

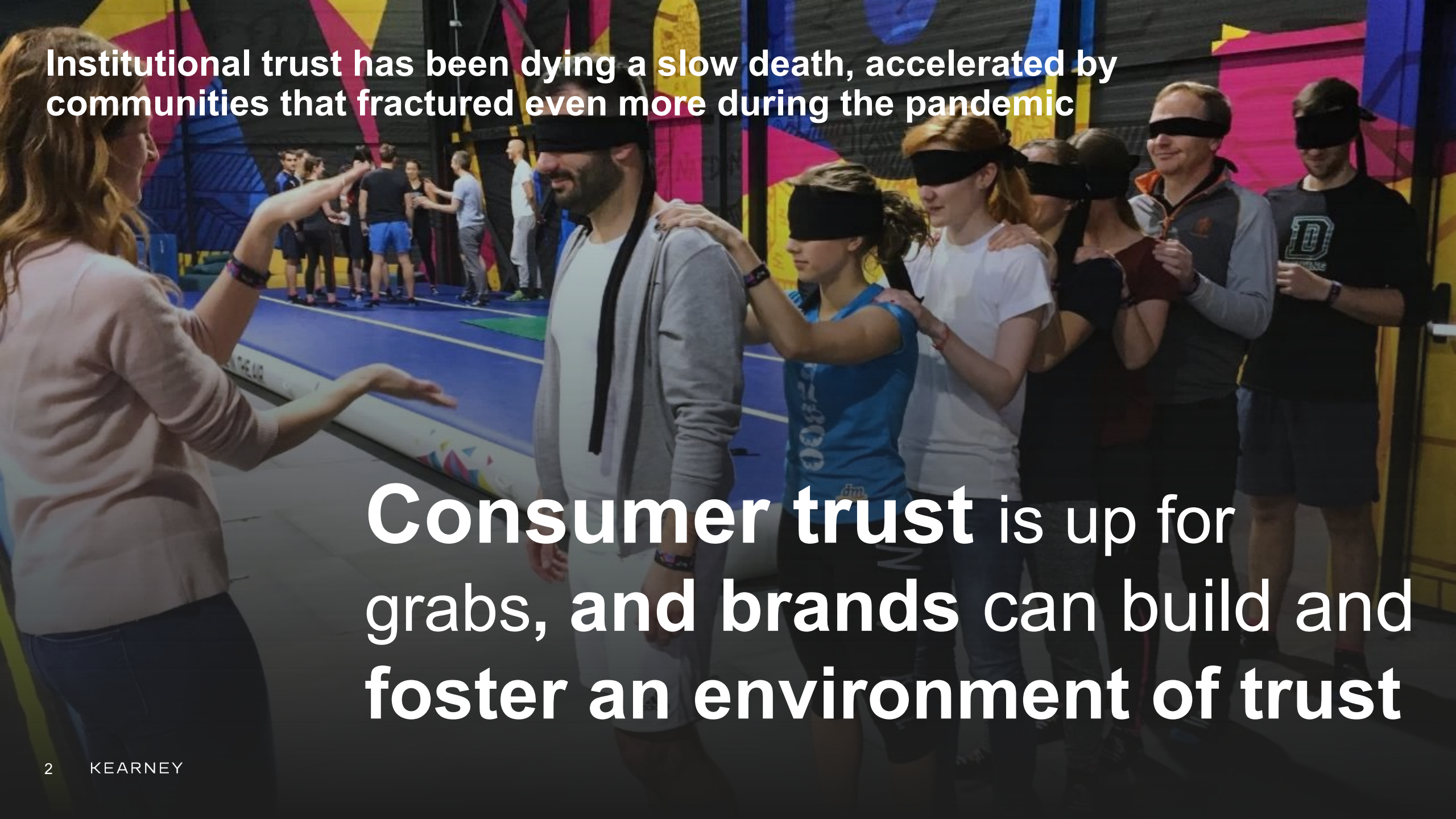


Have a little faith in me

The truth about consumer trust

Kearney Consumer Institute
Q2 Quarterly Briefing
May 2021

KEARNEY

A group of people, mostly young adults, are participating in a trust exercise in a gymnasium. They are all wearing black blindfolds. A woman on the left, wearing a light pink sweater, is guiding them with her hands. The participants are standing in a line, with some placing their hands on the shoulders of others. The background shows a blue mat and colorful flags hanging from the ceiling.

Institutional trust has been dying a slow death, accelerated by communities that fractured even more during the pandemic

Consumer trust is up for grabs, and brands can build and foster an environment of trust

Institutional failure brings a greater focus on seeking a simple, pragmatic definition of consumer trust

Organized religion, government, and education institutions historically acted as cultural and social tentpoles of trust and authority, often defining community



Pew defines trust in the **government** as “trusting the government to do what is right.”

-34%

Decline in Americans’ trust of the government always or most of the time over the past 20 years



Gallup defines trust in **mass media** as “reporting the news fully, accurately, and fairly.”

-15%

Decline in Americans’ trust of the mass media a great deal or a fair amount over the past 20 years



The Atlantic and The General Social Survey define **religiously unaffiliated** as those who don’t associate with any established religion.

+9%

Increase in Americans who are religiously unaffiliated over the past 20 years

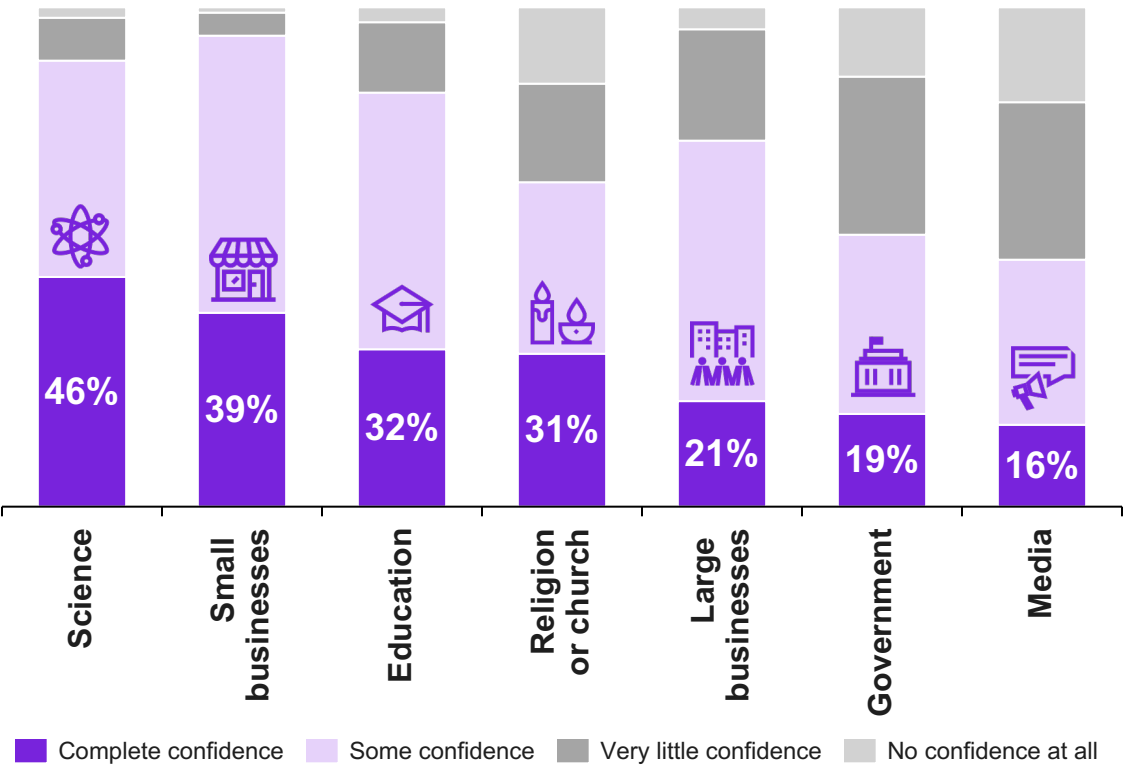


Institutional trust:
the faith consumers have in institutions to fill a role in their lives that they cannot fill themselves and to act as their agent in resolving things they can’t solve on their own

Sources: Pew, Gallup, The Atlantic; Kearney analysis

Polarized communities have left consumers wary and overwhelmed, unsure of who to trust

Science, small business, and education have risen to the top of trusted institutions



Business can fill the trust vacuum

The gap between business and government highlights an increase in complete or some confidence in business.

	Small business	Large business
United States		
	+40	+19
Canada		
	+33	+17
Nordics		
	+22	+15

Notes: United States n = 1,000; Canada n = 1,000; Nordics (Sweden, Denmark, Norway, Finland, and Iceland) n = 750
 Source: Kearney Brand Trust Study, May 2021

Consumers' fundamental expectations are simple: honesty and consistency

What are the most important elements to consumers in communicating trust?

When asked to prioritize factors of organizational trust, the metrics that won are honesty and authenticity.

✓ Ranked in the top five of consumer responses		United States	Canada	Nordics
 Honesty and consistency elements	Honesty	✓	✓	✓
	Authenticity	✓	✓	✓
	Consistency	✓	✓	
	Quality (of product or service)	✓	✓	✓
	Clarity	✓	✓	✓
	Goodness			✓
 Relationship and mutuality elements	Mutual relationship			
	Accessibility			
	Approachability			
	Authority			
	Presentation			

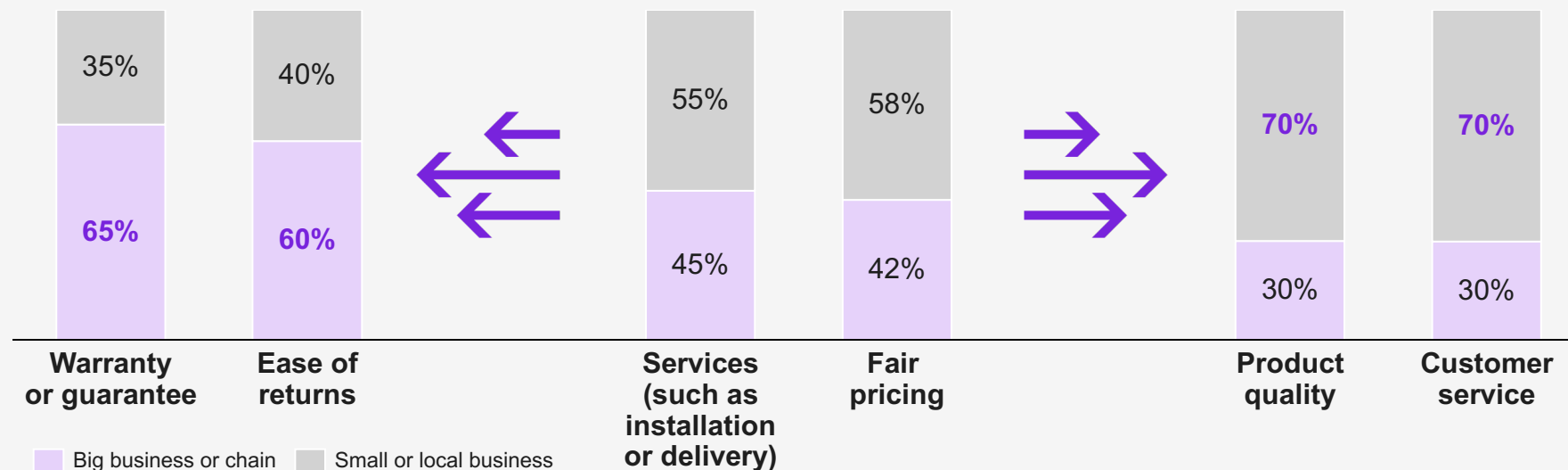
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Source: Kearney Brand Trust Study, May 2021

Not all trust dimensions are weighted the same



Who do consumers trust more?

Big business wins on process, duration, and consistency. Small business wins on interaction, perception, and craft.



Which leads to a broader question:

Is investing in building consumer relationships overblown?

Spoiler: not necessarily, but walk before running

Showcase core trust elements with thoughtful messaging

Short-term adjustments

Build the foundation with consumers by identifying the right message, messenger, and platform.

- ✓ **Index spending across trust elements.** Invest in messaging and campaigns focused on honesty and consistency.
- ✓ **Focus on individual brand messaging to instill trust** since consumers distrust corporations more than brands.
- ✓ **Ensure that the right person is delivering the message,** assessing whether they are a trusted, credible member of core consumer communities.

Canada Goose built a reputation on consistent high-quality jackets for extreme cold.

The company has also maintained its commitment to manufacture exclusively in Canada.



jenis

Jeni's Ice Cream recently launched a limited-edition flavor with Dolly Parton.

The release was plagued with technical difficulties.

The company accepted responsibility, apologizing and communicating with consumers directly and honestly.

Double down where you can win

Medium-term initiatives

Example:

An increase in the number of returns has added complexity across retail and consumer products.

Rather than making it more difficult for consumers to make a return, invest in improving the process and helping consumers:

- ✓ Enhance the supply chain to process returns.
- ✓ Vertically integrate a resale business or outlet store.
- ✓ Use technology such as AI or livestreaming to assist with fit.
- ✓ Standardize and communicate sizing to reduce “bracketing.”
- ✓ Conduct social listening for active consumer feedback.

WARBY PARKER

Warby Parker encourages consumers to order multiple glasses frames and factors this return model into their pricing.

Dick’s Sporting Goods is opening warehouse and discount stores to sell excess and past-season stock.



FARFETCH

Farfetch, the luxury fashion platform, uses leading AI technology to show multiple angles of a product and virtual try-on to ensure fit.

Trust grows from the foundation of honesty and credibility

Long-term approach

Once trust is established, relationships with consumers can deepen.

- ✓ **Listen to and learn from consumer communities.**
Consumers check in with family, friends, and coworkers to validate trust.
- ✓ **Build credentials through authentic messages,** including stories from real consumers.
- ✓ **Curate the brand experience** with customer service, access to products, exclusive events, and a mutually beneficial loyalty program.

IKEA built its reputation on consistency, with consumers knowing what to expect from the brand and its products.

The company then evolved to be more responsive to consumers in design, quality, and strategic partnerships.



Looking forward



Next Kearney Consumer
Institute quarterly briefing:

August 17, 2021



What we're watching

Consumer emotions, ranging from languishing to excitement, and how they impact shopping patterns

How consumer behaviors are evolving, including consolidating trips, working from anywhere, and cooking at home



What comes next

Do consumers prefer local shops or chains?
The mall or local boutiques?

Stay tuned for more on the nuances of trust and preference across small and large businesses.

Kearney Consumer Institute (KCI)



What is it?

A think tank creating thoughtful, consumer-first content and perspectives, assessing existing and evolving consumer behaviors, needs, and decision-making processes



What does it do?

Advocates for the consumer

Challenges assumptions

Reframes to ask different questions

Generates conversation

Translates into action

KEARNEY

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