In the last issue of this journal, I focused on reputation and its impact on trust in building relationships between companies and their consumers. This article is a continuation of this thinking. Part III – Client Centricity will address the issue of reputation and customer experience in the Dec/Jan issue of J.o.M.

**Starting with the blogosphere.**

It can build or wreck a corporate reputation at warp speed. Factiva, the media measurement arm of Dow Jones, released a report recently showing that customers may not be the builders or detractors of corporate reputation. The real soldiers are journalists and corporate knowledge managers.

Factiva says 40 per cent of total respondents, in the US, said they use blogs as a source of business news and information.

Most telling, 48 per cent of respondents rated blogs as highly reliable. In fact, 91 per cent of information professionals and knowledge managers who read blogs said that they were somewhat reliable or highly reliable. The survey also shows that information professionals and knowledge managers find blogs to be a valuable source for making business decisions, with 84 per cent finding blogs either somewhat or extremely valuable. More than half (51 per cent) of the respondents who use blogs said that blogs contain information that they cannot find elsewhere, and 76 per cent said that blogs keep them more up to date with professional developments.

**Microsoft #1**
The best corporate reputation belongs to Microsoft, according to one of the oldest and most respected indexes from Delahaye. Its top spot is cemented by its well-publicized philanthropy. It’s consistent ranking as a Top 10 Global Brand in The BusinessWeek/Interbrand annual Global Brands ranking supports this accolade. The most surprising and dramatic jump on the 2007 Delahaye Index comes from Merck. Two years after stumbling into a bad reputation via its Vioxx recall, it moved ahead 89 places in a year to tenth place. The move was driven by coverage of new drugs and vaccines such as Gardasil, a cervical cancer vaccine, and Januvia, a diabetes drug recently approved by the FDA, and a highly publicized pharmaceutical assistance programme for the needy.

**Where Has All the Trust Gone?**

It is one thing to say trust is important to customer relationships; it’s another to have the numbers to back it up. A new report from Datamonitor pinpoints where companies have lost ground, and offers suggestions on how to win trust back.

According to the report, “Building and Profiting from Consumer Trust,” 86 per cent of the 3,200 U.S. and European consumers surveyed said that they have become more distrustful of corporations within the past five years. The report also shows that companies are aware of this drop, with 64 per cent of industry leaders agreeing that consumer trust in brands has decreased in the past two years.

Why is the customer relationship breaking down? Datamonitor’s Daniel Bone, consumer analyst and author of the report, points to three main reasons. First, companies aren’t as transparent to consumers as they should be, and consumers are taking notice. “Consumers are seeking information like never before and it’s only now that manufacturers are beginning to wake up to it,” he says.

Second, firms are complacent when they should be proactive about winning customer trust and loyalty. “Many companies assume that consumers will be loyal to their brand over the long term,” he says.

Third, it all ties back to the customer experience. “The more positive experiences a consumer has with the brand, the more trustworthy he or she is likely to become,” he says. When consumers see efficiency gains or other corporate moves that may jeopardize the value of the customer experience, the trust factor is affected.

**Word of Mouth and Trust**
The numbers show that companies in general aren’t very concerned about building long-term, trust-based customer relationships. However, some companies are thinking strategically about trust, and it’s proving to be a competitive advantage, Bone says. In the survey, 85 per cent of respondents said that “word of mouth recommendations from friends, family, or colleagues are typically more trustworthy than any corporate-generated content.” As a result, more marketers are adding word-of-mouth initiatives to their marketing budgets every quarter.

Also, socially responsible companies are considered more trustworthy, the report finds. “Aligning with a cause is a significant strategy for companies to attract consumers and gain a long-term, sustainable competitive advantage based on heightened trust,” the report states.

**Long-term benefits**
The warm fuzzy feeling you can give customers is nice, but there are more tangible benefits to consumer trust, Bone says. Trust can be tracked to financial impact, much in the way good brand-building can.

“Brands are rooted in the trust that consumers place in them,” he says. “After all, the ultimate goal of marketing is to generate an intense bond between the consumer and the brand, with trust being a fundamental factor in achieving this.”

Also, trusting consumers are willing to forgive mistakes, Bone adds. “Accrued trust allows consumers to develop personal brand relationships, making them more forgiving to a brand’s shortcomings.” In the U.K., there was outrage in 2004 when consumers found out that Coca-Cola’s Dasani bottled water was essentially tap water. However, there has been minimal damage to Coke’s brand equity because it has a long-term, trustworthy heritage, Bone says.

Companies with a heritage have an advantage over newer firms, Bone admits, but any firm that takes steps to build trust with consumers has the potential to make a long-term impact. It’s a strategy worth paying attention to.

Sources: This article includes information from Factiva, The Delahaye Index and Datamonitor Andrew Clare is Managing Partner of reLiance, a client-centric, business-to-business relationship marketing advisory practice.