



**BBB**<sup>®</sup>

**Trust** Sentiment Index<sup>SM</sup>

2017 Report

**When consumers  
engage with a business  
for the first time, do  
they start with trust?**

**Or do businesses need  
to earn their trust?**

**And how is trust earned  
or lost on the journey?**



# Executive Summary

Trust is a critical strategic asset in the contemporary marketplace, not just a nice thing to have.<sup>1</sup> In the United States, though, trust is at a crossroads.<sup>2</sup> In early 2017, the Edelman Trust Barometer revealed that trust in institutions has declined broadly; people have lost trust in government, media, business, and even nongovernmental organizations (NGOs).<sup>3</sup> The Better Business Bureau (BBB) has found through our own research that, while 82% of consumers in the United States report that it is important to trust a business before buying products or services, only 28% of respondents feel that businesses are more trustworthy today than they were in the past, with fewer than half of respondents reporting that they trust companies in general.<sup>4</sup>

BBB is committed to advancing trust in the marketplace, and provides consumers with more than 5.2 million BBB Business Profiles and more than 11,000 Charity Reports, all available for free at [bbb.org](http://bbb.org). Our motto is START WITH TRUST®. We know, however, that some people are more skeptical, and businesses need to earn their trust. Others start from a position of trust, and businesses need to be careful not to lose that trust. One way or another, trust must be maintained in an ongoing relationship.

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<sup>1</sup> <https://hbr.org/2011/12/why-trust-matters-more-than-ev>

<sup>2</sup> This research focused on the consumer journey in the United States. In future years, BBB plans to add consumers in Canada and Mexico to the research base.

<sup>3</sup> <http://www.edelman.com/trust2017/>

<sup>4</sup> <http://bbbtrusted.org/>

In this report, we take a deeper look at the trust sentiment that drives consumers' marketplace decisions. Supporting our mission to advance marketplace trust for all, we collaborated with global research leader, Nielsen, to begin ongoing research on the topic and to create BBB's first Trust Sentiment Index<sup>SM</sup>.

Contrary to other trust measurements available in the marketplace, the BBB Trust Sentiment Index<sup>SM</sup> focuses only on the sentiment of trust when dealing with businesses for the first time. We also look at the likelihood of the consumer to either investigate the business before engaging or jump into the relationship without research. The Trust Sentiment Index<sup>SM</sup> aims to answer questions including:

- Do consumers start with trust when engaging with a business for the first time, or do businesses need to earn their trust?
- How do people know they can trust businesses?
- How is trust earned or lost on the consumer journey?

This report aims to educate and bring awareness to the topic of marketplace trust by exploring consumer sentiments toward trust as well as practices for earning trust from a consumer point of view. We hope it is a step forward in advancing trust in the marketplace for all.

## Introduction

In today's marketplace, consumers no longer expect a linear experience with the businesses they encounter. Due to technology and the world of online ratings, reviews, and social media, the customer journey has transitioned into a circular, seemingly never-ending connection with the businesses that serve them. Contemporary consumers require a different type of experience from the companies they do business with. The expectation is that after a purchase has been made, the encounter between the customer and the business continues, and a relationship is formed that binds them beyond the initial purchase.

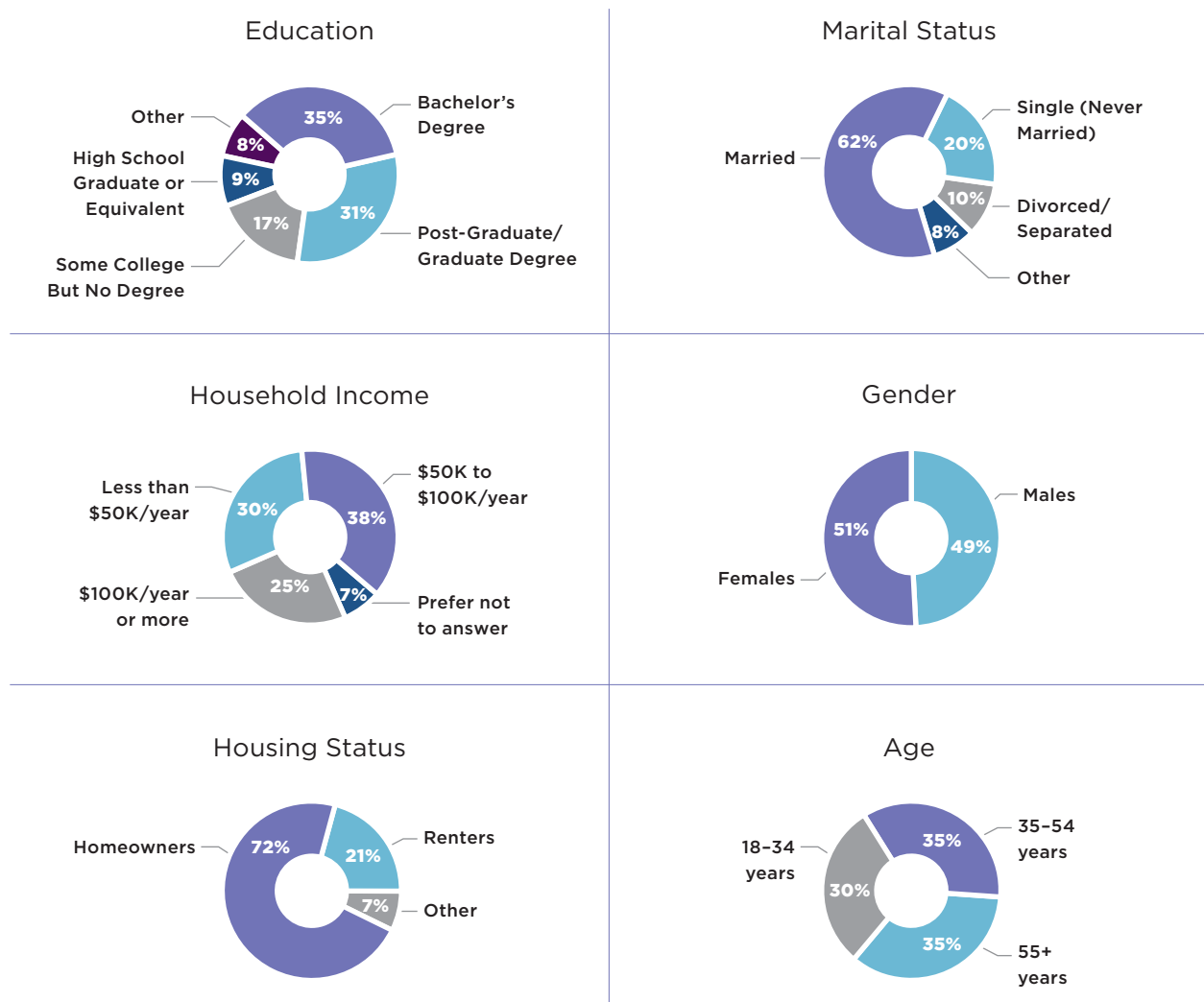
The shift in the journey has made it even more vital for consumers to find the right businesses for their purchases. To make these important decisions, consumers gain clarity on their options and solicit the advice of others to aid in making choices. This first step helps minimize the risk of buyer's remorse and increases confidence while they shop. Consumers rely most on the opinions of family and friends, followed by feedback from others in the form of online ratings, reviews, and complaint data. These forums offer firsthand insights into the quality of experience and service consumers may encounter. They also help to set expectations for the consumer and reduce surprises.

When consumers begin researching and evaluating product or service options, trust is an essential factor in determining which businesses they consider and which ones they ignore.

Some people start with trust when engaging with businesses for the first time. Others are more skeptical, and businesses need to earn their trust. When consumers engage with a business for the first time, where do they fall on the trust sentiment scale? Do they start from a point of trust, so businesses can only lose their trust? Or are they more skeptical, requiring businesses to earn their trust? How do consumers know they can trust a business? And how is trust earned or lost along the consumer journey?

In collaboration with Nielsen, BBB has created the first BBB Trust Sentiment Index<sup>SM</sup>, which gauges consumer sentiment on first-time engagement with a business. We collected data in June 2017 from 1,024 consumers in the US. The sample was selected from a national panel of consumers who are 18 years of age or older and representative of the US adult population. Respondents were recruited via the internet using a custom email invitation with a live link to a survey. The margin of error was approximately 3.5% at a 95% confidence interval. Figure 1 shows a profile of the respondents.

**Figure 1**  
**PROFILE OF RESPONDENTS**





Do  
consumers  
start from  
a point of  
trust?

## Trust Sentiment Index<sup>SM</sup>

What is the overall trust sentiment in the US? Do consumers start from a point of trust, or are they more skeptical when engaging with a business for the first time? And how does trust change throughout the experience? To measure the trust sentiment, BBB and Nielsen asked the following question and normalized the results on a 0 to 100 basis:

*“When doing business with a company for the FIRST TIME, some consumers give the business the benefit of the doubt and start out from a place of TRUST and only lose trust after having a negative experience or hearing about bad experiences online or through family and friends. Other consumers start out SKEPTICAL of the company and only start to trust them after having a good experience or hearing about good experiences online or through family and friends. On a scale of 1 to 5, with 1 being MORE SKEPTICAL and 5 being MORE TRUSTING, how would you describe yourself when it comes to working with a company for the first time? Would you say you are...?”*

As shown in Figure 2, the overall trust sentiment in the US rated 67.5 on a scale of 0 (more skeptical) to 100 (more trusting), which means that there is an inclination among consumers to start with trust (or from a more trusting point of view) when they engage with a business for the first time.

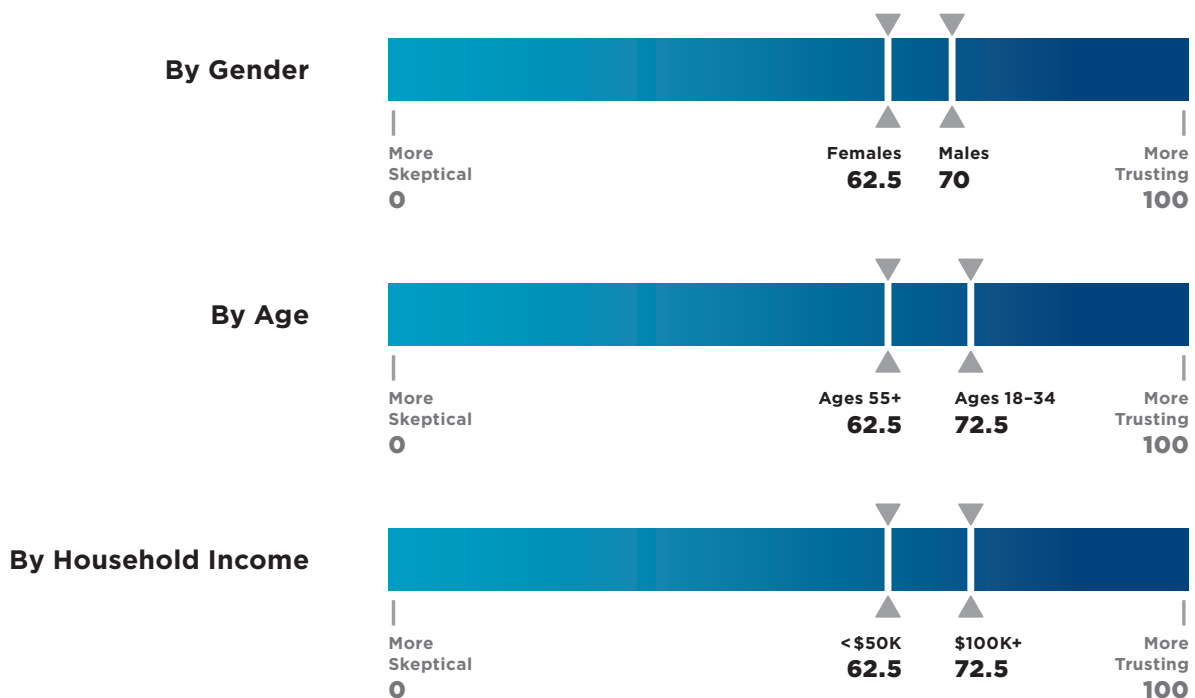
**Figure 2**  
**OVERALL TRUST SENTIMENT INDEX<sup>SM</sup> IN THE US**



## Trust Sentiment by Key Demographics, Industry, and Region

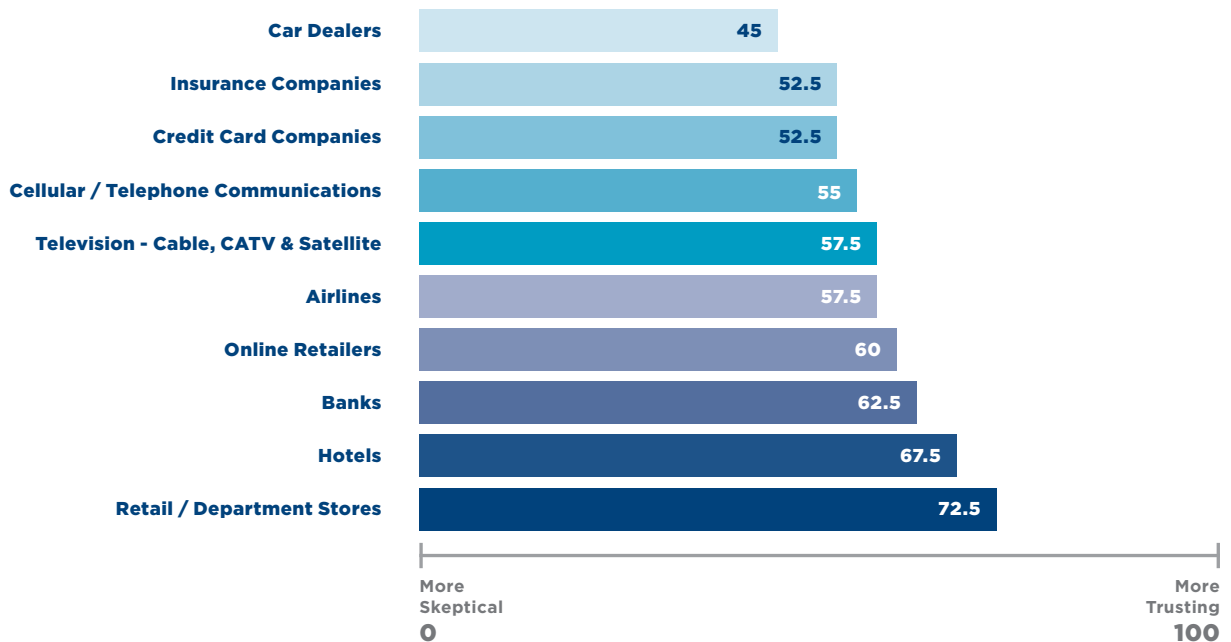
The trust sentiment varies by age, gender, and household income, with younger audiences, males, and those with higher incomes more likely to start from a point of trust (see Figure 3).

**Figure 3**  
**TRUST SENTIMENT INDEX<sup>SM</sup> BY GENDER, AGE, AND HOUSEHOLD INCOME**



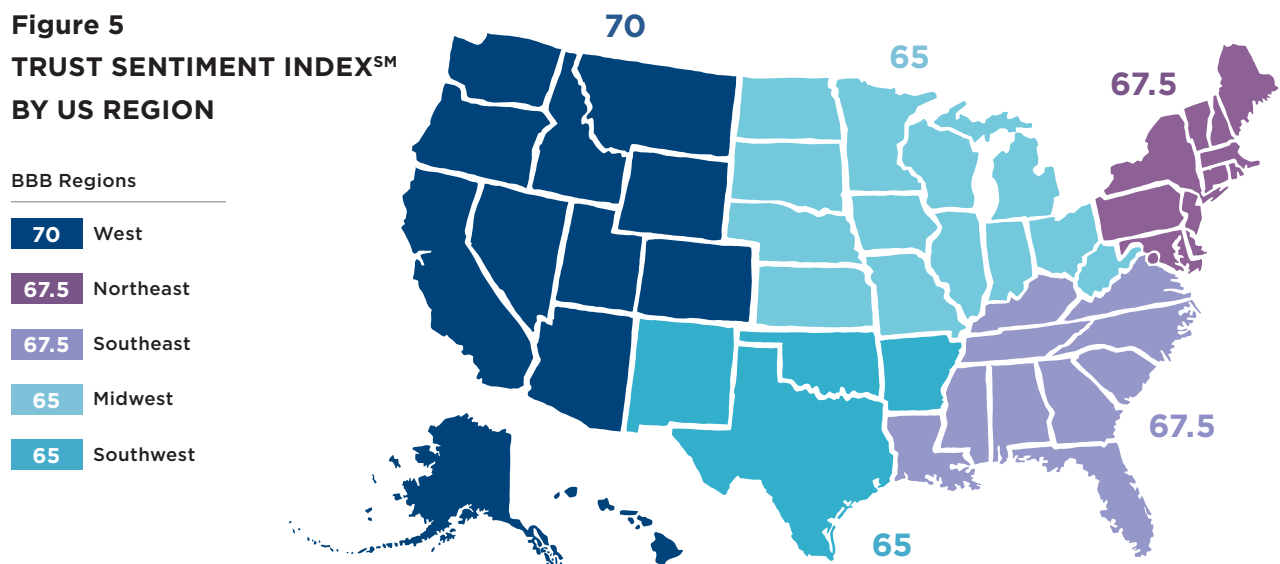
As expected, people trust some industries more than others, and trust varies with the type of purchase. Of the ten types of businesses included in the survey, auto dealers and insurance companies are trusted the least by consumers, while retail/department stores and hotels are trusted the most (see Figure 4).

**Figure 4**  
**TRUST SENTIMENT INDEX<sup>SM</sup> BY TYPE OF BUSINESS**



The trust sentiment also varies by region, with consumers in the west region being the most likely to start from a point of trust and those in the midwest and southwest being the least likely (see Figure 5). The variations are possibly due to the unique characteristics and economic makeup of each region.

**Figure 5**  
**TRUST SENTIMENT INDEX<sup>SM</sup> BY US REGION**





A person is walking across a bridge with a teal background. A white text box is overlaid on the right side of the image, containing the text: "How do consumers & businesses build trust?".

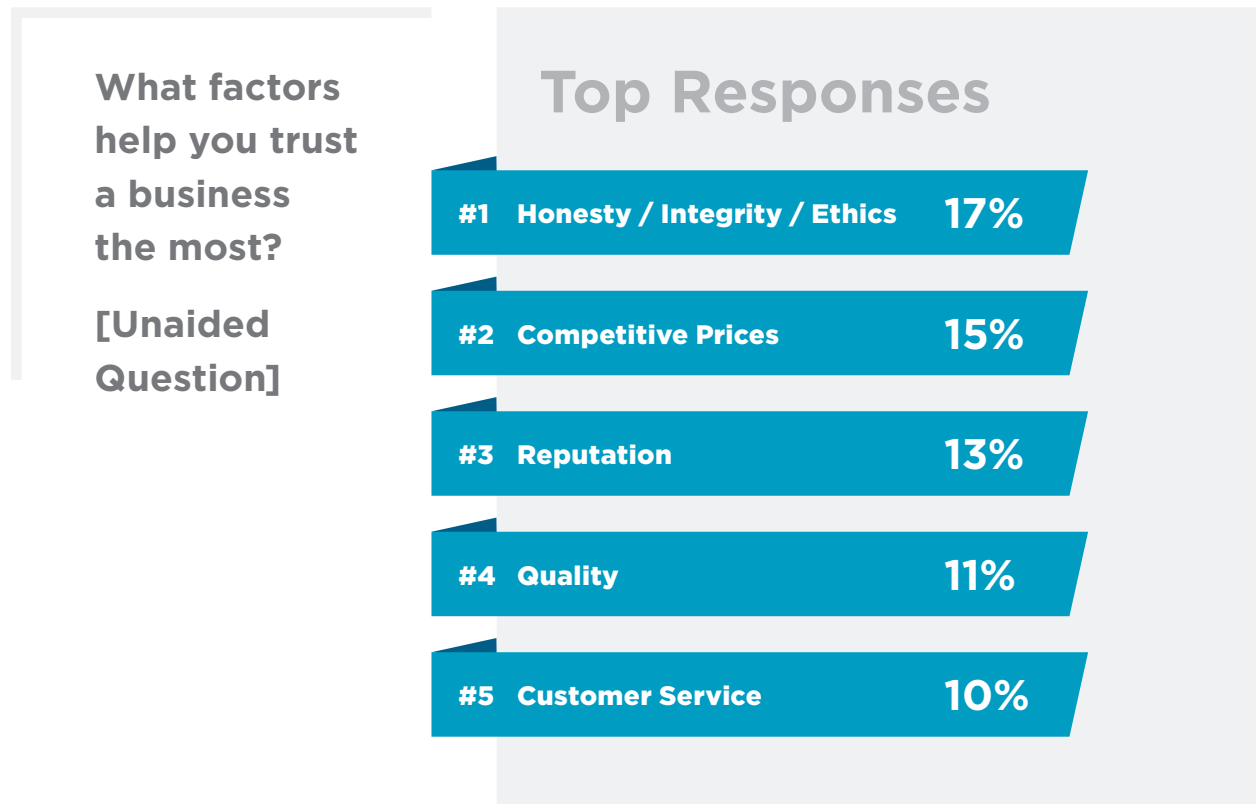
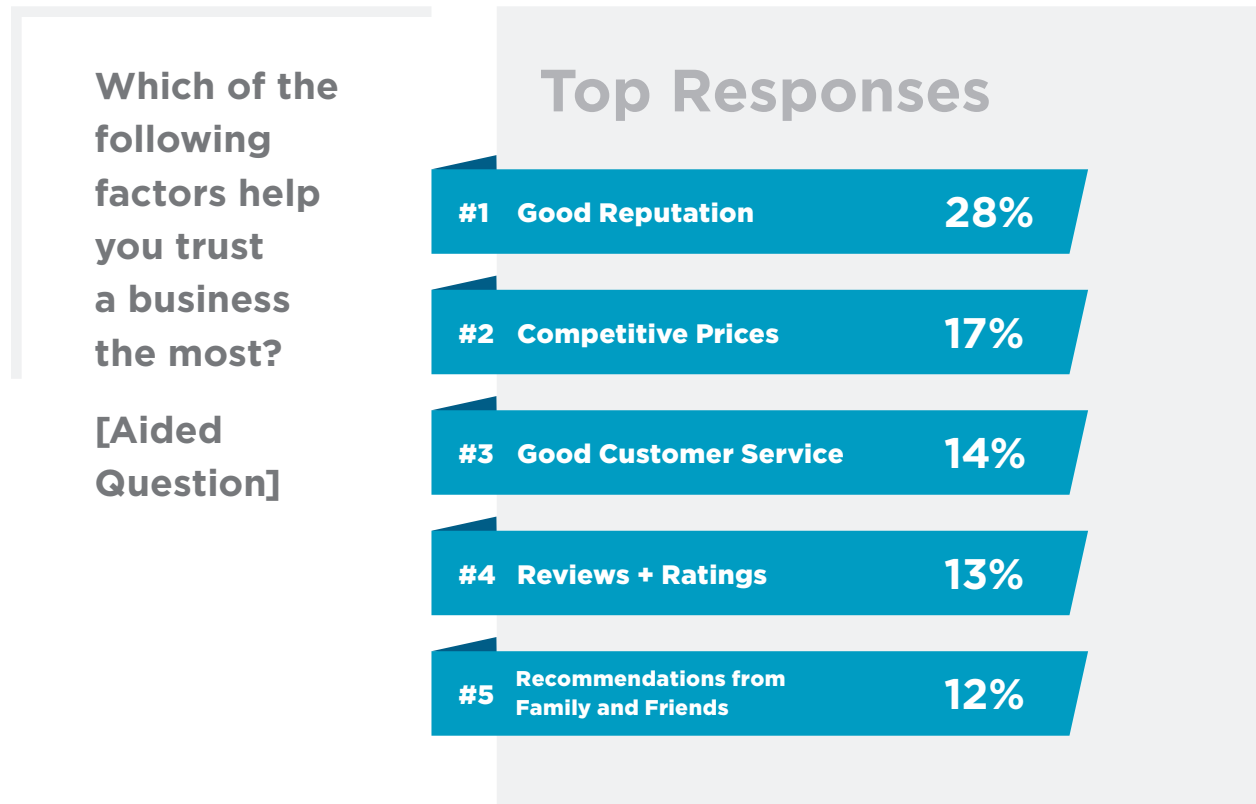
## How do consumers & businesses build trust?

### **Earning Trust**

Building trust is not easy and takes time. We assessed how consumers and businesses build trust, using both an aided (i.e., multiple-choice) question and an unaided (i.e., fill-in-the-blank) question (see Figure 6). The top factors that appeared in both sets of answers were reputation, competitive prices, and [good] customer service. Among the top five responses to the aided question, we also found reviews, ratings, and recommendations from family and friends to be important, while the top five responses to the unaided question included honesty/integrity/ethics and quality.

Figure 6

TOP FACTORS THAT HELP A CONSUMER TRUST A BUSINESS



For businesses, individual purchasing decisions are not the only value of trust. People also demonstrate trust in a business by recommending it to family and friends, leaving positive reviews, investing, and even working for the business (see Figure 7).

**Figure 7**  
**HOW PEOPLE DEMONSTRATE TRUST IN A BUSINESS**



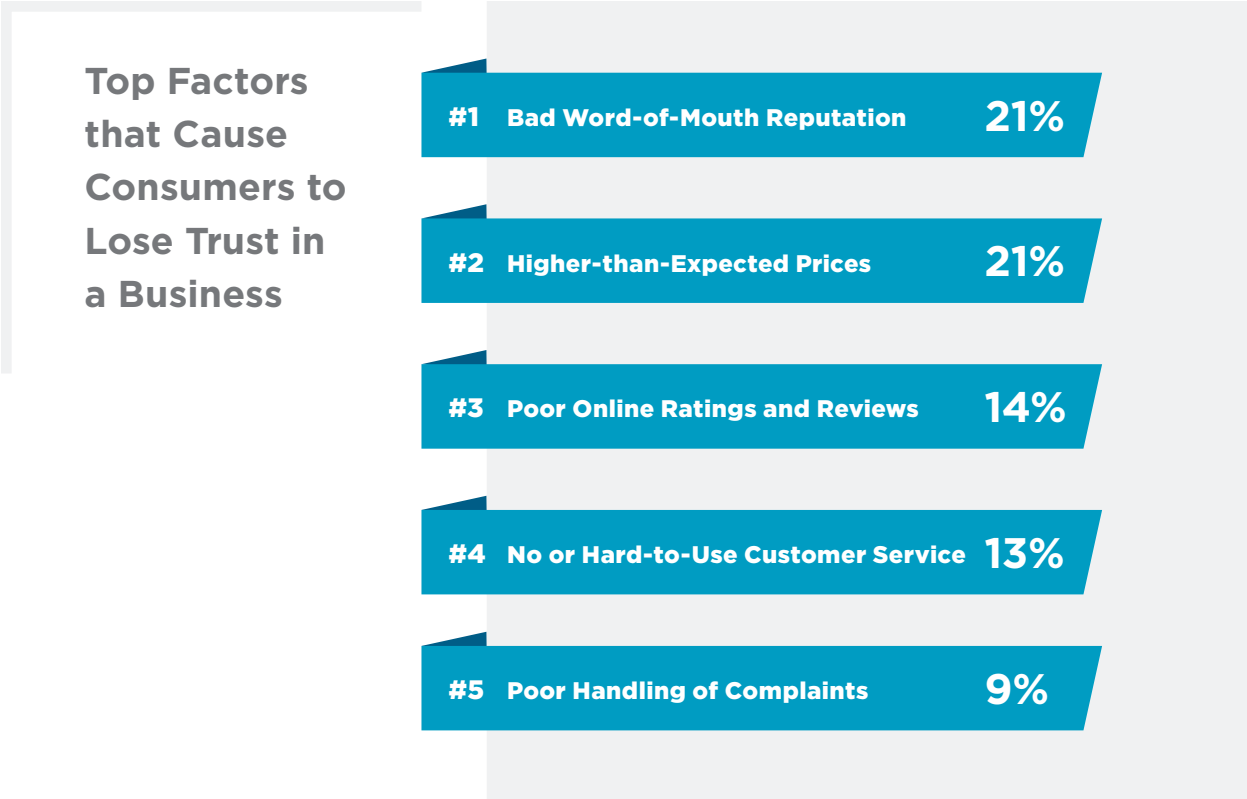
A close-up, low-angle shot of a person's legs from the knees down, wearing blue denim jeans and tan work boots with thick, treaded soles. The person is walking on a gravel or stone path. The background is a soft-focus, light-colored ground. A semi-transparent white rectangular box is overlaid on the lower-left portion of the image, containing text.

How do  
consumers  
& businesses  
lose trust?

# Losing Trust

While building trust takes time, losing trust can happen fast. For example, higher-than-expected prices, bad word-of-mouth reputation, poor online ratings and reviews, bad customer service, and poor handling of complaints were the top five factors that contribute to lost trust among consumers (see Figure 8).

Figure 8



Losing trust impacts a business’s bottom line and long-term prospects. Consumers, when unhappy with a business, typically do not patronize it again. They also may contact the business to complain, and tell their friends and family about their negative experience (see Figure 9). They may also post a bad review online, share the experience on social media, or contact a third-party organization to help them resolve a complaint. We used an unaided question to find out which third-party organizations respondents are most likely to contact for help resolving a complaint about a business (see Figure 10).

Figure 9

ACTIONS CONSUMERS TYPICALLY TAKE WHEN UNHAPPY WITH A BUSINESS

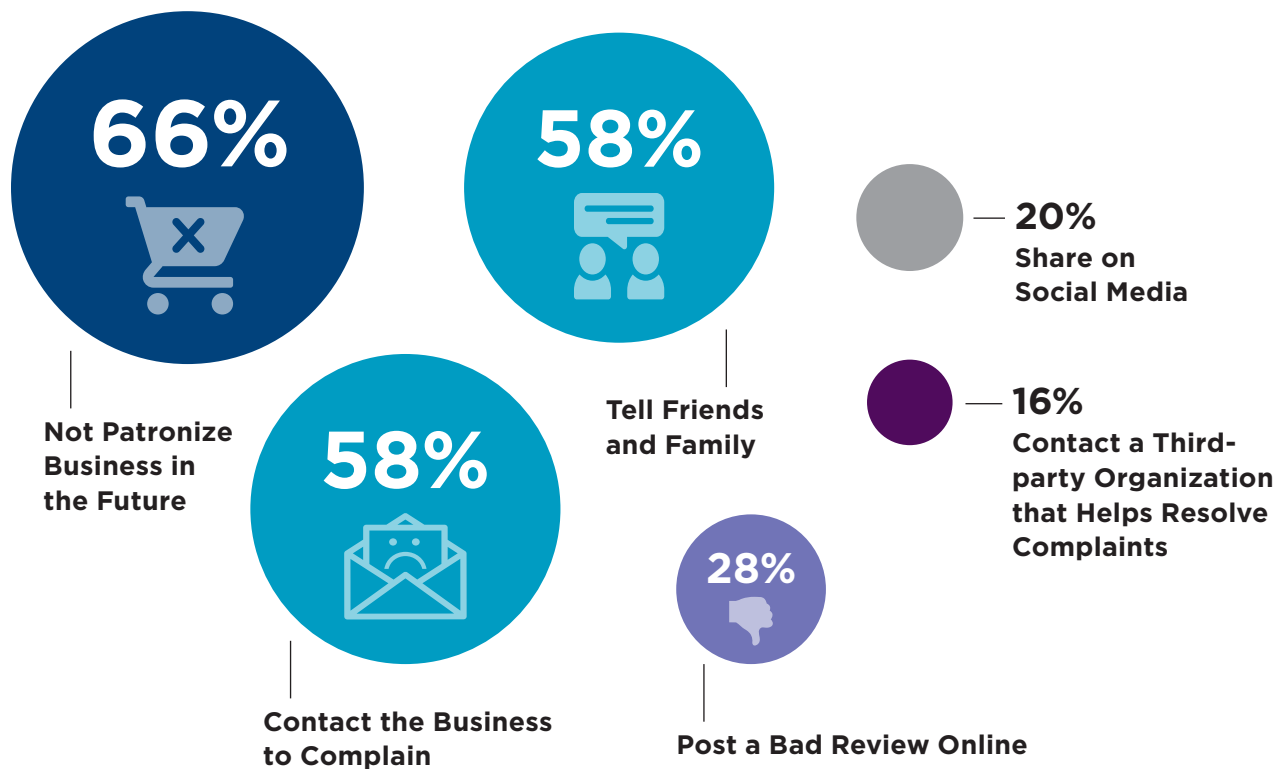
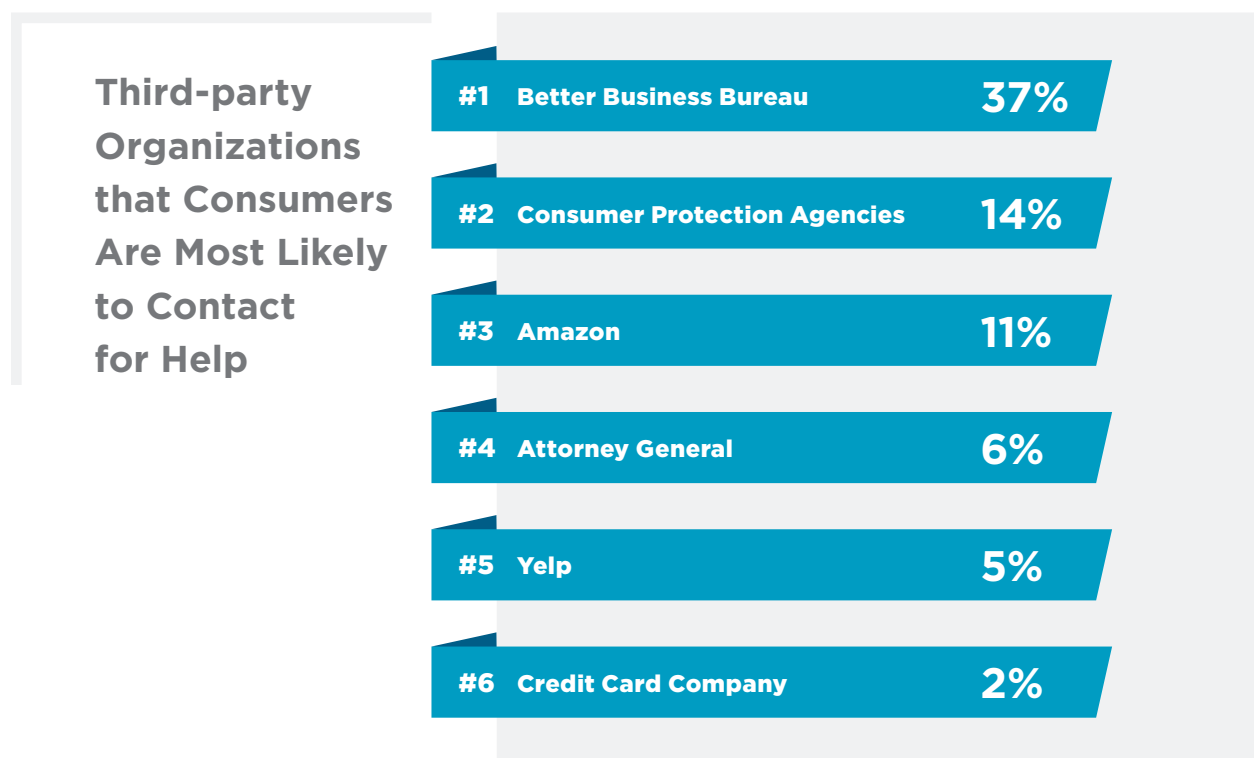


Figure 10



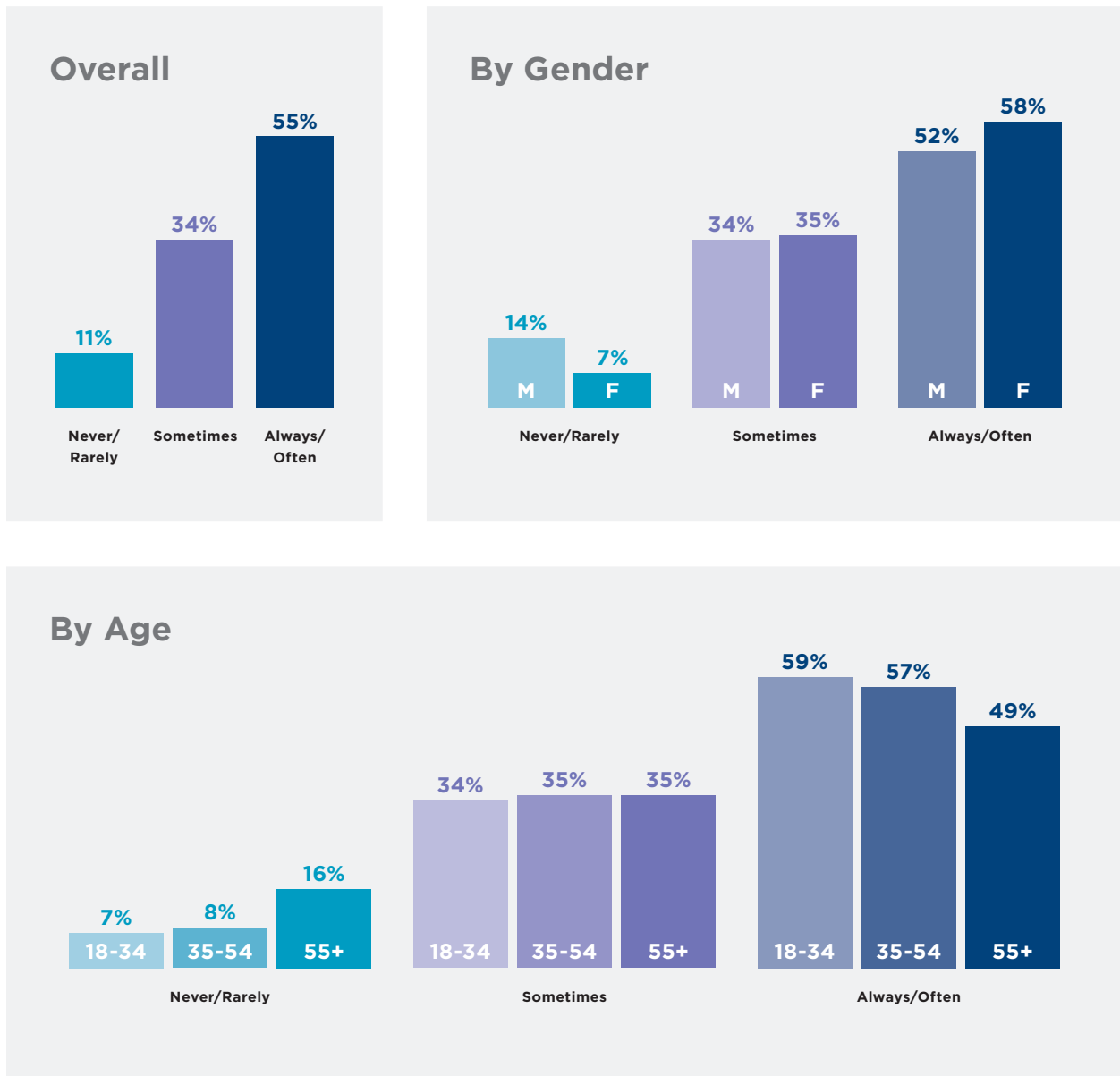


How do  
ratings  
and online  
reviews  
impact trust?

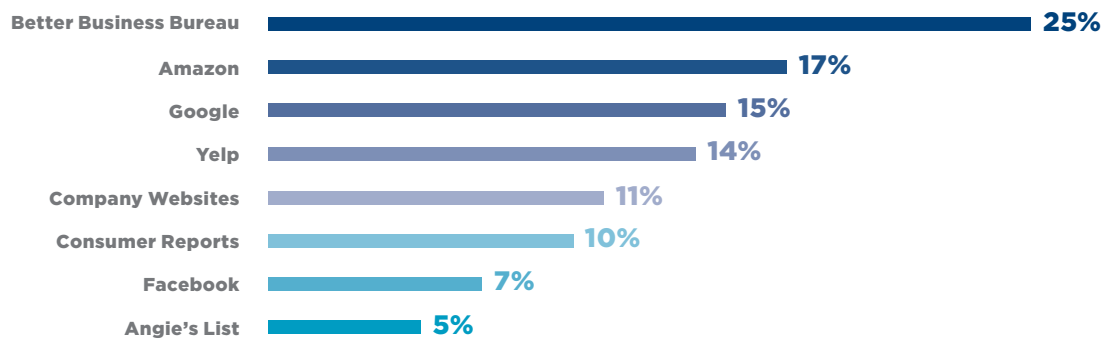
## Usage, Influence, and Bias of Ratings and Online Reviews

**Usage and Influence.** Ratings and online reviews can help a business earn trust, but they can also contribute to a loss of trust. More than half of respondents indicated that they use ratings and online reviews “often” or “always” to inform their purchasing decisions. Millennial consumers are more likely than others to be frequent users of ratings and online reviews prior to selecting a company from which to purchase products or services (see Figure 11). Using an unaided question, we asked respondents to list their top sources for information that can help build trust in a company (see Figure 12).

**Figure 11**  
**FREQUENCY OF USAGE OF RATINGS AND ONLINE REVIEWS**



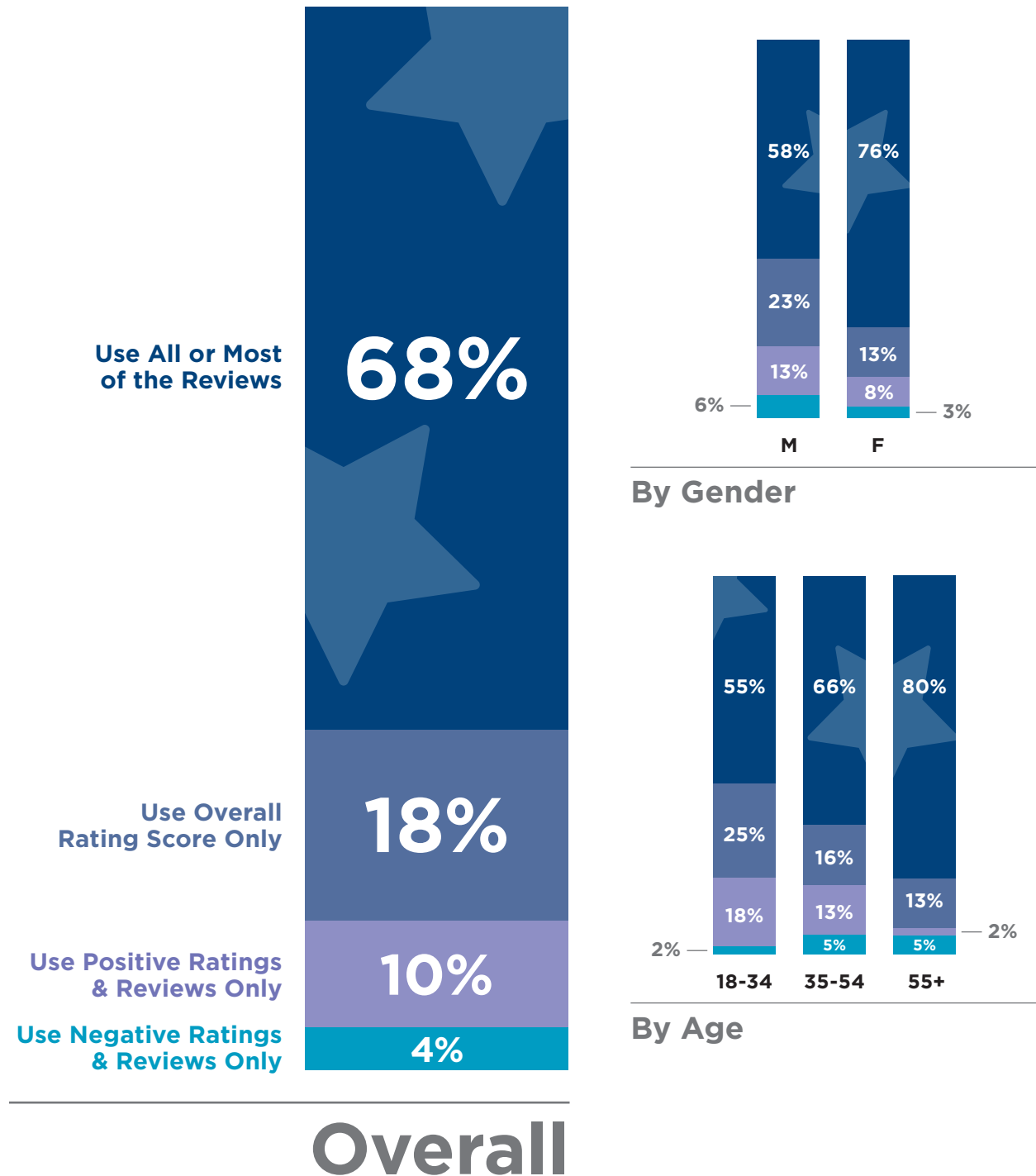
**Figure 12**  
**SOURCES OF INFORMATION THAT HELP BUILD CONSUMER TRUST IN A BUSINESS**





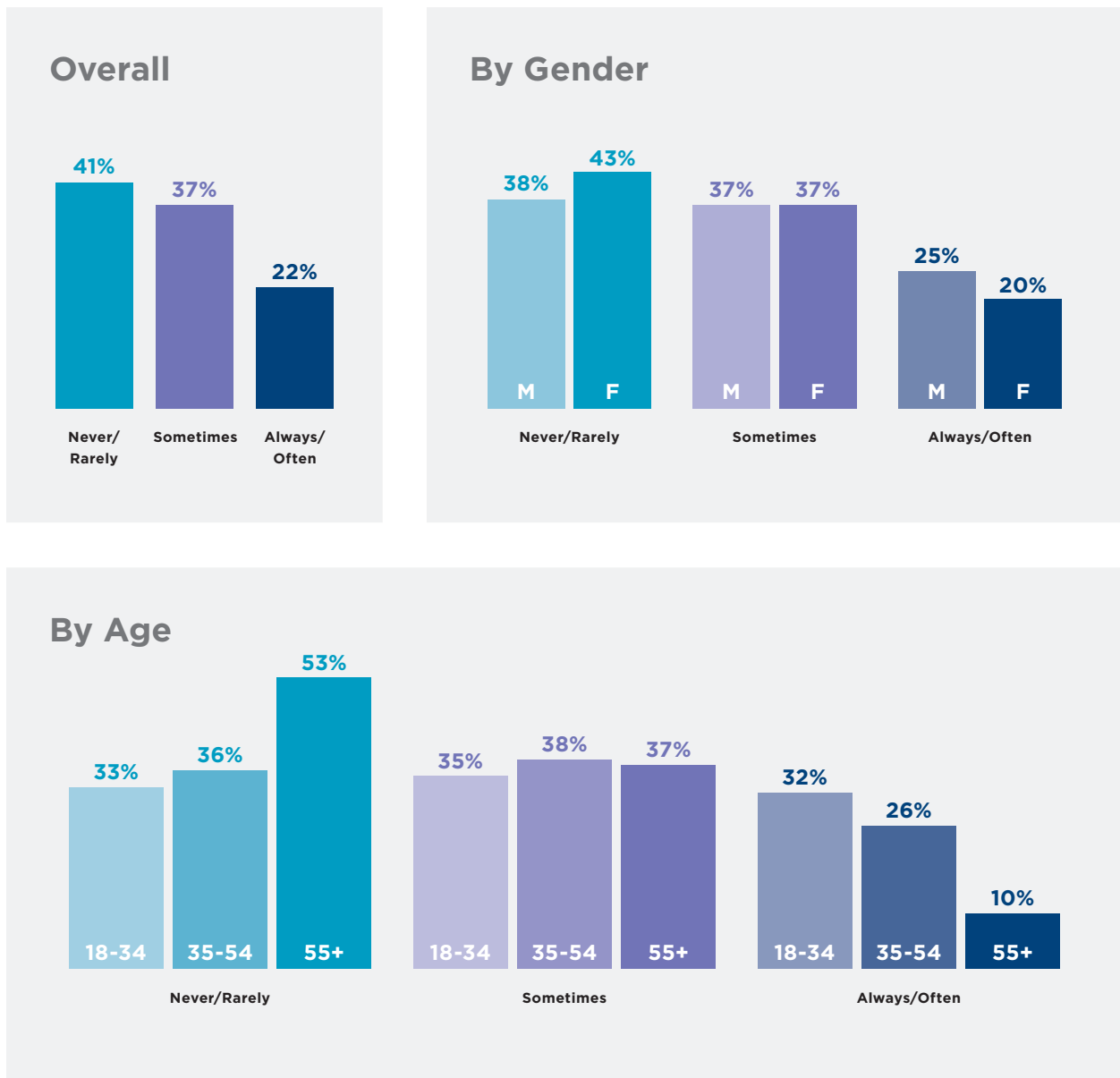
The way people consult ratings and online reviews varies with demographic factors, with females and older adults more likely to consult details of a review, and males and Millennials more likely to only look at the overall rating scores (see Figure 13). Millennials, significantly more so than other age groups, also tend to value the positive ratings and reviews more than the negative ones.

**Figure 13**  
**HOW CONSUMERS USE RATINGS AND ONLINE REVIEWS**



People are less likely to post online reviews of a company's products or services than to consult online reviews from others. About one out of five consumers "often" or "always" posts online reviews, with Millennials more likely to do so than others (see Figure 14). Thus those few consumers who post reviews more frequently — primarily younger consumers — are likely to be influencing the majority of consumers who count on online reviews to help make their purchasing decisions.

**Figure 14**  
**FREQUENCY OF CONSUMERS POSTING ONLINE REVIEWS**



Competitive prices still matter. Despite the importance of online reviews for building trust and making purchasing decisions, about one out of three consumers would purchase from a business that offers the product or service they want at a price they are willing to pay, even if the business has poor ratings or reviews. Males and younger adults are more likely to do so than others (see Figure 15).

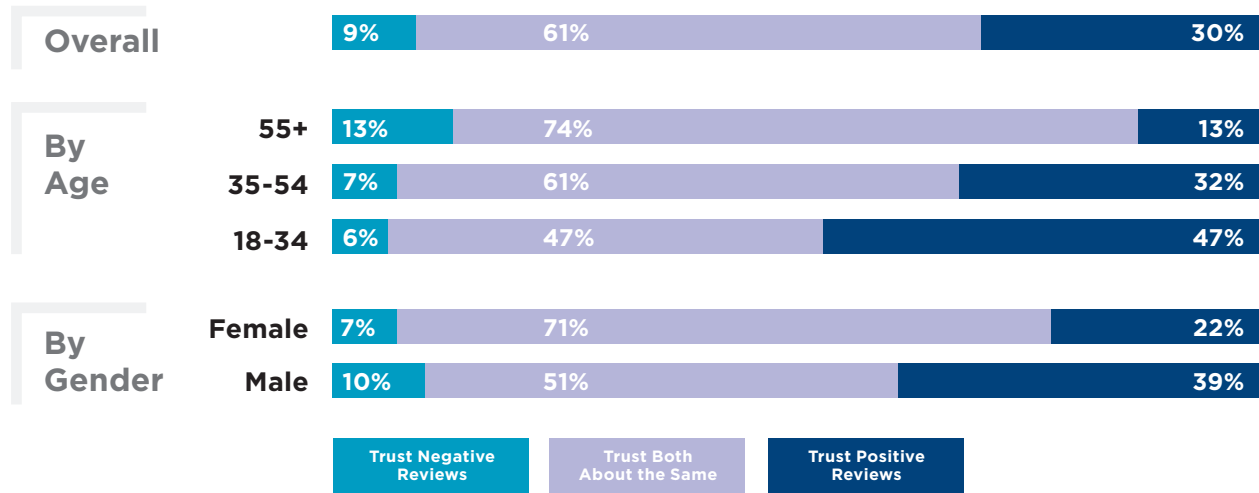
**Figure 15**  
**COMPETITIVE PRICES MATTER**



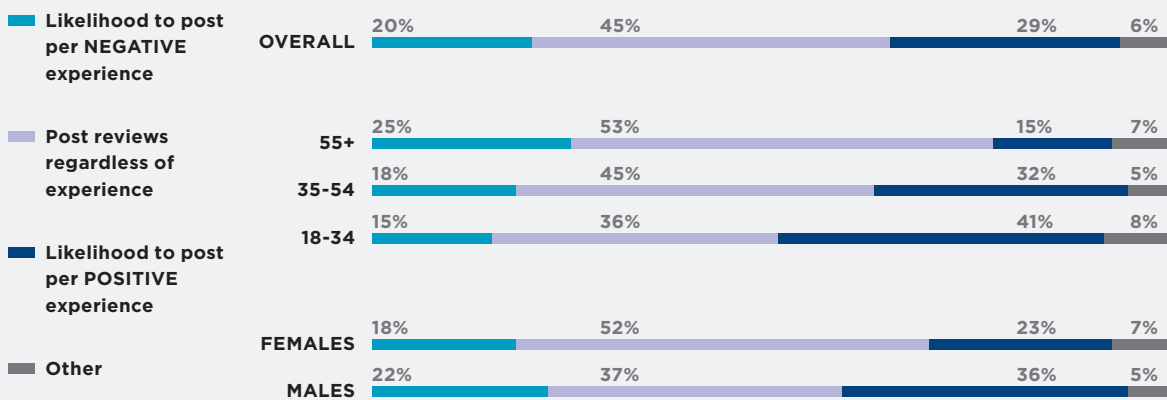
**Positive Bias.** Although the majority of consumers are likely to post online reviews regardless of the quality of their experience with a business, there seems to be a positive bias around the way people use, trust, and engage with reviews (see Figure 16). Millennials in particular mostly trust positive reviews and are more likely to post online reviews when they have a good experience with a business. This positive bias in reviews naturally influences businesses' ratings and is likely also incentivized by the reputation-management processes in place within the business community — which naturally prefers positive reviews — and by humans' susceptibility to positive social influence. To get a more realistic view of a business's reputation and to mitigate this bias, consumers can use information sources that are more balanced in terms of marketplace perspectives. And businesses can benefit from paying more attention to the “hidden voices” of their dissatisfied consumers.

**Figure 16**  
**POSITIVE BIAS IN RATINGS AND ONLINE REVIEWS**

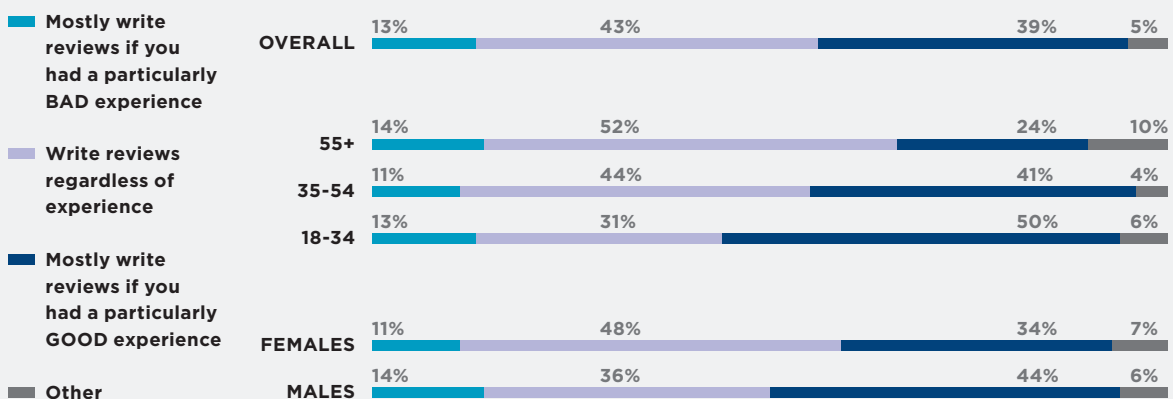
**Likelihood to Trust Positive or Negative Reviews**



**Likelihood to Post Online Reviews Per Customer Experience**



**Statement that Best Describes When You Write Online Reviews**





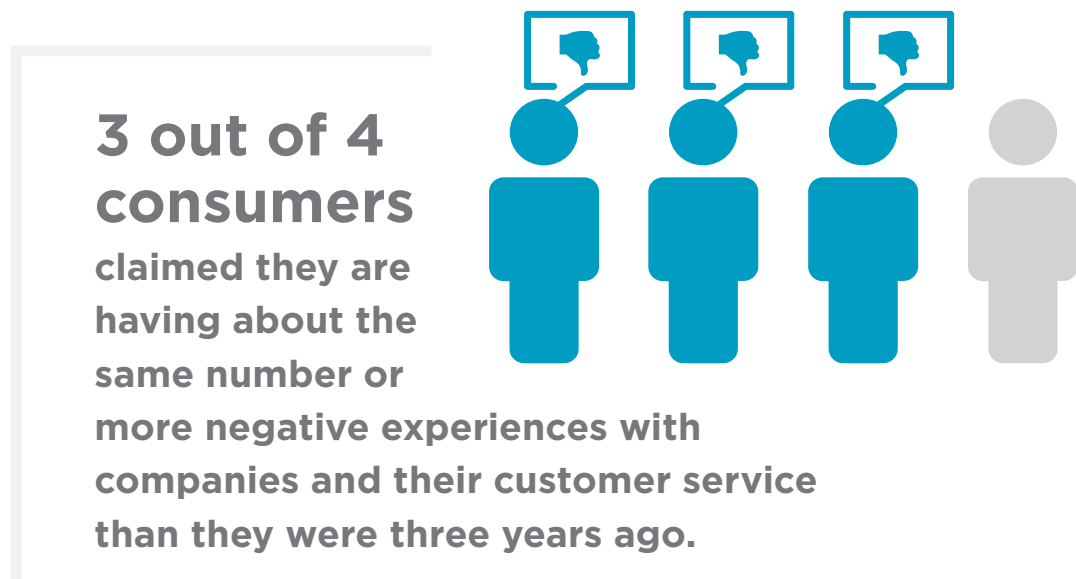
How does  
poor  
customer  
service  
impact trust?

## Dispute Resolution

Poor customer service is still a big issue in the marketplace, and it significantly impacts trust (see Figure 17). Apparently, consumer expectations are increasing at a faster pace than companies can follow. Three out of four respondents claimed they are having about the same number or more negative experiences with companies and their customer service than they were three years ago, while only one out of four consumers claimed they are having fewer negative experiences.

**Figure 17**

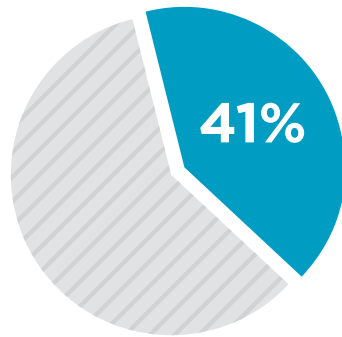
**EVOLUTION OF CONSUMER EXPERIENCES**



Nearly half of our respondents (41%) claimed they had a negative experience or a problem with a business in the past 12 months (see Figure 18). Bad customer service, a product or service being different than advertised, and issues with delivery, billing, or refunds were the top causes of the most recent negative experiences. The majority of respondents faced with a negative experience contacted the business to complain, and a significant number decided not to use the company in the future, told friends and family, posted a bad review online, or shared the experience on social media. Among those who complained, the top three goals they hoped to accomplish were: getting their money back (59%), getting a replacement (51%), or warning other consumers about the business (50%).

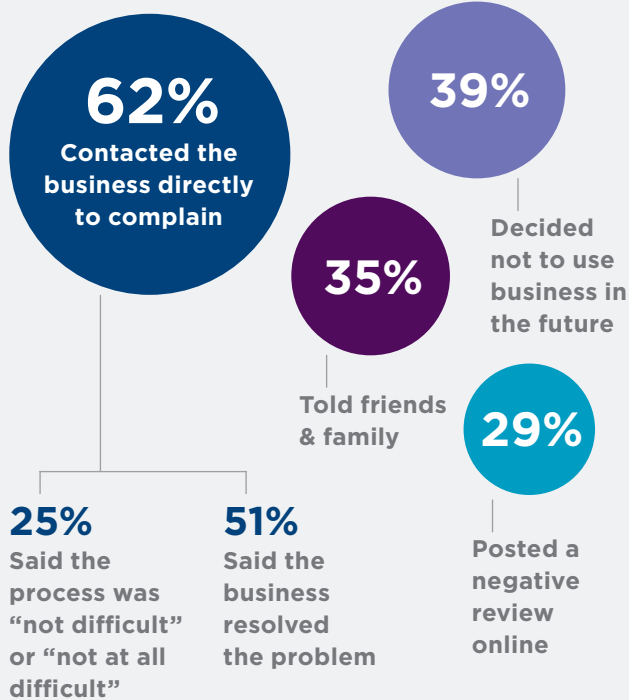
Figure 18

CAUSES OF NEGATIVE BUSINESS EXPERIENCE AND ACTIONS TAKEN / HOW RESOLVED

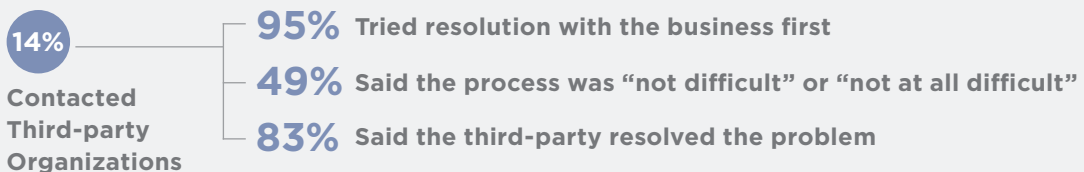
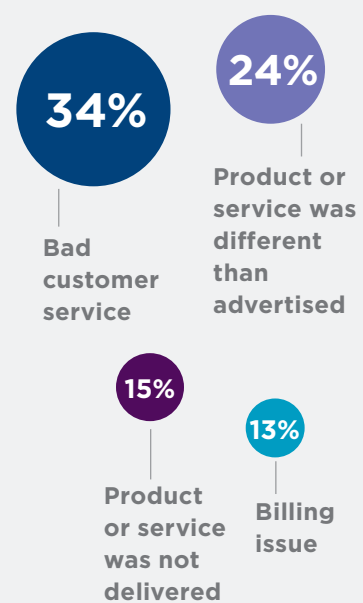


Respondents who claimed they had a negative experience with a business in the past 12 months.

Top Actions Taken as a Result of Negative Business Experiences



Main Causes of Negative Business Experiences

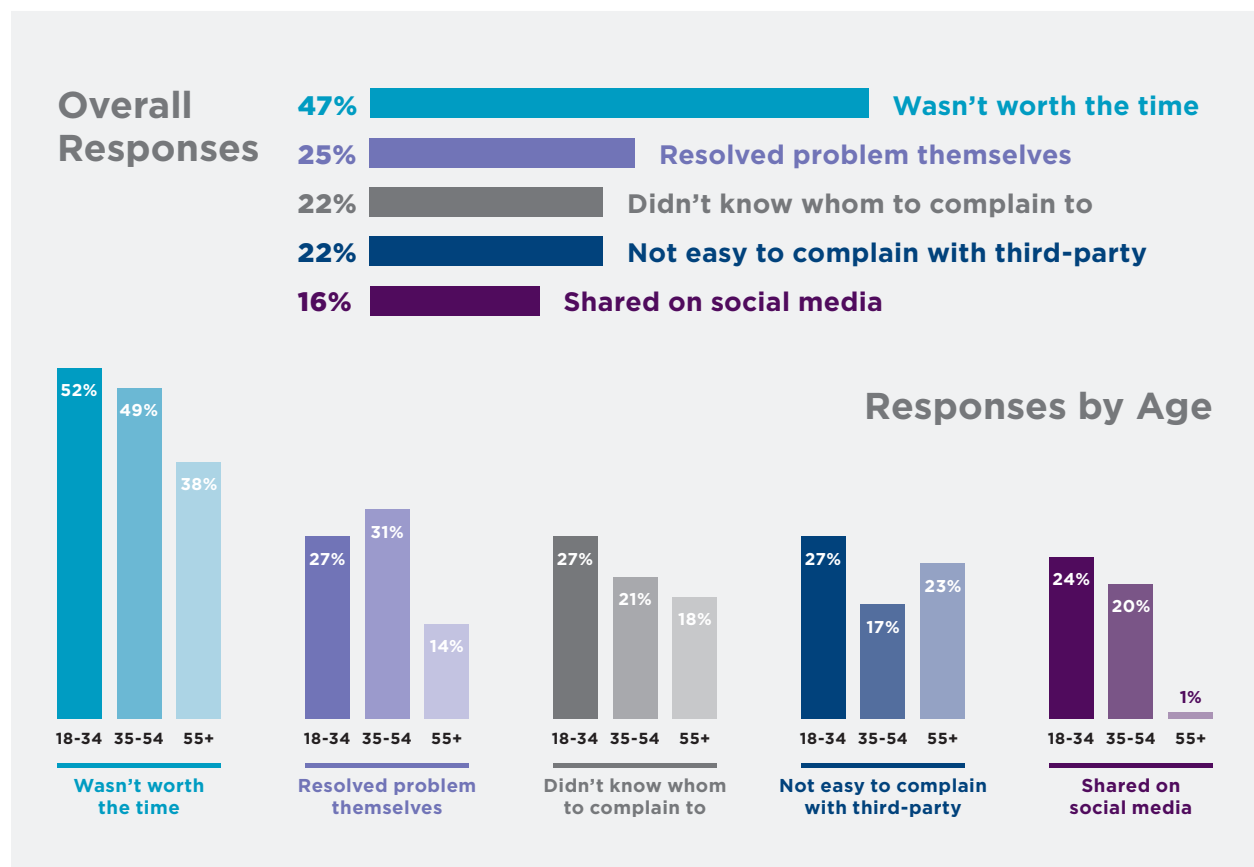


As shown in Figure 18, among the respondents who had a negative experience with a business in the last 12 months and decided to contact the business directly to resolve a complaint, only 25% felt it was not difficult or not at all difficult to do so. And only about half felt the business resolved the issue to their satisfaction.

Consumers often look for an independent third-party organization to help them with their complaints when dealing directly with the business. In fact, 95% of respondents mentioned that they first tried working directly with the business to resolve the problem before looking for help from an independent third-party. Most respondents felt that it was easier to work with the third-party than directly with the business and that they had a better chance of a resolution via this route.

For those who decided not to complain or pursue a resolution, either directly from the business or from a third-party, the main reason — primarily for younger consumers — is related to the perception that these actions were not worth their time. About 44% of respondents did not complain because they did not know whom to contact or they felt it was not easy enough to use a third-party (see Figure 19).

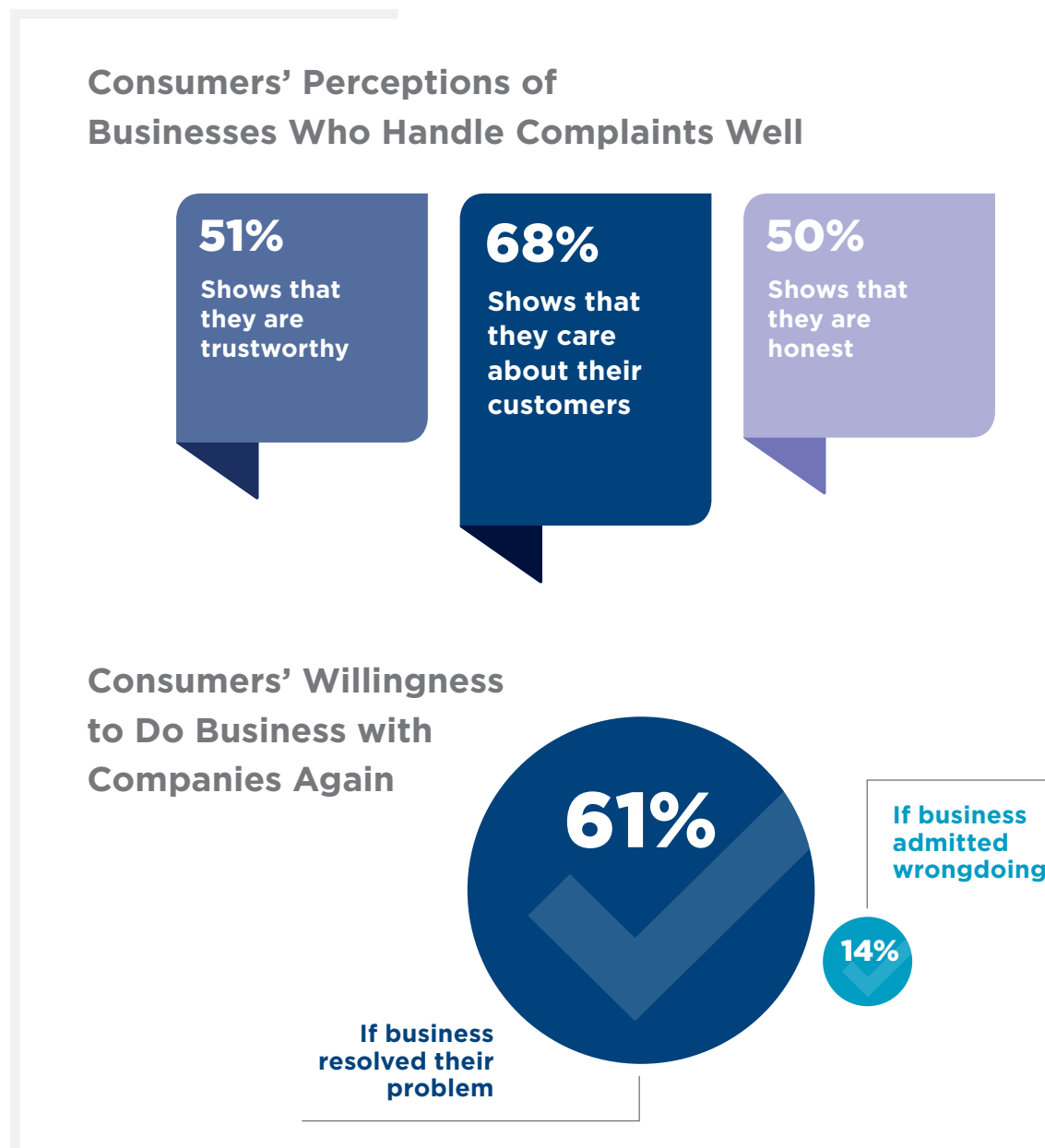
**Figure 19**  
**REASONS CONSUMERS DO NOT SEEK RESOLUTION DIRECTLY WITH A BUSINESS OR WITH A THIRD-PARTY ORGANIZATION**





Even great businesses can make mistakes, and how they handle the complaints they receive matters to consumers and to their reputations (see Figure 20). About seven out of ten respondents agreed that how a business handles a complaint shows how much the business cares about its customers. Approximately half of respondents agreed that how a business handles a complaint shows whether they are trustworthy and honest. Actions are more important than words. In fact, about three out of five consumers are willing to do business again with companies that assume responsibility and resolve disputes. On the contrary, only about one out of ten consumers are open to doing business again with businesses that only admit their wrongdoings but do not resolve disputes.

**Figure 20**  
**RESOLUTION MATTERS**





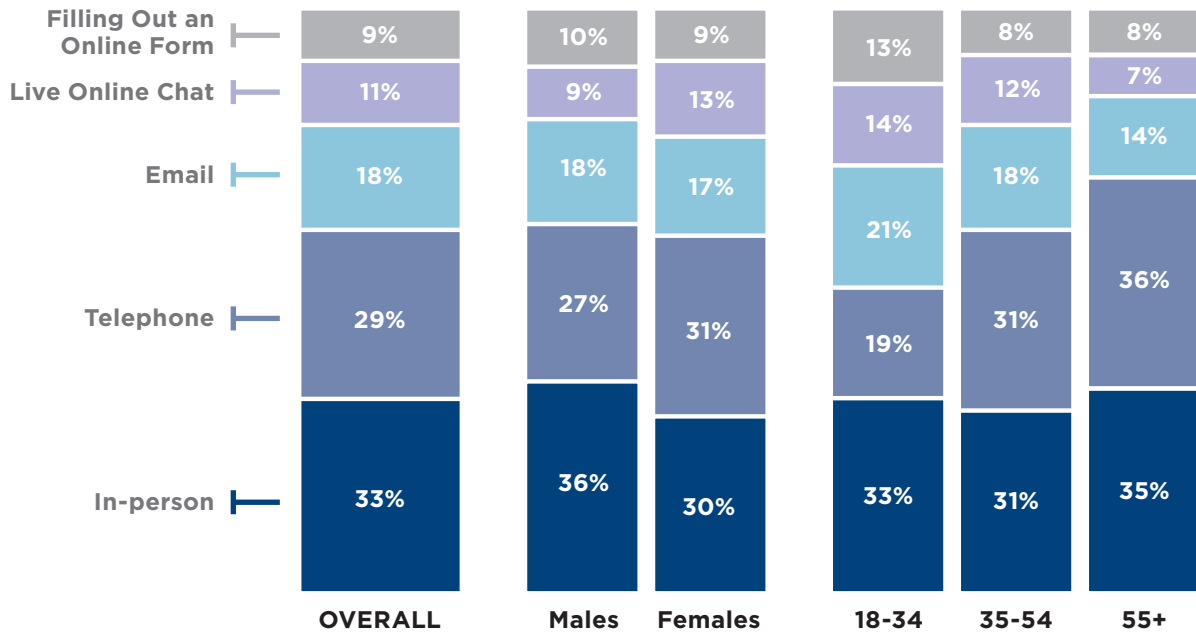
# Business Interactions Are Human Interactions

## **Consumers' Preferred Methods of Customer Service**

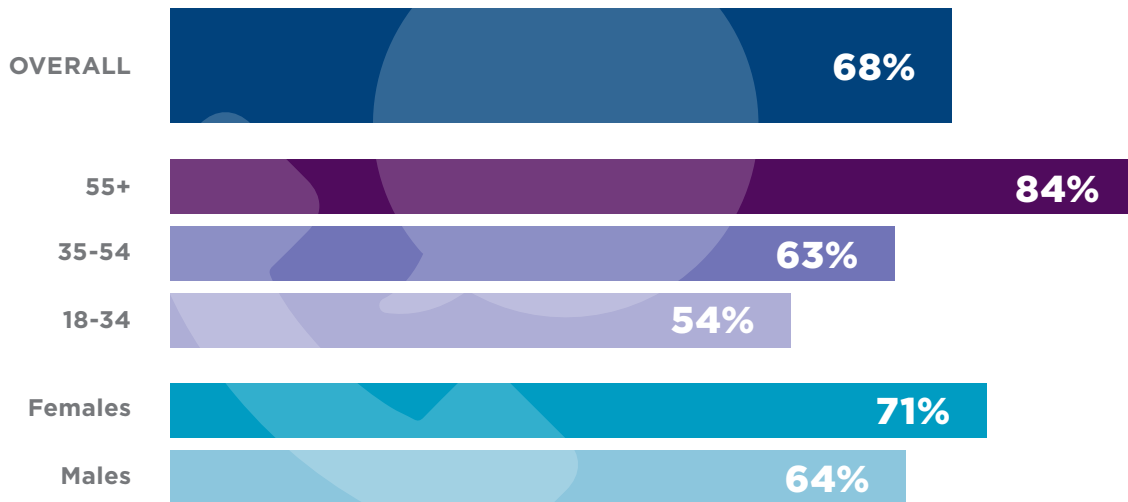
Business interactions are human interactions and, despite technological advancements, in person is still the preferred method of customer service for the majority of consumers, even younger ones. Consumers — primarily females — also prefer to talk to a person instead of using an automated telephone system, even if it means waiting on the line for the next available representative (see Figure 21).

**Figure 21**  
**PEOPLE MATTER**

**Consumers' Preferred Methods of Customer Service**



**Consumers Who Prefer to Talk to a Person, Even if it Means Waiting**





Building a  
More Trusted  
Marketplace  
for All

## Conclusion: Building a More Trusted Marketplace for All

When consumers begin the journey of researching and evaluating options for products or services, trust is an essential factor in determining which businesses they consider — and which ones they reject. While some consumers start with trust, others expect businesses to earn their trust. Businesses should approach every consumer interaction as if it were that person's first experience with the business *and* as if that experience will determine whether it will be a longtime, successful relationship. In doing so, businesses can gain not only the consumer standing in front of them but also dozens of other potential consumers who will learn from that person's experience.

Our collaboration with Nielsen led to a number of interesting discoveries. We learned that, in general, people tend to start from a point of trust more often than not when they're dealing with a business for the first time. Males, Millennials, and consumers from households with incomes above \$100K a year are most likely to start from a position of trust. We also found that consumers tend to trust some types of businesses more than others. They are more likely to trust department stores, hotels, and banks, for instance, while they tend to be more skeptical of automobile dealers and insurance companies.

Our research shows that there is an apparent bias among consumers toward publicly sharing primarily positive experiences with businesses while complaining in private (e.g., with family and friends) about negative experiences, which means there are a significant number of “hidden voices” not being taken into account by businesses. Although more than two-fifths of consumers claimed to have had a negative experience with a business in the last 12 months, for example, only about 60% of them felt it was worth the effort to contact the business to complain and to give the business a chance to redeem itself.

When it comes to customer service, consumer expectations seem to be increasing faster than actual improvements, as three out of four survey respondents claimed their number of negative experiences with companies are about the same or higher than they were three years ago. Even the best businesses can make mistakes, of course; it's how they handle them that matters most to consumers. According to our research, three out of five consumers are willing to do business again with companies that own up to their mistakes and take action to resolve disputes. Making mistakes can cause consumers to lose trust in a business, but, we learned businesses can earn back their trust by properly handling complaints and disputes.

How businesses interact with consumers also is a factor in developing trust. Our research shows that, despite technological advancements, most people — even most Millennials — still prefer to deal with people instead of automated systems.

We hope this report contributes to advancing marketplace trust for all and helps businesses by bringing awareness to the topic of trust and how it is earned and lost.

# Authors/Contributors

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**Dr. Rubens Pessanha**, Senior Director of Market Research, Insights, and Strategy at the Council of Better Business Bureaus, has more than 20 years of global experience in marketing, strategic organizational development, project management, and market research. He has presented at conferences in the U.S., Japan, South Africa, Belgium, and his native Brazil. A production engineer with an MBA, he just finished his doctorate at George Washington University.

**Nona Phinn** is Director of Marketing at the Council of Better Business Bureaus, where she focuses on growth of the brand and consumer engagement. She has a diverse background in marketing that provides her the skills necessary to develop and drive integrated marketing programs and strategy.

**Alexis Chng-Castor**, Director of Brand Creative at the Council of Better Business Bureaus, is an experienced marketer and creative director with an award-winning brand portfolio. Native to Singapore and fluent in three languages, she leverages her knowledge and experience with the Asian markets in all aspects of marketing and design. During her free time, she channels her love for design into her personal projects.



## About

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### **Better Business Bureau®**

Since 1912, BBB has been on the forefront of positive marketplace change by partnering with leading companies committed to best practices of business ethics, marketplace excellence, and effective industry self-regulation. As a mission-driven non-profit with over 100 BBBs across North America, we work with consumers, businesses, and government agencies to advance marketplace trust for all.



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