experiences and more email, webchat and App experiences. In some cases, organisations have directly asked customers to contact them through a website or App, rather than over the phone. As a result, it has become more important for organisations to assess customer satisfaction and trust across a range of channels.

The UK Customer Satisfaction Index gives a view of average levels of trust depending on which channel a customer has used for their interaction with an organisation. To some extent, this is influenced by the type of customer experience. For example, average levels of satisfaction or trust tend to be lower for email or phone experiences because a relatively high proportion of complaints are reported using these channels. Nevertheless, average levels of trust for experiences conducted in each channel give an indication of how channels might best be deployed to enhance customers' trust.

Across the 13 sectors in the UKCSI, average levels of trust are highest for in person and App experiences. In person experiences coincide with the highest average levels of trust in Public Services and Services sectors. App experiences attract the highest level of trust in Banking, Leisure, Telecommunications and Media, Tourism and Utilities. In the Retail sectors, App experiences generate the highest levels of trust alongside website experiences (in Retail Food) and in person experiences (in Retail Non-food).



## Average scores for trust in an organisation, by channel used

Sector	All channels	In person (store/branch/office)	In writing (letter)	On their website	Over the phone (e.g. called a contact centre)	Email	Text	Web chat	App	Social media
UK average (all sectors)	7.6	<b>7.9</b>	7.0	7.7	7.3	7.1	6.8	7.0	<b>7.9</b>	7.2
Automotive	7.8	8.0	<b>8.2</b>	7.7	8.0	7.3	6.6	7.4	8.1	8.0
Banks & Building Societies	7.8	7.8	5.0	7.9	7.6	7.0	6.7	7.4	<b>8.1</b>	-
Insurance	7.8	7.8	<b>8.1</b>	8.0	7.7	7.4	7.1	8.0	8.0	8.0
Leisure	7.9	8.0	-	7.9	7.9	7.5	7.5	7.6	<b>8.3</b>	7.5
Public Services (Local)	7.5	<b>8.1</b>	5.6	7.4	7.2	6.5	7.0	7.5	7.9	7.1
Public Services (National)	7.7	<b>8.1</b>	7.6	7.7	6.9	7.1	7.4	7.5	7.5	7.8
Retail (Food)	8.0	8.1	-	<b>8.2</b>	7.4	7.2	5.8	6.4	<b>8.2</b>	7.2
Retail (Non-food)	7.9	<b>8.1</b>	-	<b>8.1</b>	7.1	7.0	6.7	7.5	<b>8.1</b>	7.4
Services	7.6	<b>7.9</b>	<b>7.9</b>	7.5	7.8	7.1	7.6	6.9	7.1	7.4
Telecommunications & Media	7.3	7.7	4.8	7.7	6.9	7.0	7.5	6.6	<b>8.0</b>	7.7
Tourism	7.8	7.8	-	8.0	7.6	7.3	6.4	7.1	<b>8.1</b>	7.1
Transport	6.9	6.9	6.0	7.0	<b>7.1</b>	6.4	6.0	5.8	7.0	6.0
Utilities	7.1	7.4	6.9	7.4	6.8	7.1	6.2	6.7	<b>7.7</b>	7.5

● At least 0.3 points higher than average

Source: UKCSI January 2021

## Combining digital convenience and human intervention

Many organisations have seen gains in customer satisfaction and trust through growth in customers' App usage. Apps often provide transparency of personal information, security, convenience and rapid execution of routine transactions.

This evidence tends to validate the strategy of organisations such as first direct, who encourage customers to sample the convenience of App experiences, whilst maintaining access to phone channels. However, this does not mean that trust and satisfaction can be increased simply by growing the number of customers who use an App to interact with an organisation. It suggests rather, that trust is most likely to be nurtured by harnessing technology to streamline access to information and routine experiences, and enabling direct human contact when help is needed.

## Sector and channel perspectives on trust: key takeouts

- The factors customers identify as influencing their trust in organisations are relatively consistent across sectors. However, there are variations by sector in the relative importance of factors
- 94% of customers believe it is very important or important to trust an organisation's customer service, ranging from 98% in the banking sector to 83% in relation to train companies
- 41% of customers say that an organisation's customer service contributes strongly to their overall trust in the organisation, ranging from 48% of banking customers to 25% of rail customers
- 56% of customers could spontaneously name an organisation they trust. A bank was the most commonly identified organisation type
- Public Services organisations tend to receive higher levels of trust than might be expected from their ratings for customer satisfaction. Customers' trust is likely to be influenced by organisations' longevity, purpose, widespread recognition and importance for personal and social well-being
- In the Retail (Non-food) and Telecommunications and Media sectors, average scores for trust tend to be slightly lower than what might be expected, based on their level of customer satisfaction. This may be because many customer experiences are relatively straightforward transactions. However, there is a risk that customers may move to another supplier if they experience a problem or become aware of an alternative offer
- Experiences conducted in person, or via an App, show the highest average levels of trust. This highlights the benefits of harnessing technology to streamline access to information and routine experiences but enabling direct human contact when it is needed.

# 5

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Senior executives  
and employees'  
perspectives on  
trust

The senior executives interviewed for this research recognise that the strongest drivers of customers' trust in an organisation are the way it manages customer relationships: its competence and expertise, reliability, transparency and the care it shows for customers. Increasingly, customers' trust is influenced by an organisation's ethical policy and evidence of its ethical engagement and conduct. Trust is also shaped by public dialogue and commentary about an organisation: in customer reviews, media reporting, social media and the opinions of key influencers.

Our research suggests that many commercial organisations do not specifically measure trust, identify drivers of trust, nor develop strategies to build trust. They tend to see trust as the product of the organisation's competence, reliability, transparency, ethical behaviour and culture, rather than as a tangible business objective.

However, in the public sector organisations appear to be more likely to focus specifically on developing and measuring customers' trust. In the organisations interviewed for this research, the focus on trust is often motivated by a desire to build more open, collaborative customer relationships and reposition the organisation as a service provider, rather than just as an institution delivering statutory or public goods. For organisations whose main objectives are to deliver social or policy objectives, trust is a key measure of success.

In this chapter, we consider senior executives' perspectives on the factors that contribute to building or undermining customer trust, including issues that have become more salient during the Covid-19 crisis.

We also review feedback from a sample of employees, working in a wide range of organisations, about what enables or damages customer trust. The sample of employees is not related to the organisations represented by senior executives who were interviewed for this research.

# Demonstrating competence and expertise in the core proposition

A consistent theme in interviews with senior executives is the critical importance of delivering on the organisation's core proposition, "doing what you say you will do", ensuring that the quality and performance of products and services meet customers' expectations and that problems are addressed quickly.

“Trust requires that we do what they expect us to do. We put things right. We do things quickly. We don't put unnecessary barriers in the way. We are empathetic in the way that we do it. We deliver on the promises that we've made.”

## Attributes that build trust

- Quality of core products and services
- Skilled and knowledgeable employees
- Accurate information and advice
- Efficient fulfilment and delivery
- Fast resolution of queries and issues
- Harnessing technology to improve products, services and experiences
- Resilience and agility in crisis situations

## Actions that damage trust

- Persistently getting things wrong, especially for key customer experiences
- Incorrect information or advice
- Mismanagement or failure to develop and grow core competences
- Poor or slow response in crisis situations

Competence is also vital in a range of disciplines that are rarely visible to customers but underpin the quality and reliability of customer experience:

- Recruitment
- Training and development
- Leadership and coaching
- Product development and management
- Financial management
- Logistics and planning
- Procurement and supplier management
- IT and data management
- Contingency planning
- Agility and innovation

Competence in contingency planning, resilience and agility influence an organisation's ability to respond effectively and maintain service during a crisis, such as a natural disaster, major incident, supply chain disruption or strike. These attributes have been tested and often exposed during the Covid-19 crisis.

# Reliability, dependability and consistency

Reliability and dependability are demonstrated visibly through consistency of performance of products and services, and the ease with which customers access help and advice.

“Reliability is the one of the most important factors for me. If we were able to do everything that we said we were going to do, when we said we were going to do it and without any problems, that would be the biggest thing that would change trust.”

## Attributes that build trust

- Consistency of performance / quality of products and services
- Meeting expectations and delivering on promises
- Creating a safe and secure environment for customers and employees
- Security of customer data, property
- Being available and easy to contact through customers' channel of choice
- Consistency of experience across different channels

## Actions that damage trust

- Failure to deliver on core promise
- Products and services continually not performing as expected
- Being unable to speak to someone when it is needed, or being passed around
- Taking too long to resolve issues
- Failing to keep promises or follow up issues
- Failure to adhere to safety practices, especially in the context of Covid-19
- Data breaches
- Inconsistency of experience across channels



Safety protocols to protect against the risk of Covid-19 infection have been a critical requirement for organisations, especially in the following contexts:

- Where employees or contractors are required to visit customers' or suppliers' premises
- Handling of goods, materials and vehicles
- Settings with a potentially significant concentration of employees and / or customers, such as stores, offices, construction sites
- Travel to holiday destinations, when permitted

Several senior executives said their organisation had needed, at various times, to remind employees, contractors and customers about the need to adhere to safety protocols. In particular, where employees and contractors attend customers' premises, visible adherence to Covid-19 safety measures has been an ongoing focus.

Resourcing challenges caused by absences due to sickness or self-isolation, social distancing rules, limitations of remote working and financial pressures, mean that many organisations have asked their customers to use digital channels to make contact, or to call directly about urgent issues only. Often, this has worked effectively, enabling customers to use easier ways of performing routine transactions. However, as the pandemic has evolved, customers may have become less willing to accept that the preferred method of contact is determined by organisations. In the January 2021 UKCSI, "making it easier to contact the right person to help" was the single biggest issue that organisations should improve, identified by 14% of customers. Several senior executives we interviewed said that their organisation has chosen to refocus resourcing so that customers' ability to contact the organisation and speak to an employee is not impaired.

## A heightened need for transparency in an online world

In an online world where information and opinion about many organisations is readily accessible, there is a heightened need to communicate proactively, to respond rapidly and be seen as transparent.

Senior executives emphasise the importance of being transparent, especially in the context of product capabilities, terms and conditions, key policies that affect customers, changes in pricing, and issues related to cancellations or refunds. Transparency is evidenced in the clarity, visibility and timeliness of communications, especially in relation to important service or price changes. Some organisations seek to promote transparency by giving customers easier access to personal information such as product usage and history.

### Attributes that build trust

- Timely, proactive communications especially about pricing or service changes
- Clarity of terms and conditions, especially for refunds
- Setting realistic timescales
- Being honest about mistakes
- Publication of performance metrics, customer feedback, consultations
- Published organisation values
- Transparency of corporate governance procedures
- Consulting with customers about changes in products and services
- Transparency about costs (eg with industry partners)

### Actions that damage trust

- Lack of transparent decision-making about key customer experiences eg claims or refunds
- Lack of clarity about pricing, terms and conditions
- Unexpected or unjustified price increases
- Failure to communicate promptly about key product or service changes that affect customers
- Misleading marketing claims or communications
- Misreporting of financial or key performance indicators
- Failing to adhere to corporate governance policies

Our research with customers has shown that transparency about pricing is especially salient in the Insurance and Utilities sectors. Charging new and existing customers different rates for the same products and services carries a significant risk to customers' long-term trust.

Transparency is also about setting realistic expectations about what can be delivered, and being accountable. Several respondents highlighted the importance of owning up to mistakes, taking ownership to put things right, and not blaming other parts of the organisation, suppliers or third parties.

Effective and transparent corporate governance is critical to maintain the trust of investors, regulators and other key stakeholders. Publication of key performance measures, customer satisfaction feedback, sustainability and corporate social responsibility reports are seen as ways of being open and transparent to customers. Organisations often publish their purpose and values so that customers know what to expect from the organisation and can assess the extent to which conduct of the organisation and its people are consistent with its purpose and values.

Our research with customers shows that many people have concerns about how organisations collect, manage and use personal data. The senior executives we interviewed recognise that data is a vital concern, but many felt that GDPR has provided reassurance and reduced customers' fears about how organisations use their personal data. This may reflect that our interviewees were mostly drawn from large organisations with published data policies and relatively advanced capabilities. Data security and management appears to be a live concern for many customers, especially when dealing with less well-known organisations or dealing with an organisation for the first time.

In sectors where organisations engage third parties to provide services that are critical to customer experience, collaborative partnership relationships are central to developing trust<sup>5</sup>. Our research suggests that the ideal relationship is one in which both procuring organisation and supplier recognise that they each stand to benefit from the other's success. Trust is developed through openness about operational challenges, multi-level peer relationships, sharing ideas and practice. In some cases, transparency about the long-term costs of providing services is necessary to develop trust between supplier and procuring organisation.

<sup>5</sup> See The Procurement Partnership: developing relationships to deliver excellent customer service through procurement, Institute of Customer Service, 2020

## Ethical policy and conduct that is genuine and credible

Many senior executives believe that customers' expectations about organisations' ethical practice have increased in recent years, a view reflected in the strong correlation between customers' perception that "an organisation does the right thing in its business practices" and levels of trust (see page 47).

Organisations need to ensure that communications about their ethical engagement are relevant and meaningful to customers and not seen as inauthentic or excessively technical. Many customers are highly motivated and knowledgeable about specific ethical issues, whilst others care about ethical issues alongside their needs for product quality, reliability, pricing and service. Increasingly, organisations are therefore seeking to integrate ethical messaging and practice as part of an overall customer proposition, rather than present it as a distinct initiative.

Some organisations expressed caution about engaging with ethical causes or movements that risk polarising customer opinion. As a result, community and social engagement tends to focus on issues that command widespread support, are aligned to the organisation's purpose, and are unlikely to provoke hostile sentiment.

The impact of ethical failure is likely to be most severe when it causes harm to customers, concerns an issue which matters deeply to many customers, raises questions over an organisation's core competence, or receives widespread publicity. The long-term consequences of ethical failure are influenced by an organisation's transparency in owning up to the extent of wrong-doing and the corrective changes it makes.

Several senior executives we interviewed observed that Volkswagen Group appears to have recovered strongly from the emissions scandal that emerged in 2015. Some commentators believe that the scandal stimulated necessary changes in Volkswagen's senior management team, operating model, partnership and investment strategy, leading to greater investment in green technologies<sup>6</sup>. Volkswagen restructured its operations to reduce the number of options in its cars and focus on building models tailored to regional markets. The company has sought to increase the amount of de-centralised decision-making and develop new partnerships to invest in electrification, autonomous and internet-connected cars. These changes have helped the organisation generate funds to pay for many of its legal costs and liabilities. Volkswagen remains embroiled in significant numbers of investor and customer lawsuits. Nevertheless, the competence and scale of its response to the emissions scandal appear to have contributed to a recovery in investor confidence and customer revenues.

<sup>6</sup> See What went so right with Volkswagen's restructuring, FT, January 18 2018 <https://www.ft.com/content/a12ec7e2-fa01-11e7-9b32-d7d59aace167>

### Attributes that build trust

- A credible commitment to the sustainability agenda in the organisation's operations, supply chain and customer engagement
- Treating employees fairly, for example ensuring that all employees receive a living wage, and a genuine commitment to diversity and inclusion
- Developing collaborative supplier relationships that enable suppliers to make a fair return on investment and seek to sustain relationships when economic conditions are challenging
- Making investment decisions that take into account ethical criteria
- Balancing the needs of new and existing customers when making investment decisions
- Supporting communities in which the organisation operates

### Actions that damage trust

- Untrue claims about commitment to ethical or environmental issues
- Failing to adhere to meeting standards for treatment of employees
- Aggressively avoiding tax or social responsibilities
- Failing to meet regulatory or legal responsibilities
- Engaging in political or ethical issues which polarise opinion

## Empathy and care to build an emotional connection

Trust, in the context of customers' relationship with organisations, has rational and emotional properties. The rational dimension of trust is influenced by an organisation's actions: its competence and reliability of execution. The emotional dimension of trust is influenced by how organisations engage with customers, especially in the context of problems, complaints, or experiences of high personal significance. Emotional trust can also be created by supporting customers in difficult circumstances, or enhancing their enjoyment of special experiences.

Earning emotional trust requires that an organisation listens to, understands and acknowledges customers' individual needs and circumstances; provides reassurance; and seeks to provide solutions tailored to personal needs. Where an organisation has been able to provide practical help and action, it can deepen the relationship with a customer.

“It starts to build an emotional connection and when you get an emotional connection then you get trust and when you get trust, you know it just deepens the relationship.”

Where a problem has occurred, customers often need to feel that the organisations has taken ownership and that it will take steps to prevent other customers being disadvantaged in future.

“Too many companies won't apologise quickly because they don't want to appear that they are admitting liability. In my experience, when the something has gone wrong customers want to be listened to, they want to be heard. They want their concerns validated and to be recognised as an individual. They may want some form of financial sort of recompense. They don't want other people to have the same experience.”

Empathy and care can help create positive feelings and memories when services are enhanced, or customers' expectations are exceeded. An example from the Tourism industry highlighted ways of building emotional trust, such as virtual meetings with tour guides or a cruise director before a holiday, to build anticipation; and offering personalised experiences, such as spending time with a local family at a holiday destination.

However, an excess of care and empathy can risk jeopardising customer trust. A senior executive we interviewed cited the example of customers reacting negatively to communications designed to give advice and guidance about personal spending and budgeting. Though the communication was motivated by care and a customer ethos, some customers felt it came across as patronising or judgmental. As a result, the organisation focuses on messaging that is relevant and specific, giving customers the option to access additional advice that they feel is appropriate to them.

### Attributes that build trust

- Resolving issues, putting things right
- Listening and understanding personal circumstances and concerns
- Giving reassurance
- Clarity about next steps
- Giving advice tailored to personal needs and situation
- Enhancing enjoyment and pleasure (for example building anticipation for a holiday)
- Demonstrating sensitivity especially on issues of critical importance to customers

### Actions that damage trust

- Lack of interest in customers' issues
- Not listening to and engaging with customers' concerns
- Delivering bad news or difficult messages without tact or sensitivity

### Emotional trust is especially important in the context of:

- Experiences that have high personal value to customers such as buying a house, car or holiday, or making a gift
- Experiences of high importance to customers and where outcomes and costs may be unexpected, such as making an Insurance claim, getting a car repaired, home maintenance
- Issues concerned with health, welfare or impact of others' behaviour e.g. anti-social behaviour
- Experiences that coincide with stressful or challenging circumstances such as bereavement, change in marital status, change of job or employment status
- Where an organisation has caused a problem for a customer, or an unexpected event has occurred that causes a disruption of service
- A customer is unable to achieve their objective or to access help.

# A customer ethos demonstrating integrity of purpose, values, policy and actions

A recurring theme of our interviews with senior executives is the underpinning importance of a customer ethos: a strategy and culture built on a deep understanding of customer needs to create an environment of trust. A customer ethos sets the framework through which the organisation's competence, dependability and reliability, transparency, ethics, empathy and care are enacted. Often, it is expressed in an organisation's purpose, values and strategic vision. A customer ethos does not mean always doing what customers want; sometimes this is neither practical nor possible,

or has to be weighed alongside commercial or regulatory priorities. In practice, a customer ethos means that customer needs are always given prominent consideration in the organisation's decision-making and operational execution.

“The root of trust is the culture of the organisation you deal with. OK, good if you've got the right culture, you behave in the right way and your customers then trust you and will continue to trust you.”

## Attributes that build trust

- Designing customer journeys and experiences that reflect insight about customers' needs and priorities
- Resourcing so that customers can use their channel of choice
- Offering proactive advice, at the appropriate time, based on best outcomes for customers
- Flexibility of appointment times to take into account customers' constraints
- In the context of customer complaints or issues, making commercial decisions that give customers the benefit of the doubt when it is appropriate
- Consulting with customers about new products and services or changes in service provision
- For organisations delivering public goods or services with a social purpose: participating in government pilot initiatives or consultations.

## Actions that damage trust

- Failure to give due consideration to customers' interest in commercial decisions, especially in the context of key customer experiences such as claims or refunds
- Getting the balance wrong between offering proactive advice and appearing too intrusive or patronising
- Actions or communication that create a disconnect between the organisation's values and customer experience, policies, behaviours.



## An increased focus on the needs of vulnerable customers

There is a growing recognition from government, regulators, civil society and organisations of the need to support vulnerable customers, who are "due to their personal circumstances, especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care<sup>7</sup>."

Our research suggests that the extent of vulnerability may have increased during the Covid-19 pandemic, with significant numbers of customers experiencing a deterioration in their financial, mental or physical well-being. But vulnerable customers may not identify themselves as such. They may find it difficult to engage with organisations, or be reluctant to do so. In some cases, they may be too trusting of organisations and unwilling to challenge.

The organisations we interviewed recognised the need to increase the level of care for vulnerable customers, especially people who have fallen behind with payments, rarely make contact, or do not readily disclose the difficulties they are experiencing. Addressing the needs of vulnerable people is essential to build their trust but also to demonstrate an organisation's ethical behaviour to government, regulators and wider society.

Measures designed to give extra focus on service for vulnerable customers include:

- Taking into account the needs of vulnerable customers in designing customer journeys, especially for changes in service put in place because of the COVID-19 crisis
- Providing guidance on sensitive issues, such as physical, mental or financial well-being that enable customers to self-serve and give them an option to identify themselves as being "vulnerable"
- Publishing transparent policies and guidance about the help available to vulnerable customers
- Encouraging customers to share information about their needs and personal circumstances, so that they will not need to repeat information in future
- Flexible policies such as deferred or reduced payments and increased employee authority levels, that recognise the exceptional circumstances affecting customers
- Enabling vulnerable customers, or their delegated representative, to register on a priority contact scheme in case essential services are disrupted
- Training and development to help employees deal effectively and empathetically with customers who are distressed or may not be able to fully articulate their needs
- Making sure that employees have sufficient time to deal appropriately with customers and that this is reflected in performance management
- Engaging with external organisations such as specialist charities, to access training and inform and validate the organisation's approach.

<sup>7</sup> Financial Conduct Authority: Consumer Vulnerability, Occasional Paper No. 8, 2015

# Building trust by integrating digital and human experiences

A key consideration for many organisations is how to build trust with customers when interactions are conducted mainly through digital channels. Covid-19 has accelerated adoption of digital channels from a broader range of customers. Many respondents believe that trust depends on whether customers are able to achieve the outcome they seek, whichever channel or mix of channels they use.

“If it works properly and there's no problems in the end-to-end process. It doesn't make a huge amount of difference whether it's in person, on the phone, or digital, as long as the customer gets what they want at the end of it in a reasonable timeframe.”

Digital experiences that are well designed and executed can improve customer satisfaction, give transparency and build trust. Examples of digital experiences that enhance trust include:

- Reducing customer effort by processing routine transactions quickly and accurately
- Offering relevant personalised experiences and offers, based on data and segmentation
- Giving transparency of bookings, appointments, progress of orders or repairs, service updates, information about Covid safety and protection
- Video consultations or demonstrations, virtual tours, virtual showrooms

Organisations that depend on developing close personal relationships with customers, especially for high value sales that take time to complete, have had to explore alternative ways of creating trust and rapport, such as video consultations, demonstrations and tours. In the Automotive sector, this has even enhanced the customer experience by enabling customers to browse and ask questions from their home, without pressure to buy. Most customers want to see and test a car before they buy. However, some customers have been willing to buy online with the promise of home delivery and a money back guarantee. Human care, discretion and judgement cannot be replicated by technology and are essential to deal with complex issues, high value sales, problems, complaints and issues that have high personal importance, or happen at a difficult time for customers. Trust is based on the integration of speed, efficiency and transparency through digital channels, whilst enabling easy access to human contact when it is needed.

“I still think though the difference of human interaction makes is huge and it is generally at that point where something has gone wrong, or you can't find a way to get what you need. So, when you rely on a human being then actually it's often at that most critical moment.”

Our research suggests that key enablers for building trust through digital channels are:

- Simplifying customer journeys so that customers can self-serve effectively for routine queries and transactions
- Enabling easy access to speak to a person when it is needed
- Using technology to enable personal interaction, access to additional services and transparency of information
- Integrating customer data to deliver appropriate and relevant personalisation of messaging and offers

# Reputation and brand

Customers' trust in organisations is not just influenced by the quality of their products and services and execution of customer experience. Trust is also shaped by how organisations present themselves and what customers, the media, influencers, industry or consumer bodies say about organisations. The growth of online and social media, and greater availability of information and feedback about organisations, has heightened the need for organisations to manage their reputation proactively.

Social media provides a platform for organisations to engage with customers and keep them informed about essential service updates. In a customer service context, social media has created the need for broader skills of commercial judgement. Organisations and employees need to assess when it is appropriate to respond to negative feedback or untrue claims, or when these are better left unacknowledged. As one of our interviewees observed, it can be difficult to resolve a customer's issue using 100 characters, so there is sometimes a need to persuade customers to engage in a direct physical conversation.

A number of organisations we interviewed encourage their customers to post reviews on platforms such as feefo, which enable both customers and organisation to view and comment on feedback. Our research suggests that many customers refer to, and are to some extent influenced by, review sites. However, perceived manipulation of reviews

by organisations is one of the practices most likely to reduce customers' trust. Organisations therefore need to be transparent about the sourcing and promotion of customer reviews.

In sectors where specific technical expertise has high importance for customers, or where customers' decision-making is influenced by specialists or consultants, organisations sometimes seek to demonstrate their competence through thought leadership research or innovation. The purpose of this activity is to reinforce an organisation's reputation for competence, strengthen relationships with key influencers and continue to build the organisation's expertise and capabilities.

In certain consumer and business markets, communications and advertising campaigns can build awareness and recognition, providing a "halo" effect to an organisation's customer proposition. However, this is likely to be effective only if the organisation consistently delivers on its brand promise and the tone and content of communications is consistent with reality of the customer experience.

### Attributes that build trust

- External recognition eg awards, endorsement by trusted sources
- Accreditation
- Credible customer reviews
- Research and thought leadership
- Credible and engaging advertising
- Building relationships with relevant national / regional sector media

### Actions that damage trust

- An upsurge in negative social media sentiment
- Negative coverage in national / regional / sector media
- Failure to respond or engage with negative feedback or coverage
- Manipulation of online customer reviews
- Exaggerated or misleading claims about the organisation's capabilities or achievements

# Employees' perspectives on what their organisation should do to build customers' trust

We asked a sample of 426 employees from a wide range of organisations and sectors about their perspectives on what their organisation should focus on to build customers' trust. It should be noted that employees participating in this research are not connected to organisations that contributed to the senior executive interviews.

Like senior executives, employees attach high importance to empathy, transparency, consistency and reliability of service. Employees tend to be more likely than senior executives to identify spending more time on building customer relationships as a way of increasing customers' trust.

## Employees' perspectives on what their organisation should do to build customers' trust

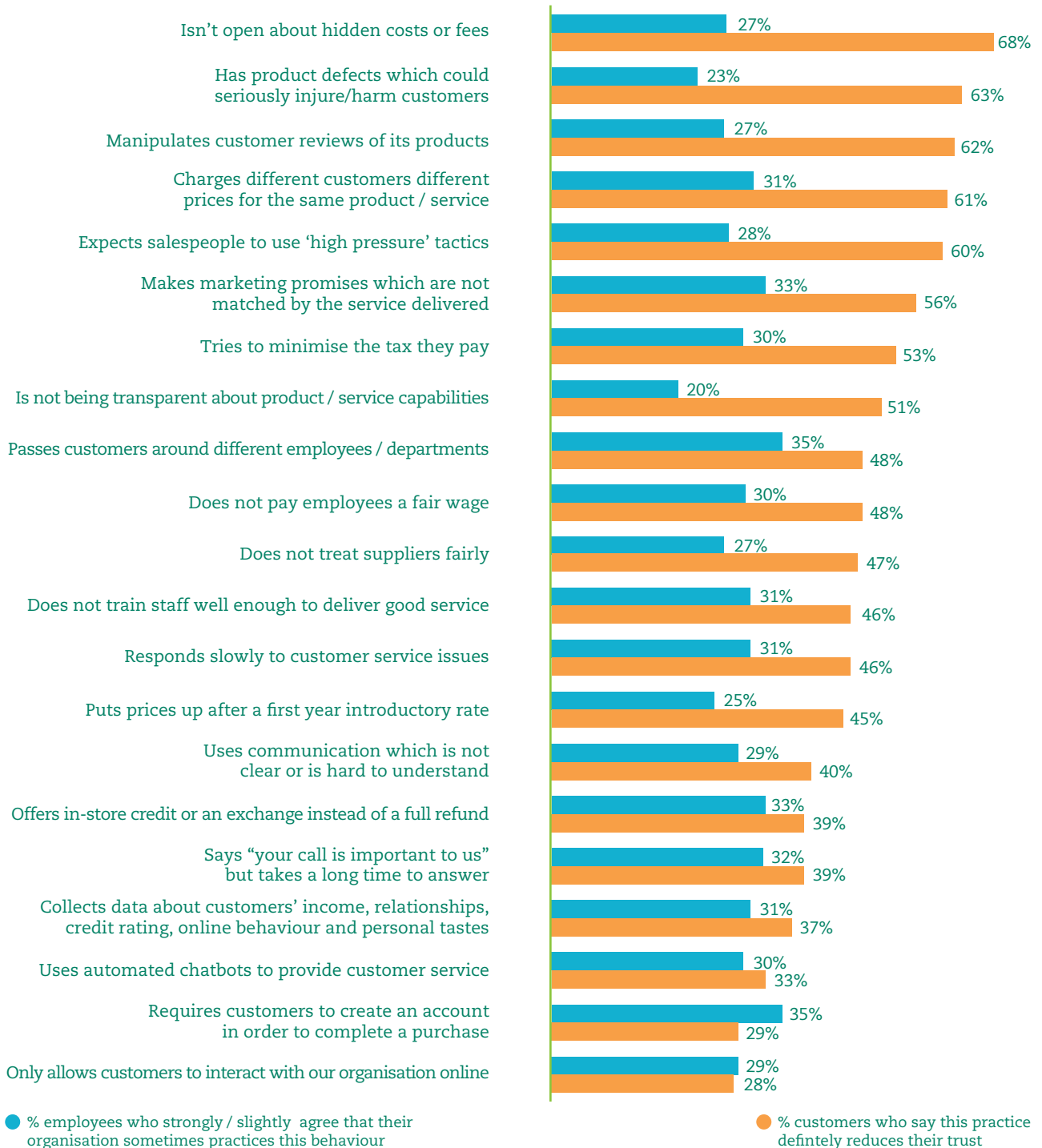


In chapter 3, customers were asked to rate the business practices most likely to reduce their trust in an organisation. A sample of employees was asked if these practices ever occur in their organisation.

Feedback from employees suggests that the most frequent incidence of business practices that reduce trust appear to be customers being passed around different departments (cited

by 35% of employees), marketing promises which are not matched by the reality of service experiences (33%) and charging customers different prices for the same product or service (31%). In addition, more than 25% of employees said their organisation is sometimes not transparent about hidden fees, may have manipulated online customer reviews, or seeks to minimise its tax bill.

## Employees' perspective on the extent of business practices that reduce trust



# How will leaders need to change?

Our research with senior executives highlights competences that will become increasingly significant for leaders to grow and develop to influence trust in their organisation.

## **A greater focus on organisational purpose**

It will become more important for leaders to be clear about their organisation's purpose and demonstrate its relevance to employees, customers, partners and suppliers. Purpose will be crucial in maintaining alignment across the organisation and enabling an organisation to respond to the changing environment without being diverted from core objectives. Leaders will need to ensure that decisions to address immediate priorities do not undermine the organisation's core purpose.

## **It has become even more crucial that leaders' words and actions are consistent with their organisation's values**

Organisations can recover from operational failures or crises if their competences are sound, and they communicate proactively. However, recent examples have demonstrated that trust and credibility are gravely undermined when a leader's actions or words appear to suggest that their personal values are inconsistent with the organisation's published values.

## **Build knowledge to engage with ethical and social issue that influence customers**

Leaders will need to increase their knowledge about a range of social and ethical issues that have high importance to growing numbers of customers and stakeholders. This will enable leaders to make judgements about if, and how, the organisation engages with challenging or controversial issues. It will also help in articulating the organisation's position to a broad range of customers, as well as those strongly motivated by specific issues.

## **Engage with stakeholders about the implications of artificial intelligence-enabled technologies**

Leaders have a responsibility to be transparent and engage with customers, industry partners, regulators and government about the impact and implications of artificial intelligence-enabled technologies on privacy, safety, social and public policy issues.

## **Demonstrate empathy and communication**

Heightened expectations about transparency mean that leaders will often need to demonstrate empathy and exceptional communications skills. This is especially the case during periods of crisis, or significant change, where leaders need to explain complex issues with clarity and consistency to customers, employees and the media.



# Senior executives and employees' perspectives on trust: key takeouts

## Senior executives' perspectives on key requirements to build trust

- Demonstrating competence and expertise in the core proposition
- A customer ethos demonstrating integrity of purpose, values, policy and actions
- Reliability, dependability and consistency
- A heightened need for transparency in an online world
- Ethical policy and conduct that is genuine and credible
- Empathy and care to build an emotional connection
- An increased focus on the needs of vulnerable customers
- Building trust by integrating digital and human experiences
- Reputation and brand validation

## Employees' perspectives on what organisations should do to build trust

- Show empathy
- Maintain current standards of service
- Greater transparency
- Spend more time developing customer relationships
- Reward loyal customers
- Respond to customers more quickly

## Employees' feedback on the most common business practices that reduce customer trust

- Customers being passed around different departments
- Marketing promises which are not matched by the reality of service experiences
- Charging customers different prices for the same product or service
- Lack of transparency about pricing
- Manipulation of online reviews

## Competences that will become increasingly significant for leaders to grow trust

- A greater focus on organisational purpose
- Leaders' words and actions are consistent with their organisation's values
- Build knowledge to engage with ethical and social issue that influence customers
- Leaders' words and actions are consistent with their organisation's values
- Engage with stakeholders about the implications of artificial intelligence-enabled technologies
- Develop empathy and communication

# 6

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## Key actions and enablers to build trust

Our research concludes with key actions and enablers to help organisations build trust in their relationships with customers, employees, suppliers and key stakeholders

## 1) Define your organisation's purpose

- Articulate an organisational purpose that is clear, relevant and engaging to customers and employees
- Ensure the organisation's practices and behaviours support your purpose
- Make sure different parts of your organisation, and suppliers and partners are aligned to deliver your purpose
- Maintain a focus on your purpose, especially in challenging times

## 2) Build a customer ethos, vision and strategy that set the framework through which the organisation's competence, dependability, reliability, transparency, ethics, empathy and care are enacted

- Design customer journeys and experiences that reflect insight about customers' needs and priorities
- Make commercial and investment decisions that give appropriate weight to customers' interests
- Offer proactive advice, at the appropriate time, based on best outcomes for customers
- Find a balance of treating customers as individuals, personalising services and respecting privacy
- Identify and address the needs of vulnerable customers
- Consult with customers about new products and services, or changes in service provision
- Focus on developing long-term customer relationships
- Ensure the organisation is appropriately resourced to deliver its customer ethos
- Be honest and transparent about how customers' personal data is collected, managed and used
- Assess specific drivers of customers' trust with your organisation or sector
- Measure customers and employees' perceptions about your organisation's customer ethos.

### 3) Define the attitudes and behaviours that support the organisation's customer ethos

Our research with senior executives, employees and customers suggests that the following behaviours are especially important in developing a culture and ethos that builds trust

- Empathy, sensitivity and tact
- Openness and collaboration
- Honest and straightforward communication
- Determination to tackle and fix problems
- Personal accountability
- Willingness to learn and adapt
- Commitment to the organisation's purpose and values
- Genuine care and commitment to others.



## 4) Demonstrate competence, reliability and transparency in delivering the organisation's core customer proposition

- Deliver consistency in quality and performance of products and services
- Respond to and fix issues quickly
- Follow up issues
- Honour promises and commitments
- Make it easy to access accurate information and advice
- Harness technology to speed up routine transactions but make sure customers can speak to a person when they need to
- Integrate key datasets and systems to enable customer experience and commercial objectives
- Publish IT and data policies and ensure that employees, contractors and suppliers adhere to them
- Enable customers to interact with the organisation through their channel of choice
- Deliver consistency of experience across different channels
- Be transparent about product and service capabilities, pricing, terms and conditions
- Timely and clear communication about changes in products, services, prices or terms and conditions
- Maintain a safe and secure environment for customers and employees.

## 5) Grow capabilities in the competences which underpin the core customer proposition

- Leadership and coaching
- Product development and management
- Financial management
- Logistics and planning
- Marketing and communications
- Procurement and supplier management
- IT and data management
- Risk assessment and contingency planning
- Agility and innovation
- Crisis management

## 6) Recruit, develop and engage employees to deliver the organisation's customer proposition

- Recruit from diverse backgrounds, and for an appropriate mix of technical skills, attitude and personal integrity
- Create an employee induction programme that is based on the organisation's customer experience ethos and objectives
- Train employees appropriately in key skills and competences and ensure they have access to information and resources to deliver customer experience objectives
- Ensure every employee has a personal development plan tailored to their needs and aspirations
- Set performance measures that reflect and support the organisation's customer ethos
- Empower employees to make appropriate decisions that support customer experience objectives
- Involve employees in testing and development of new ideas and products and services
- Give employees a voice on issues that affect them
- Recognise outstanding individual and team contributions to customer satisfaction and trust.

## 7) Effective, transparent, ethical governance

- Always meet legal and regulatory obligations
- Ensure there is board-level accountability for customer experience performance and employee engagement
- Publish independent evaluation of customer satisfaction and employee engagement
- Pay all employees fairly
- Publish and adhere to the organisation's policies for treatment of employees
- Set management objectives that reflect and support the organisation's customer ethos.

## 8) Make a credible and positive impact on society

- Review the environmental impact of your organisation across its operations, supply chains and products and services and create a sustainability strategy that can be understood by employees, customers and key stakeholders
- Identify opportunities to enable customers to make environmentally sustainable choices in the context of their relationship with your organisation and where relevant, more broadly
- Identify opportunities to achieve a positive community or social impact, especially in communities where your organisation has a presence
- Identify opportunities to collaborate with charities or other organisations to increase the impact of your community engagement
- Publish a report demonstrating your organisation's social and environmental impact, including progress against key measures
- Ensure the organisation pays a fair amount of tax.

## 9) Develop collaborative relationships with suppliers

- Evaluate cultural fit of suppliers, for example through employee engagement results, interviews with key people, examples of community engagement
- Select appropriate Service Level Agreements (SLAs) that reflect both overall performance and performance against critical activities
- Develop multi-level, peer to peer personal relationships with key suppliers and partners
- Hold operational and strategic reviews with transparent objectives and terms of reference
- Promote innovation and collaboration between suppliers, for example, by hosting innovation challenge events
- Ensure suppliers are paid on time.

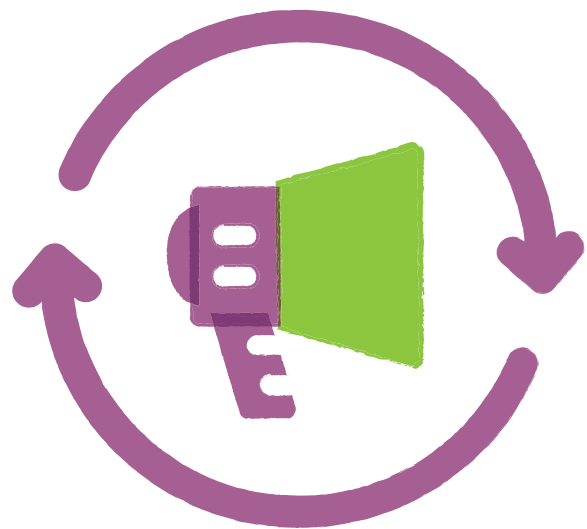
## 10) Maintain constructive and transparent dialogue with regulators and Government

- Provide transparent and timely reporting, as required
- Engage proactively to help regulators and government understand the impact and potential implications of services enabled by artificial intelligence-enabled technologies
- Share information about key challenges and best practice where appropriate
- Where relevant, participate in government consultations or pilot initiatives.



## 11) Engage proactively to build reputation and brand

- Identify individuals or organisations that influence your customers' opinions about you and competitors
- Monitor feedback about your organisation in mainstream and social media
- Develop your capability to respond and engage with customers through social media
- Proactively manage relationships with influential individuals, relevant industry bodies or media outlets
- Consider encouraging customers to post online feedback and reviews, provided they are genuine and credible
- Where appropriate, consider publishing thought leadership research or articles that provide valuable information to stakeholders and enhance your reputation.



# Conclusion

## Our research with senior executives, customers and employees shows that trust in an organisation is determined by 7 dimensions

1) Customer ethos	The sense that an organisation genuinely considers the needs and interests of its customers in its decision-making and actions and seeks to design experiences around customer needs
2) Competence and capabilities	Quality of products and services, people, the end-to end service experience and underpinning capabilities
3) Reliability and dependability	<ul style="list-style-type: none"><li>• Consistency in delivering the brand or service promise</li><li>• Accountability for putting things right</li><li>• Enabling easy access to help and advice</li></ul>
4) Transparency	Transparency and honesty in communications, terms and conditions, pricing, management of personal data
5) Ethics	<ul style="list-style-type: none"><li>• Treating employees and suppliers fairly</li><li>• Genuine commitment to environmental sustainability</li><li>• Paying a fair amount of tax</li><li>• Making a positive contribution to society beyond the organisation's direct commercial objectives</li></ul>
6) Empathy and care	<ul style="list-style-type: none"><li>• Listening to, understanding and acknowledging customers' individual needs and circumstances</li><li>• Providing reassurance</li><li>• Seeking to provide solutions tailored to personal needs</li></ul>
7) Brand validation	Feedback about an organisation from friends and family, online reviews, mainstream media, social media, influencers

The strongest factors driving trust, based on customers' stated needs, are quality and reliability of products and services, solving problems quickly, skilled and knowledgeable employees, ease of contact, being able to speak a person when needed, being treated as an individual, an organisation's reputation for customer service, and the sense that it prioritises the needs of its customers. Our research also found that perceptions about an organisation's ethical conduct and impact on society show a particularly strong correlation with levels of trust.

The most significant factors that reduce trust are hidden costs, potentially dangerous product defects, manipulation of online reviews, and charging customers different rates for the same products or services. When buying from an organisation for the first time, customers' biggest fears are that the quality of products or services will be poor, or that an organisation takes payment without providing what has been paid for.

In general, the factors that create trust are consistent across sectors but there are some variations. In the Utilities sector, honesty and transparency about price prices and consistency of pricing and service over time are particularly important. In Retail, delivering on the brand promise and the perception that an organisation pays its fair share of tax appear to be especially influential. In the public sector, trust appears to be boosted by an organisation' social purpose and longevity but may also be impaired by an asymmetric relationship between customer and provider. The need to trust an organisation's customer service is especially strong in the banking sector, perhaps because customer experiences are closely concerned with money and personal data, and often occur in the context of key life events.

## Customers' trust is also influenced by personal preferences, beliefs and context

Some customers appear to have a greater need to trust an organisation than others and customers vary in their relative readiness to give their trust. Our research found that 31% of customers strongly agree that they are influenced by an organisation's reputation for customer satisfaction and 28% prefer to buy from brands they trust. On the other hand, 32% are happy to consider buying from any organisation that meets their needs, and 19% indicate that they tend not to be influenced by an organisation's reputation for customer service. When an experience with an organisation has high personal importance, or happens at a difficult time, feelings of trust or lack of trust, are magnified by the way the experience is managed and the empathy and care shown by the organisation.

Individuals who feel fortunate and positive about their life tend to be more likely to trust organisations. Since the onset of the Covid-19 crisis, there has been a growth in the number of people who feel that their financial, mental or physical well-being has deteriorated. As a result, organisations will need to be increasingly mindful of how to identify and care for people who are vulnerable, or who have experienced a significant change in their personal circumstances.

## There is a strong relationship between customer satisfaction, trust and business performance

Our research found that 41% of customers strongly agreed that customer service contributes significantly to their trust in an organisation. 94% said it was very important or important that they trust the customer service of an organisation. 67% of people also agreed that having a high level of trust makes their experience of dealing with an organisation better.

Customers who trust an organisation tend to be less costly to serve because they have less need to chase, make repeat contacts, or require additional documentary evidence for every transaction. Customers with high levels of trust are more likely to remain a customer, recommend an organisation and be open to new products and services. Several senior executives we interviewed believe customers' trust creates a "reservoir of goodwill" that can help organisations navigate significant change, and recover from mistakes or disruption.

Our research suggests that many commercial organisations do not specifically measure trust nor develop strategies to build trust. They tend to see trust as the product of the organisation's competence, reliability, transparency, ethical behaviour and culture, rather than as a tangible business objective. Customers' trust is implicit in measures of customer satisfaction, loyalty and advocacy.

However, the uncertainty of the current environment, the variability of customers' propensity to trust organisations and the links between trust, customer satisfaction and vital business outcomes, suggest that there is a need for organisations to re-examine the key factors influencing customers' trust.

## Trust requires a long-term customer ethos and commitment

Our research concludes with key actions and enablers that will help organisations build and sustain trust in their relationships with customers, employees, suppliers and key stakeholders. We have presented clear evidence about business practices and activities that will create or reduce trust, and a range of personal and contextual factors that influence customers' trust. But earning trust requires more than a set of actions or initiatives. It needs to be founded on a long-term commitment and customer ethos and a consistent framework through which the organisation's competence, dependability and reliability, transparency, ethics, empathy and care are enacted.

# Appendix 1



# Most trusted organisations in the UK

## Customer Satisfaction Index Jan 2016 – Jan 2021

Sector	Organisation **	Average scores Jan 2016 - Jan 2021			
		*Trust	UKCSI	*Trust rank	UKCSI rank
Retail (Non-food)	John Lewis	8.7	85.4	1	3
Banks & Building Societies	first direct	8.5	85.5	2	2
Banks & Building Societies	Nationwide	8.5	84.4	2	3
Retail (Food)	M & S (food)	8.5	83.0	2	7
Retail (Non-food)	Next	8.4	83.3	5	5
Retail (Non-food)	Amazon.co.uk	8.4	85.7	5	1
Retail (Non-food)	M & S	8.3	82.9	7	8
Retail (Non-food)	Wilko	8.3	82.7	7	13
Leisure	Greggs	8.3	83.1	7	6
Automotive	Suzuki	8.3	81.6	7	25
Retail (Food)	Waitrose	8.3	82.5	7	16
Retail (Food)	Aldi	8.3	82.9	7	8
Tourism	Premier Inn	8.3	82.9	7	8
Retail (Non-food)	Pets at Home	8.3	82.8	7	12
Retail (Food)	Iceland	8.3	82.2	7	17
Leisure	Netflix	8.2	82.2	16	17
Tourism	Jet2holidays.com	8.2	82.7	16	13
Automotive	Toyota	8.2	81.2	16	31
Telecommunications & Media	Tesco Mobile	8.2	82.7	16	13
Insurance	Nationwide Insurance	8.2	82.1	16	19
Retail (Food)	Ocado	8.2	81.3	16	30
Insurance	LV=	8.2	82.9	16	8
Retail (Non-food)	Home Bargains	8.2	82.1	16	19
Retail (Food)	Co-op Food	8.2	79.9	16	59
Telecommunications & Media	giffgaff	8.2	81.6	16	25

\*How satisfied or dissatisfied are you that you trust XX?

\*\* Organisations that have appeared in at least 5 surveys

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The Institute of Customer Service is the UK's independent, professional body for customer service.

Our purpose is to enable organisations to achieve tangible business benefits through excellent customer service aligned to their business goals and to help individuals maximise their career potential and employability by developing their customer service skills.

We provide tools and services to support continuous customer service improvement and a framework for our members to share and learn from each other.

We are independent – setting standards so that our customers can improve their customers' experiences and their business performance.

The Institute is the secretariat for the All Party Parliamentary Group on Customer Service.

## Key Activities

- Research and reports on the latest customer service trends and thinking
- Publication of the UK Customer Satisfaction Index (UKCSI) twice a year
- Benchmarking customer experience to identify areas for improvement, drawing on the views of both customers and employees
- Bespoke customer insight and research
- Training and accreditation programmes for customer service professionals
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