



Trust 2.0

Where tomorrow's customers will place their trust

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Imprint

GDI Study No. 25

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ISBN 978-3-7184-7035-8

Publisher

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Executive Summary

Mistrust among consumers is on the increase. Meat no longer fit for consumption, exorbitant salaries for managers and media manipulation all undermine confidence in suppliers. How do customers react? Whom do they still trust? Where do they find experts to give them advice? And which experts? – By analysing the results of a poll amongst a representative sample of consumers, the present study will throw light on their behaviours and attitudes and draw conclusions for the future.

One thing is clear: mass marketing has had its day. For decades people have consumed what they learned about through the constant barrage of advertising – and what was available in the shops. Retailers stripped their shelves of everything that only sold occasionally, in order to free up valuable shelf space for the real top sellers.

That is all in the past. In the new online economy of the “long tail”, providers increasingly earn their money with niche products. Thanks to limited costs for storage and for the “showroom”, it is well worth their while to offer the unusual and the quirky as well.

Consumers like niches. They no longer want to be one of the masses; they want to own things that are rare and unusual. Small groups of aficionados grow up – “social networks”, which replace the mainstream as a peer group.

These networks take over the job of communication. Information about “cool” new offers travels round in no time. Providers who want to be noticed in increasingly fragmented markets must therefore make themselves visible in these circles.

The explosion of choice makes heavy demands on consumers. To reduce the flood of information, they go along with a calculated risk: they trust the recommendations and tips of others. They increasingly take decisions for emotional rather than objective, factual reasons.

The poll, conducted among a representative sample as part of this study, shows that experts, specialists and independent organisations such as the consumer association “Stiftung Warentest” continue to enjoy a high degree of trust – alongside family and friends.

But consumers are increasingly turning to new sources of information. The internet has opened up access not only to the “long tail” of goods, but also to the experiences and judgements of millions of other customers. Thus it is that social networks, customer feedback forums, and price-comparison services come to play an ever greater part in purchasing decisions for many product categories.

In contrast, traditional sources – manufacturers’ information, advertising and advisory publications – are among the losers, as are the media. Those polled still acknowledged a high degree of generalised trust in the media overall, but when it comes to specific decisions, TV, radio and newspapers now play only a marginal role.

This holds true in spite of the fact that consumers select their sources in very different and sophisticated ways. For emotionally-charged choices they rely on friends and family. They use neutral sources on the internet when they are looking for generalisable information such as for telecom services or services comparing cars. Beyond that, however, for products with a highly experiential character (travel, going out) they are increasingly taking the advice of other people on the internet.

These changed patterns of behaviour throw up a range of new desiderata.

Trust in sales people and manufacturers is waning. Consumers no longer believe that suppliers have any interest in the individual customer. Instead, they seek advice and information from other customers. An analysis of this interaction is indispensable for future marketing systems.

Consumers increasingly act as a group. Just because we are independent, does not mean that we want to be alone. More and more people, even for spontaneous purchases, give a friend or member of the family a quick call on their mobile to get advice. Sales people are thus increasingly losing control over communication – even at the point of sale, where potential buyers use their mobile phones to check with their network for advice.

The connection is more important than the product. Increasing individualisation leads to a counter trend, whereby products or verbal approaches simply serve as a vehicle for a feeling of belonging to the social networks. Social products serve this purpose, in that they build into the product, to an extent, a connection with the community.

On the internet, trust is based on reputation. Feedback is the new aphrodisiac. It is not only in the rankings of the search engine, Google, or on the auction platform, eBay, that links and the mutual ratings of participants play a critical part in the network of trust. In many instances, people join such networks or write blogs just to receive feedback for themselves. The number of these connections acts as reassurance and, specifically in business relationships, serves to establish trust.

On the Web, Version 2.0, companies can no longer lie. The participatory culture of the new internet means that, sooner or later, any and every inaccuracy will be discovered. Anyone tempted to fudge the issue must reckon with increasingly dire consequences and irreparable damage to their reputation. Anyone who tries to fight the anger of disappointment with legal redress can at best expect a Pyrrhic victory.

These instances of change are related to other fundamental issues. In modern society, social capital is increasing, not decreasing. Networks create connections of lasting value with an ease and speed that were hitherto unthinkable. “Social hubs” and connections to “big linkers” boost one’s own importance and enhance the network itself. Thanks to platforms such as MySpace, all teenagers today have at their disposal a network of contacts which many times outstrips the hard-won, bulging rolodex files of marketing superstars in the seventies.

Belonging to a network not only creates trust and personal identity. It also affords access to resources and the influence of others. The core business of social networking services, therefore, consists not in connecting people with products or people with companies, but in connecting people with people.