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WHY SHOULD ANYONE BUY FROM YOU?



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Introduction

WHY TRUST MAKES YOU MONEY

Trust is the bedrock of the economy, your business and your brand. Without trust, your interactions with your customers, your suppliers, the media, the regulator, your colleagues, even your boss, become impossibly difficult and expensive. Win trust and you can turbo-charge your success, but the question is, how? People are more cynical, more empowered and less trusting than ever before, but you can learn how to create a trusted business and brand.

What are you doing right now?

Are you in a bookshop, browsing in your lunch break or on your way home after a hard day? Perhaps you are in an airport, looking for a distraction for a few hours as you jet off. Are you at your computer, browsing through the pages of Amazon?

Now try a thought experiment. Imagine your day without the trust you place in people, things and your own experiences. Could you handle the complex myriad of decisions you make, big and small, without trust?

Would you have eaten that bowl of cereal if you couldn't trust what was in it?

Would you have got in that train or car if you didn't trust its mechanics?

Will you get on that plane without trusting in the ground staff, the fuel, the plane itself, the pilot or even your fellow passengers?

Do you believe your partner when he or she says, 'I love you?'

It may be obvious, but trust is a vital ingredient in all of our daily lives. We are programmed, through our very physiology, our psychology and our life experiences, to trust. Trust makes our lives so much easier that, without it, the sheer effort of living would become far too great. People with larger networks of trusting friends and family live longer and are healthier. Despite what our somewhat cynical age might have us believe, to trust is far from naïve, but a skill learned, refined and practised by the more intelligent.

Our economy and the markets they are built on rely on trust. When markets fail, as they have so painfully recently, it is generally because, somewhere, trust has failed. Every MBA student and economist in the world will have been asked to read Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776) – more commonly known as simply *The Wealth of Nations* (although how many read the whole work is questionable!) – but most will never read *The Theory of Moral Sentiments* – the book Smith published in 1759, 17 years before his more famous work. Smith knew that markets couldn't operate without a framework – a moral one in his mind – to create predictable and rational behaviour between market participants. In the language of the economist, trust reduces transaction costs, allowing commerce to happen.

All great businesses know that getting customers to trust them is vital if they are to sell their products or services. Marketers and brand-builders have long played the trust-building game to influence our decisions. From Josiah Wedgwood in 1772, placing his name on every piece of china he shipped, to BP today, reeling from their polluting disaster in the Gulf of Mexico, all are making promises and giving us signals about how much we can trust their quality, performance and value. Enron, Tyco,

Pepsi, Coca-Cola, Facebook, Google, BP and Toyota are just some of the businesses that have suffered crises in trust, often wiping billions from their stock market valuations or even causing their collapse.

We forget trust at our peril

Despite the essential nature of trust to our society, economy and well-being as individuals, it is easy to forget and perhaps take for granted. It is only when our faith in something is shaken or we are placed in an unfamiliar environment that we suddenly wake up to the possibility our decisions to trust might be wrong – or, at least, worth a second look.

In the developed world, product quality and performance is generally so high nowadays and the systems to ensure safety so advanced, that rarely do we question whether or not we should trust. Yet, go to a foreign country – especially a developing one – and look at the shelves and you will find yourself searching for those signals of a recognised brand or corporation in which to trust as you more consciously evaluate your purchases. Those signals are helping you decide whether or not the beer you are drinking, the cereal you are eating or the washing powder you are using will harm you or have the desired effect.

We only need remember the feelings we had as we witnessed the global financial meltdown of the past few years to realise that, without trust, panic can set in. Thousands queuing outside Northern Rock in 2006 as the fear of its collapse gripped the UK or the forlorn Lehman Brothers employee with a cardboard box in her arms as she left the office to look for another job are painful examples of the serious impact that a collapse of trust can have on our lives. The recent and current examples are many, from Lehman Brothers to BP to Toyota to British politicians' expenses to global warming science – all have suffered from serious, sometimes catastrophic, collapses in trust. Without trust, life becomes significantly more difficult. Remove trust and we need more legal frameworks, more regulation and tighter controls on how businesses and individuals operate.

Collapsing trust

Collapsing trust seems to be a very modern malaise, exploded by the Internet, the 24-hour news cycle and the changing social landscape. From neighbours not knowing each other, all the way to Islamic terrorism, the past few years have been awash with stories, analysis and opinion on how trust is changing. The subject has deserved many magazine covers, from the *Harvard Business Review* to *Wired* magazine. Every business leader, politician and pundit seems to be proclaiming that trust needs to be rebuilt.

It is easy to believe that there is a crisis in trust. Any study of the data, of which there are lots, and almost none that is really good, shows trust is changing. Trust in business, bankers, politicians and journalists is low and declining, whereas trust in doctors, the police, even the Church is increasing.

The changing landscape of trust is a complex one, though, because it is embedded in a web of inputs and outputs. We have so much more information, knowledge and communications to deal with than in the past. Combine this with fundamental shifts in our capability to process complexity and changing attitudes to fear and risk and it is no wonder that trust is a dynamic, not a static, property.

What is really going on with trust?

Do we no longer trust our system, our leaders, our neighbours, even ourselves? If we really don't trust the banks, why do we leave our money in them? If we really don't trust our politicians or political system, then why do the majority of us in developed democracies continue to put crosses on little pieces of paper? How is the exponential rise in access to information, and each other, changing our decisions to trust? Are these challenges mainly global, national or local?

What I think is clear is that these questions have a profound effect on many aspects of life and especially on businesses and brands. Whether it is

a financial institution trying to reclaim customers' loyalty or the leadership of Toyota dealing with a global belief that their cars are unsafe or you and your marketing team putting together the latest campaign to sell the latest proposition, all are intrinsically aiming to make an appeal for the customer to trust.

The understanding of trust in business, however, despite its seeming importance, is low. The way that trust is measured is poor, only scratching the surface as to what is really going on. Banks are a good example. According to the data, everyone distrusts and 'hates' bankers – they now rate lower than even politicians – the banking system has near collapsed and they continue to pay their executives extremely large bonuses, yet we use the banking system every day, depositing our salaries and savings, spending with our debit and credit cards. Why aren't we hiding our money under the mattress?

Clearly, the diagnosis that banks aren't trusted is incorrect. Our behaviours and actions manifestly demonstrate that, at some level, we *do* trust banks (or at least the banking system), despite all the evidence to the contrary, to be stable and perform its function. Of course, at another level, it is true to say that we *don't* trust banks or bankers and we certainly don't like them. There must be more to trust than meets the eye or is captured by a simple market research question.

Fortunately, there has been a huge amount of analysis and experimentation done into trust by psychologists and sociologists. They have many theories and models of trust, but the extension of these into the business world has been limited, apart from one or two notable examples. Part of the purpose of this book is to explain this thinking and reapply some of these models to brands and business in order to build a deeper understanding of how trust affects the decisions that people make in order to do business.

Trust and brands as a source of social capital

Trust is a powerful source of social capital, where social capital is those assets that exist in our societies and between people – a wealth of sorts, which can be put to work in the pursuit of goals. Social capital and trust-building on a societal level has a lot to do with the ability of people to come together in formal or informal groups that are bound by reciprocal relationships and codes of behaviour. Whether it is a church, a Rotary Club or a trade body, these bonds build trust that helps transactions flow. As we will discover, people and societies that have a greater reserve of and capability to create trust do better economically, especially in the application of capitalism and modern democracy. Why have America, Germany and Japan done so well in the post-war period? It's a lot to do with the high levels of trust and social capital they can employ in creating wealth.

Brands exist as a store of trust. The economic purpose of brands is to reduce transaction costs between buyer and seller. Instead of having to assess the attributes of the 150 different ways of washing my clothes, I can choose my normal brand that I trust will perform in the way it always has and is at a price that I believe represents reasonable value. A decision that could have taken half an hour, reduced to seconds. Brands are a convenient way to make choices in our crowded world and even more overloaded minds.

Unfortunately, brand and marketing folks can never agree on a definition for a brand, but most will come back to words like promise, expectations, preference, delivery, guiding idea, symbols and signals. My personal favourite is one I picked up from Bill McDonald, a mentor of mine: 'A brand is a promise that, when kept, creates preference'. At their core, brands work by setting expectations of performance against a set of needs that the buyer has and packaging this up in an easy-to-remember form. Once formed, we then take on trust that those promises will be delivered. Brands are a form of trust.

If trust as a form of social capital is well accepted, there is much more reticence about calling *brands* social capital. Reticence from the academic world because, perhaps, it cheapens the concept of social capital and from the business world for fear that yet another somewhat fuzzy, but also complex, concept is attributed to brands and branding. I will explore this tension later in this book because I think it is *essential* that we start to see brands as a source of social capital. I think this for two reasons:

- it recognises that brands and their marketing have a powerful effect on our society, effects that are permanent and, in some cases, change the way that we think
- because placing brands within a broader social framework means those organisations and teams that build brands are confronted with a greater responsibility for the impact of their actions on society and our store of social capital.

Stepping up to these responsibilities could seem like a threat, but I believe they are perhaps the biggest opportunity for business and brand-building ever.

Why they buy

‘On-boarding’, as the company calls it, is very well done at Procter & Gamble – it’s not for nothing that this giant has earned its reputation for graduate training. As part of this training you are introduced to ‘the consumer’ – someone who is going to have a very great influence on your career as, at P&G, ‘the consumer is boss’.

In the mid-1990s’ a new discipline was evolving called consumer psychology. Departments and professors were popping up in American universities and consultancies were selling new techniques and frameworks. Of course, as you would expect, P&G was at the forefront of many of these efforts to understand consumers more deeply – this had always been the beating heart of the company even from its earliest days. So, everyone from the ‘Class of 1996’ was given a book

called *Why They Buy? American consumers inside and out* (Settle and Alreck, 1986).

I have come back to this book recently and its central premise is that, by understanding what consumers want and giving it to them, a business can grow and succeed. Many companies are well advanced in their ability to do this – P&G, Coca-Cola, GE, Apple, succeed by fulfilling this premise by the promises they make. Other businesses, such as banks, are only coming to terms with this idea now and struggling with it.

Even as some succeed and others struggle, however, I believe this central premise is changing and needs to change. The relevant question now – given the challenges that we are facing in a hypercompetitive, globalised world, with the threats overconsumption pose to our environment, our communities and us as individuals – is, ‘Why should anyone buy from you?’

Why *should* anyone buy from you?

Free markets and capitalism have worked. In the developed democracies, standards of living have never been higher. Consumption as a growth engine, ensuring demand outstrips supply – the core purpose of marketing – has been the greatest feat of human engineering in history. All this consumption has created a society, a world and even an image of us that, in many respects, is unrecognisable from what it was just 300 years ago. As is widely being recognised, the consumption trajectory we are on is unsustainable: there just aren’t enough resources to go round billions more consuming as the West does today.

The challenges of sustainability that dominate much of the current debate in business come at an interesting time in the evolution of human communication. In the developed – and, increasingly, the developing – world the democratisation of communication through the internet is wreaking profound changes on the way that we gather, process and understand information about our world. We now have access to more easily accessible information than ever before. This is causing what has

been called a revolution in transparency. There are fewer places to hide and, consequently, it is harder and harder to maintain brands that are not built on the mission and vision of the businesses that deliver them. Customers are more and more demanding and sophisticated in judging what is spin from that which is tangible. They are asking deeper and more searching questions of the brands and businesses that want their money.

It has been said that we are just starting a 'great transition', from one type of world to another, as we battle and hopefully resolve the challenges that face us as a global community. As with any transition, there is a range of potential outcomes and paths that can be taken. The question 'Why *should* they buy from you?' creates new landscapes that recognise the impact businesses have as a route to wealth creation, both economic and social. This is incredibly exciting as we create trust through our brands and marketing that is not just built narrowly on product performance and price, but on a broader basis that competes on social outcomes as well as commercial, where we see fewer 'consumers' to sell to and more 'people' whom we can serve.

This question must not be only a corporate one but also an individual challenge to each of us working today. Having run a large marketing team and budget, I know the tunnel vision that is so easily adopted when the pressure mounts and the business demands growth. There will be aspects of our working lives about which we will not be proud. While at Capital One, I was responsible for sending millions of envelopes of junk mail, most of which will have ended up in landfill. If you work in a marketing team, especially if you lead one, you have a tremendous opportunity to release energy and satisfaction by considering how you create a business that is trusted and trustworthy.

Navigating this book

The basis for this book is that there is a set of profound changes, both short- and long-term ones, that we are experiencing and will significantly change business and the brands and marketing they employ. These

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changes are causing trust to be challenged as new questions are asked and the answers are far from clear. Understanding these new questions and starting to formulate answers as to where they will take us will be important for business and brands as they capture the hearts and minds of people and build the trust that is so important for businesses to succeed and help deliver economic prosperity.

In the first part of the book, I lay a foundation for understanding trust more deeply. This is based on months spent poring over academic research. I propose some quite simple frameworks for analysing and measuring trust that I hope are both insightful and practical. They form the basis for the exploration of how to build trust in the following chapters.

The main part of the book presents a series of insights around strategy, brands, marketing and communications that will help create businesses and their brands which can command higher levels of trust. These are important because I think that, as individual and community relationships change, brands have the potential to support the available store of social capital and this is a good thing for business and society. I recognise that others may not share this view. These insights are based on my research and thinking, combined with emergent best practice and interviews with brand and marketing practitioners and thought leaders in trust.

Each chapter shares some insight, often some data and stories along the way, and discusses some ideas for building trust. Through the Action boxes – one at the end of chapter – I've tried to make the concepts practical. Where appropriate and illuminating, I've also included vignettes of the interviews that were completed as research for this book. Much of what this book discusses is strategically challenging, built from emergent trends and requires vision. What I hope is that the process of thinking about trust and strategies to create it will lead you on a journey where you can draw some conclusions for your own business and brand.

I close the book with a more forward-looking description of what I believe can be the twenty-first-century mission for business – the (re)humanisation of business. Many, if not most corporations, especially if

they are listed, have focused far too much on the short term at the expense of long-term sustainable advantage. In this pursuit, they have adopted a mono-dimensional approach that places numbers, often only financial, as the operating system of their company. Some of our greatest economists and business leaders are now questioning this, including notable names such as economist Professor Tim Jackson, Jack Welch, ex-CEO of GE, and Sir Stephen Green, ex-CEO and chairman of HSBC.

Creating a more balanced approach that looks after the interests of both the shareholder and all stakeholders, in the past, present and future, will, I hope, be a fundamentally more balanced, sustainable and, ultimately, more trustworthy approach for business going forward. I think marketing has a huge amount to contribute to this change, given that its skill is in understanding and capturing value from human needs and wants. Brand-builders have an enviable set of tools and thinking to achieve this outcome and can be a powerful ally as business embarks on this journey towards balance. This is what excites me about the potential future role for business, brand-building and marketers.

There is no doubt that many of the themes in this book are idealistic and, in some cases, aspirational. I hope that I have combined this with more practical thinking about how the ideas can be put into action, but I make no apology for the vision outlined here. There are hundreds of books published on the 'how to' of marketing and many more about the practical issues and challenges that brands and marketers face, but what we need more of in business are people who challenge the strategic status quo and, through this, demonstrate their passion and leadership, not just for the customer but also for the role that business can play in society on a sustainable basis. I hope this book speaks, in some small way, to those change agents.

One of the causes of the worst recession since the Great Depression was business becoming mono-dimensional, valuing only the numbers and often on a frighteningly short-term basis. This needs to change, for the good of our businesses, customers and world. It's our intent, as businesses, that forms the basis for commanding peoples' trust. What I hope is that

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this book can contribute to the emergent view that sustainable business – and, therefore, brand success over the long term – is best achieved through this rebalancing of what we in business prioritise and value. I believe achieving this balance can be the mission of marketing and marketers and, with it, give a new leadership vision for the profession that will command a following which can help you rise to the top and fulfil your potential and your team's, your customers', your business' and your brand's.

“THE RELATIONSHIP BETWEEN WHAT A BUSINESS DOES AND SAYS IN WINNING TRUST IS COMPLEX – IF YOU WANT TO UNDERSTAND IT BETTER THEN READ THIS BOOK.”

RORY SUTHERLAND, VICE-CHAIRMAN,
OGILVY GROUP UK

“A THOUGHTFUL, ENGAGING AND OFTEN CHALLENGING EXPLORATION OF TRUST IN BRANDS TODAY.”

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“TRUST IS NOT JUST A PRE-REQUISITE FOR DOING GOOD BUSINESS, BUT IS THE FUNDAMENTAL BEDROCK OF A SUSTAINABLE SOCIETY. READ THIS BOOK, REFLECT ON IT AND THEN GET STRAIGHT OUT THERE AND DO SOMETHING ABOUT IT.”

TOM FARRAND, CO-FOUNDER OF THE PIPELINE
PROJECT AND GOOD FOR NOTHING

HOW TO WIN TRUST AND INFLUENCE CUSTOMERS

Trust in business is at an all-time low. If your customers don't trust you, you can spend as much time, effort and money as you want on marketing campaigns, branding and advertising and it will barely move the needle. This revealing book shows how the only reliable route to sustainable business growth and profit is to build trust in your company.

Why Should Anyone Buy From You? exposes the startling truth about the impact of trust on business. It is occasionally a damning indictment of current business practice and frequently an optimistic take on how companies can achieve deeper, more trusting and ultimately more profitable relationships with their customers, shareholders, employees and other stakeholders. People may be more cynical, more empowered and less trusting than ever before but it is possible to learn how to create a trusted business and brand. This book shows you how.



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