



# Trust Lab™ Inaugural Assessment

Consumer Trust and Business  
Trustworthiness  
in Western Michigan

*August 14, 2019*



**CENTER FOR  
SOCIAL RESEARCH**

*a center of Calvin University*

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## **Executive Summary**

In 2017, The Council of Better Business Bureaus—the national BBB—conducted the first Trust Sentiment Index<sup>SM</sup> survey, which was designed to take a deep look into how trust drives consumer marketplace decisions. Simultaneously, the BBB Serving Western Michigan was in the early stages of our Trust Lab<sup>TM</sup> initiative, an ambitious project created to quantify and actively improve trust for businesses and consumers in our region.

Trust Lab's purpose is multi-dimensional. With Trust Lab<sup>TM</sup>, our hope is to not only provide quantifiable data relevant to our stakeholders on trust in the marketplace but to also utilize that data to develop actionable methodologies for businesses, consumers, and nonprofit organizations in Western Michigan.

With that in mind, we offer this report, formulated from our first BBB Serving Western Michigan Trustworthiness Survey. Along with national data from BBB and other leading research sources, this report represents the launchpad for our overall work at Trust Lab<sup>TM</sup>.

With the lofty goal of making Western Michigan the most trustworthy place to do business, we realize that one survey alone will not provide all the answers. Internal and external interactions, community dynamics, and the interplay of industry, perception, and past experience are just some of the many nuanced and ever-evolving factors that shape trust within a marketplace. This is only the beginning.

## **Trust Lab™ Inaugural Assessment**

The BBB of Western Michigan is proud to commence the foundations of Trust Lab™ with this assessment of consumer trust and business trustworthiness. Both quantitative and qualitative data from this assessment will lay the groundwork for providing methodologies to address discrepancies of trust within the marketplace.

### **Trust Lab mission and sponsors**

Trust Lab™ was created to quantify and actively improve trust for businesses and consumers in West Michigan. We could not have undertaken this project without the generous support of our sponsors. Many thanks and much gratitude to:

[Amway](#), [BHS Insurance](#), [Blue Cross Blue Shield of Michigan](#), [Huntington Bank](#), [Mercantile Bank of Michigan](#), and [Varnum LLP](#).

### **Assessing consumer trust and business trustworthiness**

In this report, we look at consumer perception of trustworthiness among businesses within Western Michigan and by industry, both nationally and within Western Michigan. We also examine the factors that influence that perception.

Working with [The Center for Social Research at Calvin University](#), we sampled a statistically relevant consumer segment within our 38-county service area. We created the survey to reflect the local sentiment of trust in the marketplace for the region we serve to better create programs and partnerships that directly benefit our community.

To gather data from a representative regional adult population, we worked with Qualtrics to recruit 508 online panelists within our 38-county service area using demographic quotas matching 2017 Census estimates by sex, age, race and ethnicity, and region. The margin of error for the Qualtrics sample was approximately 4.4% at a 95% confidence interval. The analysis below relies primarily on this representative sample, using the pilot sample selectively to enrich our understanding. The pilot sample was comprised of consumers who previously utilized BBB's services or have affiliation with select BBB partner organizations.

We've compiled this introductory report that outlines our major findings. We plan on more detailed and in-depth reporting on statistically relevant and pertinent issues in the near future.

A strong commitment to advancing business trustworthiness and consumer trust in the marketplace remains our driving force, and we hope that this report represents a step in that direction.

# Survey methods and demographic results

## Area surveyed: our Western Michigan BBB regions

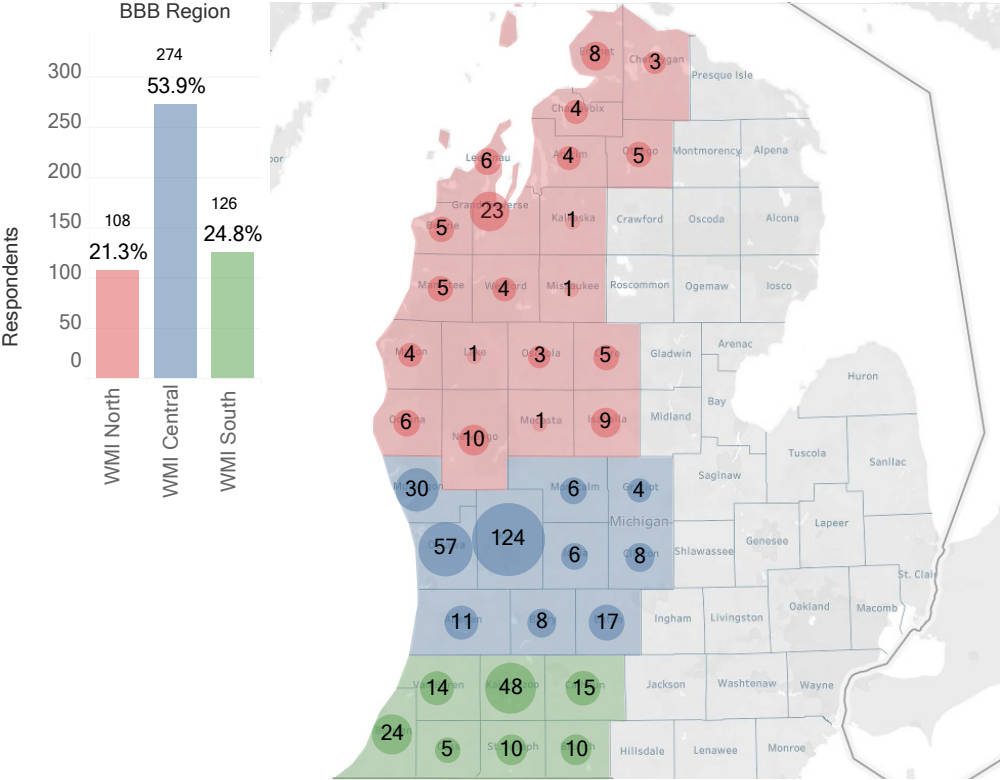
BBB Serving Western Michigan covers a wide area of the state, including 38 counties in total. We divided these counties into regional areas of Western Michigan based on our experience of commonalities in business exchange and commuter areas. **Table 1** below lists the counties included in each Western Michigan subregion.

*Table 1* List of counties by Western Michigan subregion

WMI North	WMI Central	WMI South
Antrim, Benzie, Charlevoix, Cheboygan, Clare, Emmet, Grand Traverse, Isabella, Kalkaska, Lake, Leelanau, Mason, Mecosta, Missaukee, Newaygo, Oceana, Osceola, Otsego, Wexford	Allegan, Barry, Clinton, Eaton, Gratiot, Ionia, Kent, Montcalm, Muskegon, Ottawa	Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, Van Buren

**Figure 1** below shows a map of Western Michigan color-coded by subregion, with each circle over the county listing the number of respondents represented in that county.

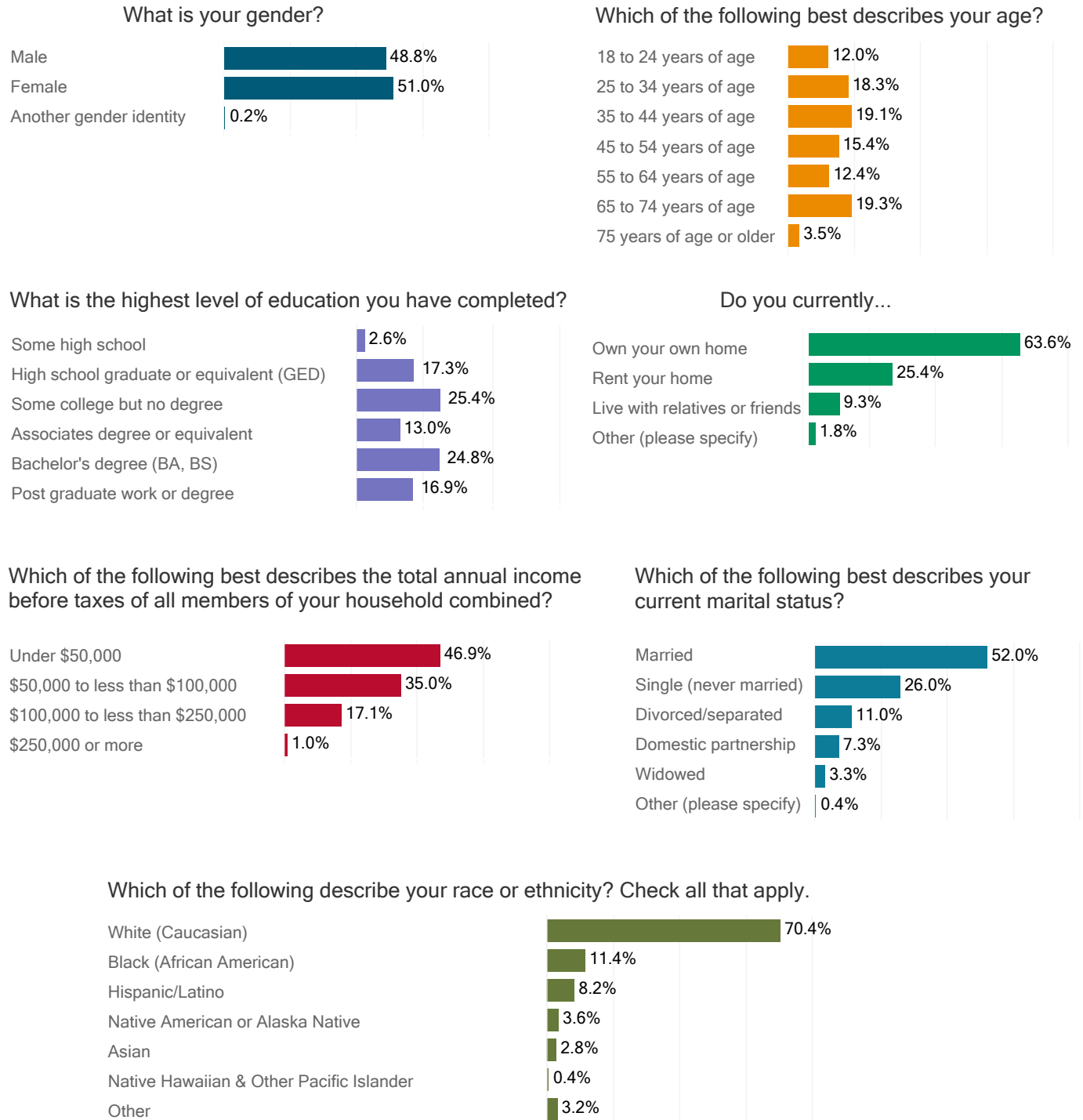
*Figure 1* Respondents by region and county



## Respondent demographics

**Figure 2** below presents respondent demographic characteristics. Respondents represented an array of age groups, income brackets, marital statuses, education levels, and races and ethnicities.

*Figure 2 Respondent demographics*



## **The BBB “Starts with Trust.” Do consumers?**

The 2017 BBB National Trust Sentiment Index<sup>SM</sup> survey asked consumers:

*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?*

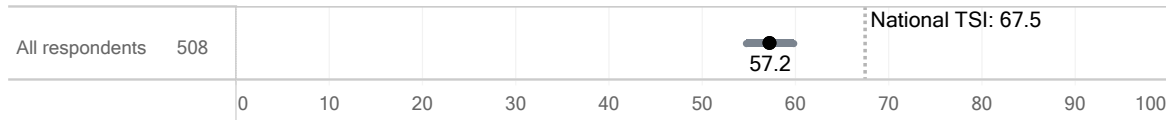
Utilizing the responses given, the survey determined the Trust Sentiment Index<sup>SM</sup> (TSI) of the United States. The TSI in the United States rated as 67.5 on a scale of 0 (more skeptical) to 100 (more trusting). This number indicated that the national respondents were more likely to start with a trusting point of view when engaging with a business for the first time.

Our Trustworthiness Survey asked a comparative question in order to determine the overall trust sentiment of consumers within our region:

*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 lose that trust only 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 start to trust them only after having a good experience or hearing about good experiences online or through family and friends. On a scale of 1 being MORE SKEPTICAL to 5 being MORE TRUSTING, how would you describe yourself when it comes to working with a company for the first time?*

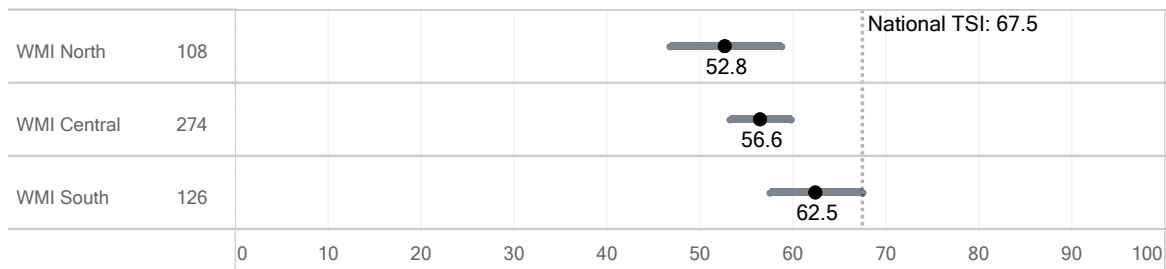
As shown in **Figure 3** below, Western Michigan consumers scored 57.2 out of 100, ten points lower than the national average of 67.5.<sup>1</sup> While there is not a statistically distinct differentiation between the national number and the Western Michigan sample, it seems Western Michigan respondents are more skeptical than the national respondents.

**Figure 3** Western Michigan Trust Sentiment Index<sup>SM</sup> comparison



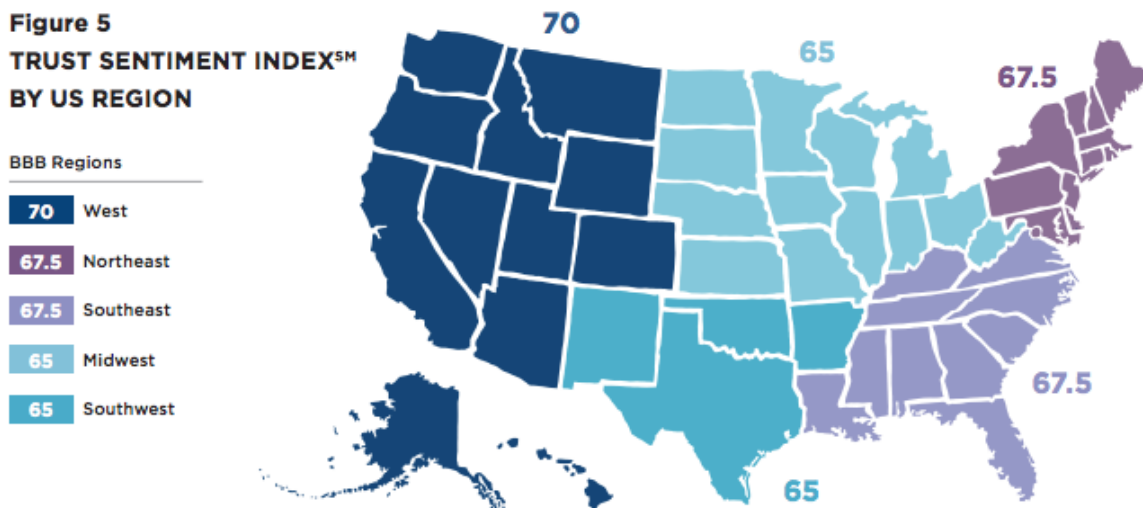
When the data is broken down by region, as shown in **Figure 4**, the TSI steadily increases from north to south, with the southern region scoring only 7.41% lower than the national TSI.

**Figure 4** Trust Sentiment Index<sup>SM</sup> comparison by region



**Figure 5** below shows how Western Michigan’s scores correspond with the national TSI measure by United States regions. In BBB’s national TSI survey, the Midwest shows a score of 65, on the lowest end of the US regional scores.

**Figure 5** TSI by United States Region, from the 2017 BBB Trust Sentiment Index<sup>SM</sup> Report



<sup>1</sup> Using the question from the national BBB Nielsen survey, we recoded “1 More skeptical” from 1 to 0, 2 to 25, 3 to 50, 4 to 75, and “5 More trusting” to 100.



Digging deeper into the trust equation, we asked the perspective of consumers and how they view the trustworthiness of businesses in Western Michigan overall. Our survey asked the following question:

*On a scale from 0-10, how trustworthy would you say businesses are in Western Michigan?*

Using an adaptation of the [Net Promoter Score®](#) (NPS), an internationally recognized methodology that measures customer experience and predicts business growth, survey respondents were divided into three categories on our Business Trustworthiness NPS:

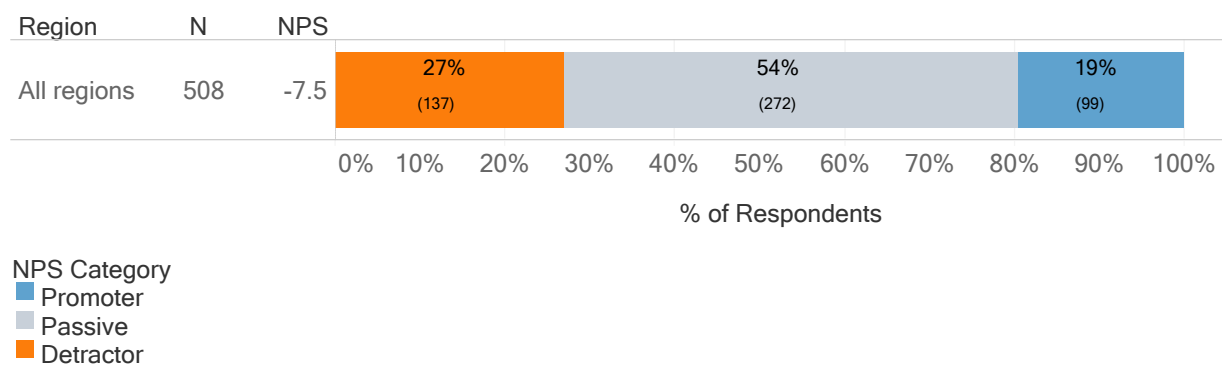
“**Promoters**” (score 9-10) are loyal enthusiasts who promote the value of working with area businesses and encourage their friends to do the same.

“**Passives**” (score 7-8) are satisfied but unenthusiastic marketplace participants.

“**Detractors**” (score 0-6) are unhappy and untrusting in their interactions with businesses in Western Michigan.

The NPS Score is determined by subtracting the percentage of Detractors from the percentage of Promoters, which can range from a low of -100 (all Detractors) to a high of 100 (all Promoters). As shown in **Figure 6**, our survey respondents scored -7.5 on the Business Trustworthiness Net Promoter Score. (Note 'N' corresponds to total respondents for this and all following figures.)

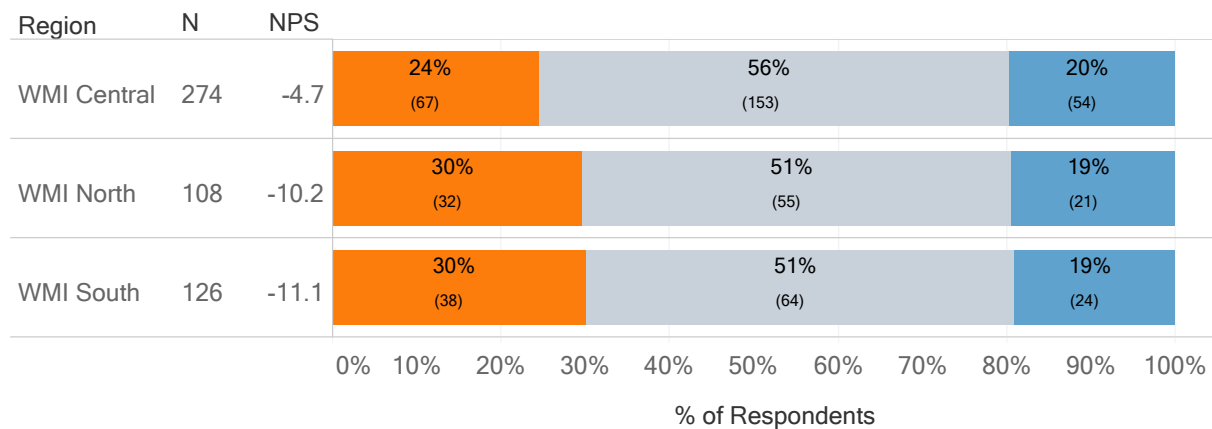
**Figure 6** Business Trustworthiness Net Promoter Score®



When broken down by region, as shown in **Figure 7**, WMI South scored -11.1, WMI Central -4.7, and WMI North -10.2. While the southern region of Western Michigan reported being more trusting of businesses during their first interaction (the Trust Sentiment Index<sup>SM</sup>), they have the lowest Business Trustworthiness NPS, indicating that they perceive less trustworthiness and fewer satisfactory experiences with Western Michigan businesses overall.

<sup>1</sup> Using the question from the national BBB Nielsen survey, we recoded “1 More skeptical” from 1 to 0, 2 to 25, 3 to 50, 4 to 75, and “5 More trusting” to 100.

**Figure 7** Business Trustworthiness NPS by region



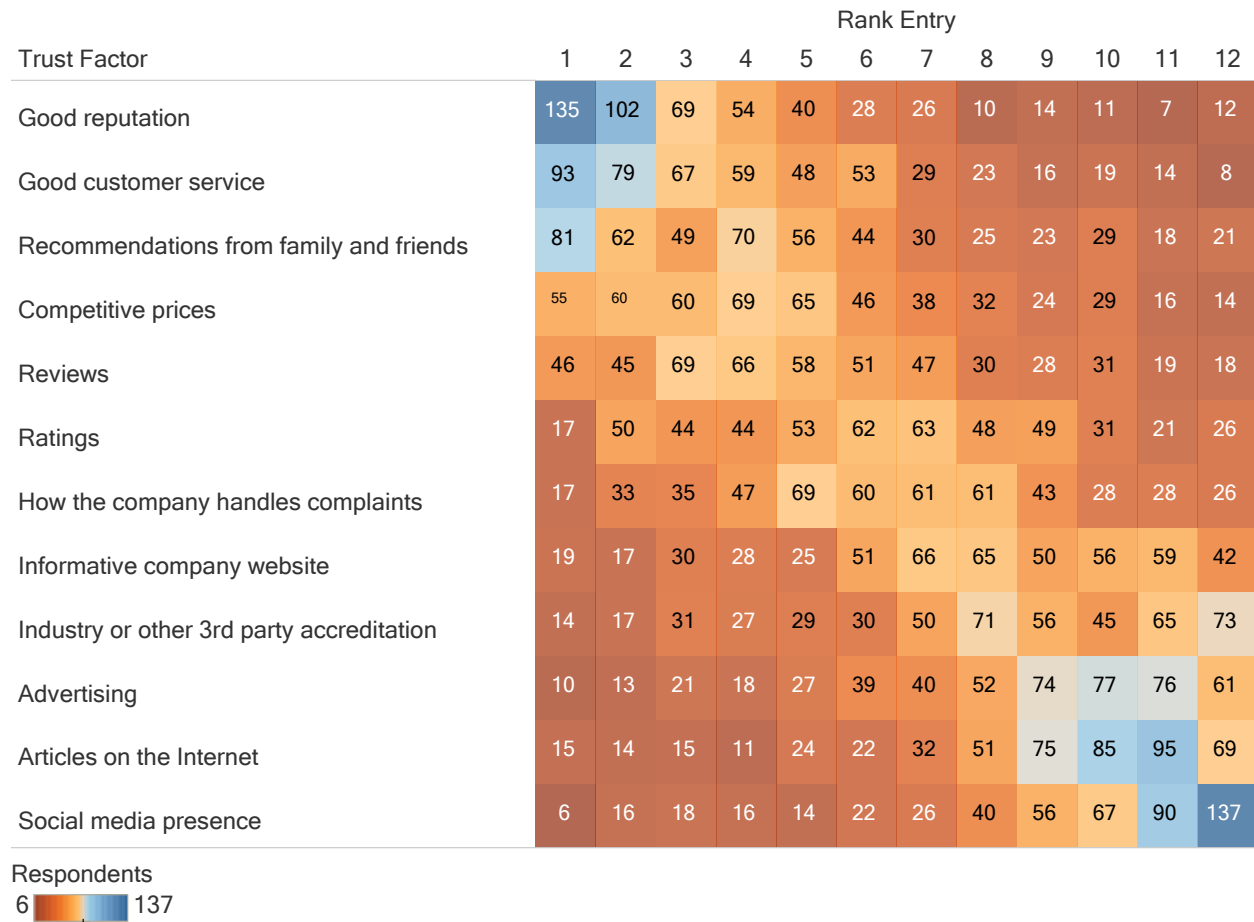
NPS Category  
■ Promoter  
■ Passive  
■ Detractor

## The Factors of Trust:

### What business attributes most influence consumer choices?

When consumers are deciding which businesses to work with, conscious and unconscious motivators aid in the decision-making process. Survey respondents were asked to rank a list of factors from most important to least important that they took into consideration when deciding to trust a company with their business. As shown in **Figure 8**, the top three factors that consumer respondents indicated as most important when deciding to trust a company with their business are 1) good reputation, 2) good customer service, and 3) recommendations from family and friends.

**Figure 8** Heatmap of ranked factors



**What makes a good reputation?** This concept warrants additional exploration, as reputation is multifaceted, nuanced, and intangible. There are numerous factors that a business must consider to determine consumer perspective of a company’s reputation, and by no means is it a simple or quick process to establish.

A recent Weber Shandwick study<sup>2</sup> indicates that 85% of consumers form opinions about companies based on how they react during crises. Companies should negate these negative reactions by proactively managing their reputations rather than responding reactively when a crisis occurs.

Robert G. Eccles’ *Harvard Business Review* article<sup>3</sup> outlines three things that determine the extent to which a company is exposed to reputational risk:

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<sup>2</sup> “The Company Behind the Brand II: In Goodness We Trust.” <https://www.webershandwick.com/news/the-company-behind-the-brand-ii-in-goodness-we-trust/>  
<sup>3</sup> “Reputation and Its Risks.” <https://hbr.org/2007/02/reputation-and-its-risks>

1. Their reputation exceeds their true character
2. External beliefs and expectations change
3. The quality of internal coordination

Since reputation is a perception, there is a distinction between the character of a company and stakeholders' opinions of it. Narrowing the reputation-reality gap requires a business to align their actions with the way they portray themselves to the public. When expectations of a company are not realized by their handling of a situation or issue, it can result adversely on consumer opinion. When a business meets the expectations of their stakeholders, it more firmly establishes that company as one a consumer trusts. Of course, there are situations where this isn't always the case. Regardless of meeting consumer expectation, unwarranted negative media or PR about a business can hurt their reputation. Rather than approaching that situation with resignation, a company should increase their efforts to communicate publicly the quality of their business.

When a stakeholder's expectations change, a business should respond to those changes. Things like societal norms, new research or particular events cause consumer perception to shift, and when a business does not address those factors, the reality-reputation gap can widen. Listening to and understanding the consumer base is important to keep that gap narrow and their reputation positive.

Coordination between different departments and functions of a company can also cause a businesses' reputation to suffer. Poor coordination of decisions between different facets of a company can create expectations that are not delivered to their stakeholders. Having an individual who is responsible for managing reputation risk and effectively communicates between departments can aid in delivering quality service or products that meet consumer expectations.

## **BBB Standards of Trust: Do Western Michigan businesses align?**

The Better Business Bureau's eight [Standards of Trust](#) are the principles upon which Accreditation Standards are based. These Standards encompass business practices the BBB views as essential to earning and keeping customers trust and play a role in shaping the reputation of a company. Survey respondents were asked to rate whether they agreed or disagreed with a set of statements regarding essential business practices. As shown in **Figure 9**, 26% of all respondents indicated that they 'Strongly Agree' businesses in Western Michigan do competent, quality work, with 27% strongly agreeing that their sensitive information is kept private and 24% indicating that businesses do what they say they will do. Eight percent of respondents 'Strongly Disagree' that businesses in Western Michigan will recommend the right thing for them, even at expense to themselves, 6% strongly disagree that companies are transparent about their business practices, and 5% indicated that they strongly disagree that businesses price things fairly.

**Figure 9** BBB essential business practices



*“When I think of ‘trust’ I don’t only think of ‘quality work,’ I also factor in whether or not the business has my best interests at heart or are simply trying to increase the dollar value of the sale.”*

*“Most businesses are very reputable. I prefer a company with kind employees. Even in tough situations. To me, that says they really respect their customers and in turn, appreciate their business...leading to being up-front and honest about what they sell and standing by it.”*

The BBB Standards of Trust encompass the qualities consumer respondents have deemed important when working with a business. We're proud to help businesses, charitable organizations and consumers in our region recognize and uphold those standards.

## **Perceptions of trustworthiness by industry**

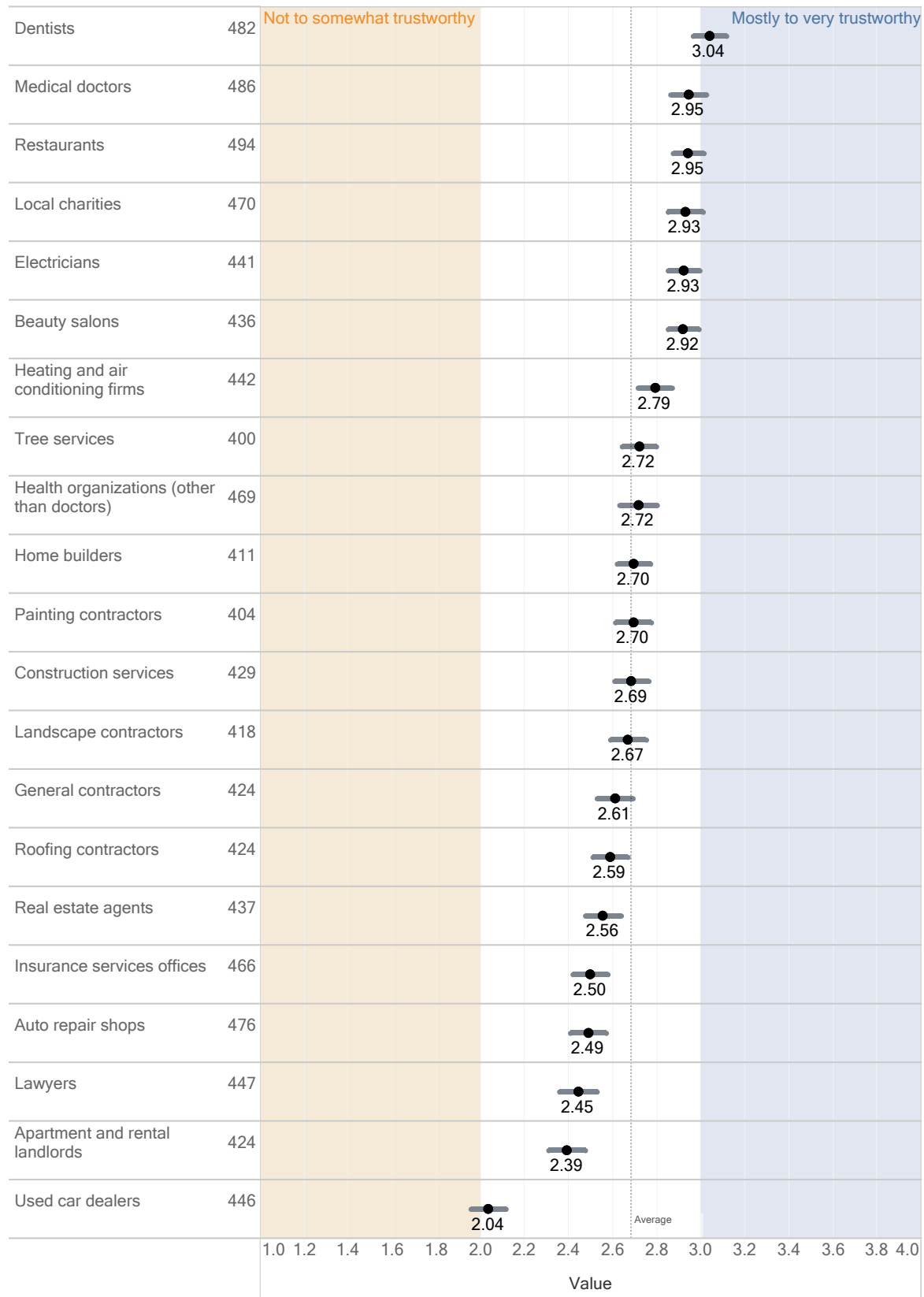
Some industries are seen as less trustworthy than others—does that shape a consumer's attitude and perception as they enter a marketplace transaction with a company in an industry they deem untrustworthy? We asked survey respondents about their experience with 10 major national industries (from the national Council report) and the 21 most common types of local businesses in Western Michigan. We selected the top 20 most numerous business types from the BBB's database of all businesses in our service area; a virtual tie for 20<sup>th</sup> led us to include a 21<sup>st</sup> business type.

Respondents were asked to rate the trustworthiness of an industry as “Not trustworthy,” “Somewhat trustworthy,” “Mostly trustworthy,” “Very trustworthy,” or “Not Applicable” (if they had no opinion regarding that particular industry).

### **Locally, dentists lead and used car dealers lag**

**Figure 10** below shows both upper and lower limit standard error of the mean (SEM) at a 95% confidence interval for Western Michigan industries ranked from most to least trustworthy based upon survey responses. Respondents rated dentists, medical doctors, and restaurants as the top three most trustworthy industries, while they rated lawyers, apartment and rental landlords, and used car dealers as the least trustworthy.

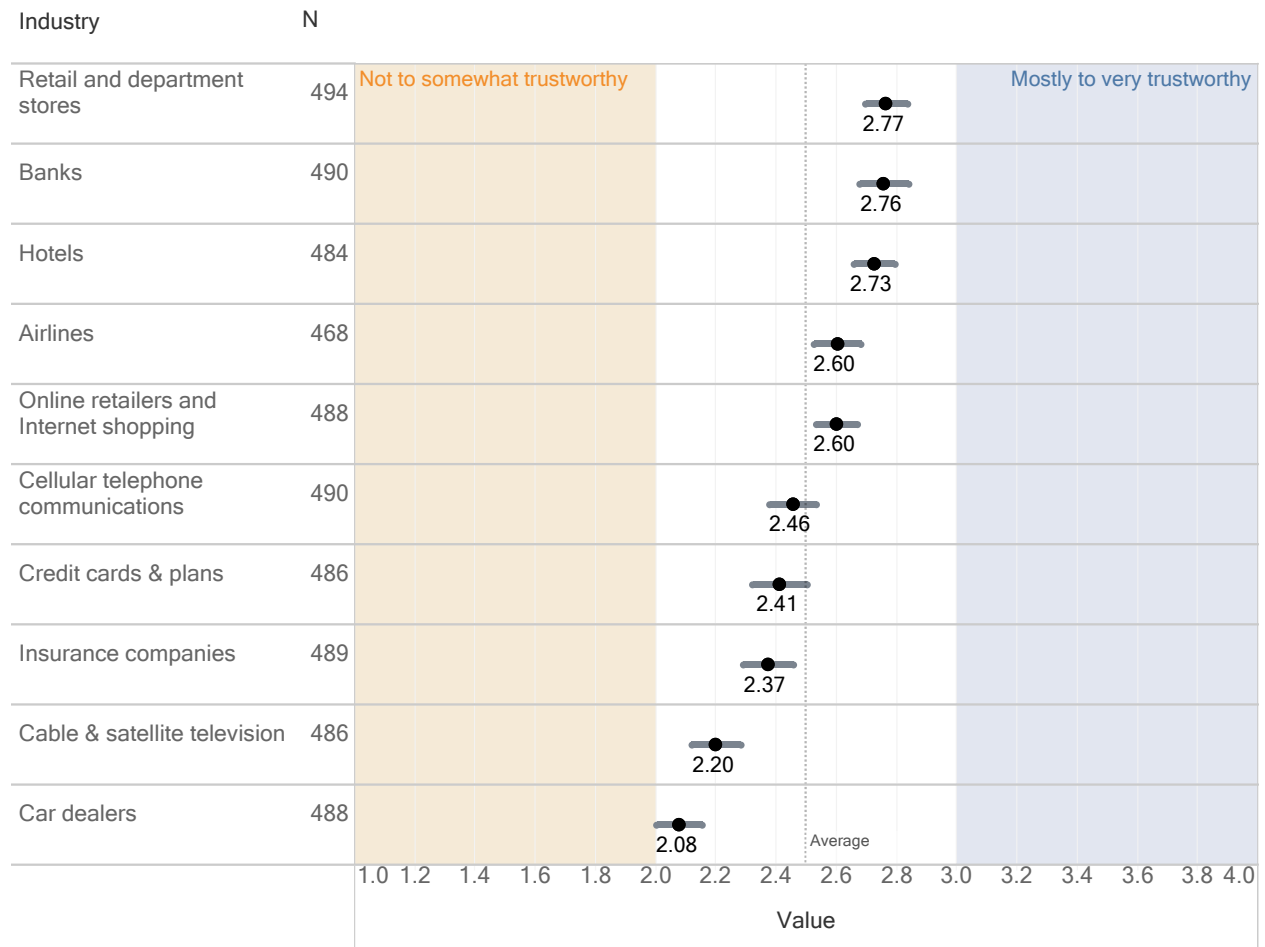
**Figure 10** Industry trustworthiness of top 10 and top 20 in Western Michigan



## Nationally, retail leads and car dealers lag

**Figure 11** below shows both upper and lower limit standard error of the mean (SEM) at a 95% confidence interval for major national industries ranked from most to least trustworthy based upon survey responses. Respondents rated retail and department stores, banks, and hotels as the three most trustworthy industries, while they rated insurance companies, cable and satellite television, and car dealers as the least trustworthy.

**Figure 11** Industry trustworthiness of national industries



## Local sectors lead combined national and local ratings

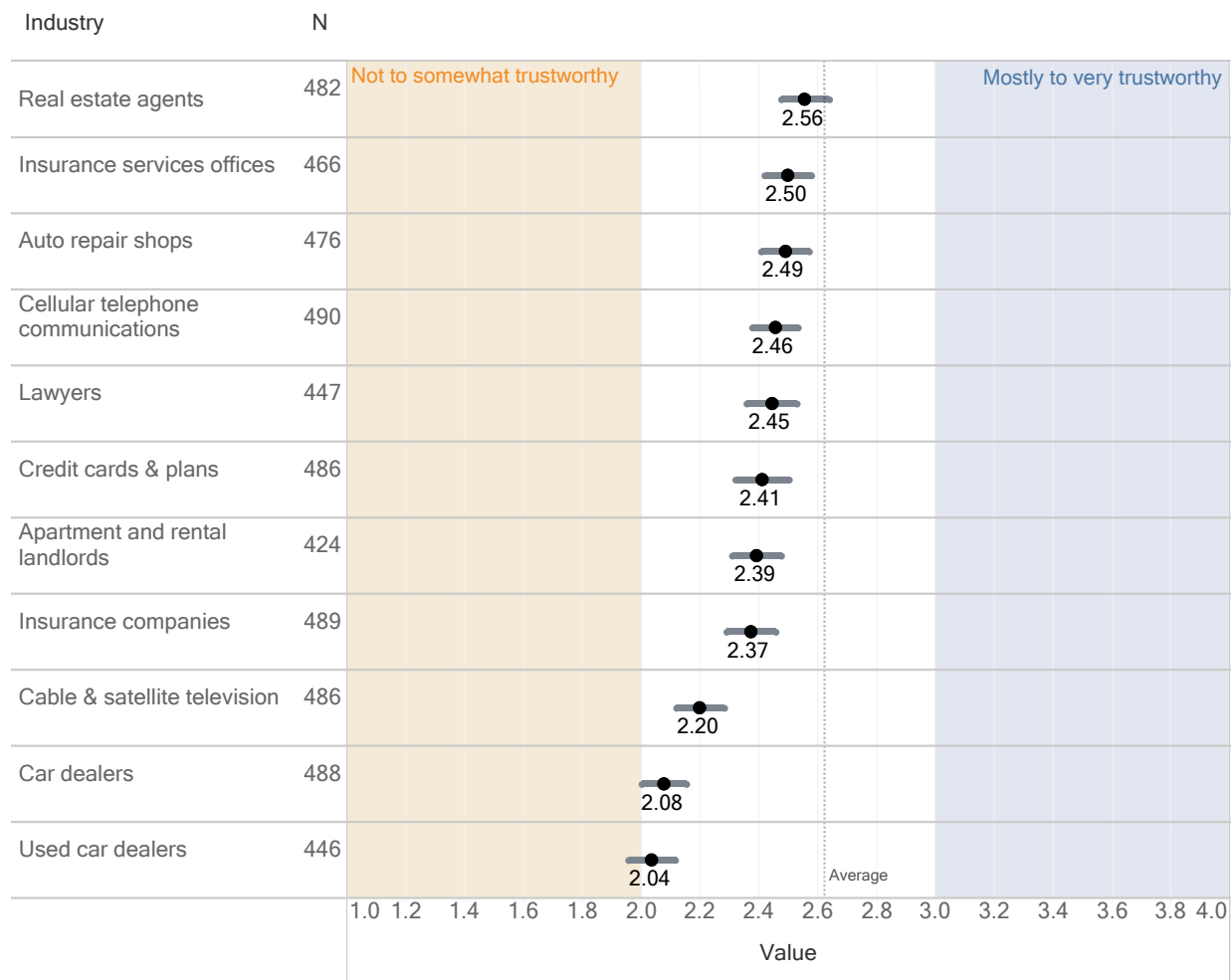
What happens if we combine the 31 sectors above? **Figure 12** below shows the twenty national and Western Michigan industries rated as most trustworthy. **Figure 13** below shows the eleven national and Western Michigan industries rated as least trustworthy. When looking at both major national industries and local business types, respondents indicated that dentists, medical doctors, and restaurants were the most trustworthy industries, while they indicated that cable and satellite television, car dealers, and used car dealers were the least trustworthy industries.



**Figure 12** Top 20 trustworthy national and Western Michigan industries



**Figure 13** Bottom 11 trustworthy national and West Michigan industries



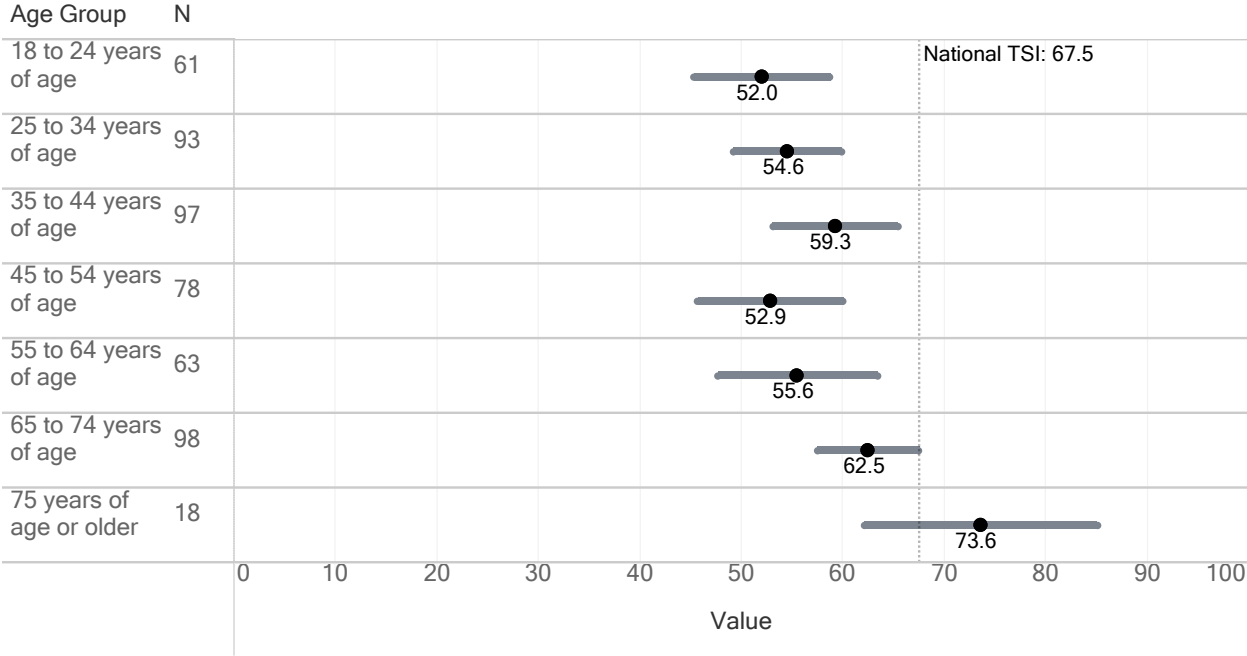
## Towards the Future: Addressing the Trust Gap

We hope our 2019 Trustworthiness Report not only provided quantifiable data on the marketplace trust perception in our area but also sparked curiosity and questions. How does a business address industry bias when they operate ethically and with integrity? Why do Western Michigan consumers believe that area businesses don't have their best interests at heart? How do regional, economic, and other factors affect consumer marketplace trust?

As we further investigate and analyze the data from our initial survey, we will do so with the future in mind. Millennials and Gen Z are an ever-increasing consumer segment. According to a [recent Bloomberg analysis](#), Gen Z comprises 32% of the global population of 7.7 billion in 2019, pushing just ahead of Millennials, who account for 31.5% of the population. Businesses cannot afford to ignore the perception of this significant consumer segment.

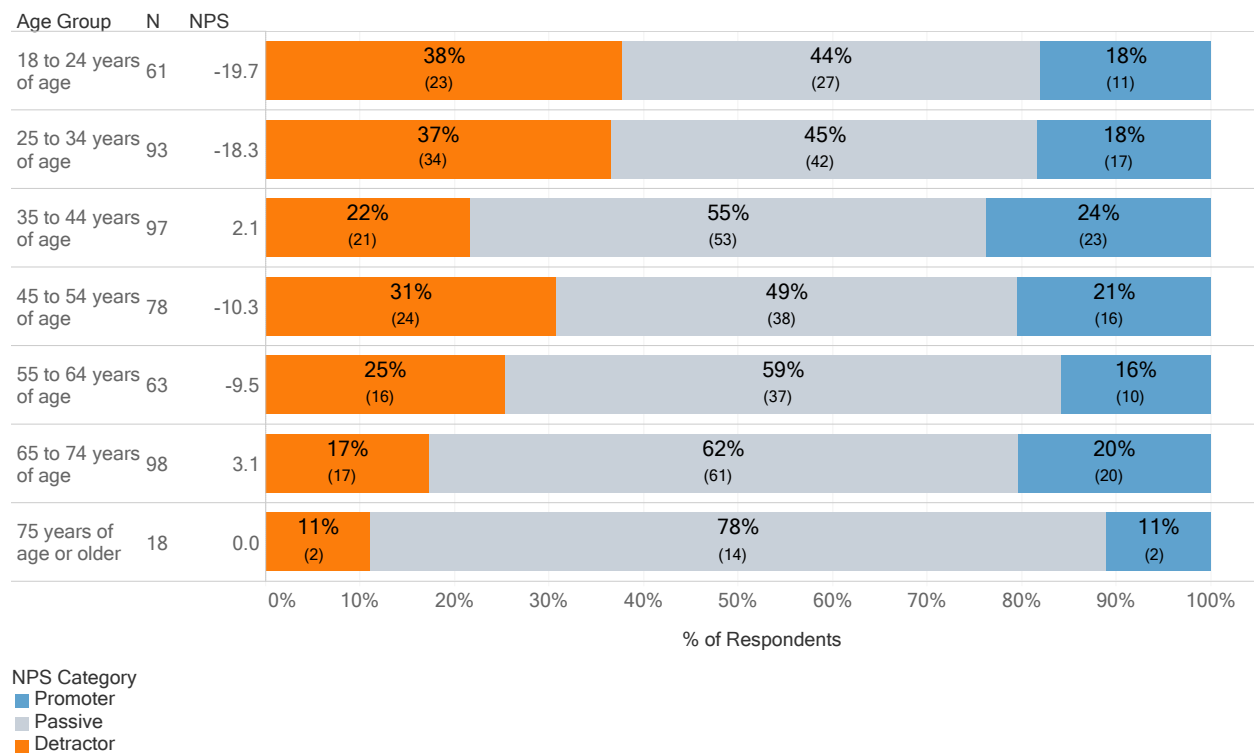
While Western Michigan overall shows a lower overall Trust Sentiment Index<sup>SM</sup> score than the national average, breaking down that data by age further expands that gap, as illustrated in **Figure 14**. Younger Millennials (ages 25–34) and Gen Z (ages 18–24) provide the first glimpse of the “trust gap.” These age groups tend to start from a place of skepticism when dealing with a business for the first time, much more so than Gen X and Baby Boomers. **Figure 14** provides both upper and lower limit standard error of the mean at a 95% confidence interval.

**Figure 14** Trust Sentiment Index<sup>SM</sup> comparison by age group



The Net Promoter Score<sup>®</sup> (NPS) is also significantly lower for those between the ages of 18 and 34 years than older survey respondents, as shown in **Figure 15** below.

**Figure 15** Net Promoter Score® comparison by age group



## Why do consumers feel this way?

After examining the data regarding consumer trust, the obvious question comes to light: why do consumers feel this way? This is a question that merits further study. The Inaugural Trust Lab™ Assessment was meant to serve as a baseline report, providing a snapshot of the trust sentiment of consumers in our area. While future surveys will dig deeper into regional and industry specific (among others) questions to provide a more in-depth understanding of consumer trust sentiment, we did provide an opportunity for survey respondents to comment on their feelings surrounding trust in business in Western Michigan.

These comments, while conjecture and not quantifiable, do give a glimpse into the motivations behind the results. Based upon the feedback received, we can infer the following:

### One bad apple can spoil the bunch

Some survey respondents expressed that one bad experience with one or two companies can ruin a consumer’s trust in industries or businesses in general. For example, when asked to explain why they believe businesses are either trustworthy or untrustworthy in Western Michigan, some respondents commented:

*“Most [businesses] are trustworthy, but some people have had negative experiences with some so-called businesses in the area which makes people apprehensive to seek other businesses out.”*

*“For the most part, we have good, solid, trustworthy businesses here. But there are exceptions.”*

*“Most of the businesses are trustworthy - there are a few that ruined the credibility for others.”*

## **Local businesses are usually seen as more trustworthy**

In many cases, survey respondents opined that they were more comfortable with local businesses. However, as demonstrated above, even one or two bad interactions with a local business can have a big impact on overall trust.

*“I trust them more than regional or national businesses, but [I] have been dissatisfied enough in the past to not trust a lot of local companies also.”*

*“It has been my experience that the majority of businesses here are trustworthy. There is an ever-growing amount of scams out there though.”*

*“Most business[es] in West Michigan are good. It is outside businesses that bring us problems.”*

*“For the most part, we have good, solid, trustworthy businesses here. But there are exceptions.”*

## **People want recommendations on who to trust**

Comments submitted by participants mirror results showing consumers are looking for help finding trustworthy businesses. This includes recommendations from family and friends, as well as reviews and information from organizations such as the Better Business Bureau.

*“I try not to do business with someone I do not know or recommended by family as I have been burned.”*

*“Most businesses are ok, but I like to see reviews and check status with BBB.”*

*“Over the years I have experienced businesses on both sides of the fence. Seems that one has to do their homework to find an honest and trustworthy establishment.”*

It’s clear from respondent comments that consumers have strong feelings—both positive and negative—when it comes to trust in businesses.

## **There is more to come**

This report is the first public release of data from the Trust Lab™ Consumer Trust Assessment. The initial report contains broad findings that tell the story of trust in Western Michigan. However, the survey also included questions that get to the heart of trust in specific industries, across geographic, age, socio-economic and racial backgrounds.

The Better Business Bureau Serving Western Michigan will continue to examine these results and use the findings to create and expand programs and offerings to help enhance trust between businesses and consumers.

