CONSUMER INDIFFERENCE TO MOST BRANDS HIGHLIGHTS THE NEED FOR A VALUES CONNECTION

To understand the significance of the findings of this year’s Most Trustworthy Brands survey, it’s important to begin with a broader understanding of the state of corporate trust among Americans and people from around the globe.

A recent Gallup poll revealed that 62% of Americans believe that corporate corruption remains widespread in boardrooms across America.

From the moment we wake up, we are bombarded with logos, advertising, and products all designed to gain our business and our loyalty, and yet many brands are being viewed as insignificant. A study of more than 50,000 consumers across continents found that 70% of brands could disappear entirely without us even noticing. More striking, only 20% of respondents felt that the brands they interact with have a positive impact on their lives.

Another major lifestyle trend suggests that we’re done with collecting ‘stuff’. Conspicuous consumption is officially dead and gone. Most of us would happily give up most of the items we’ve accumulated knowing that overconsumption puts us, and our planet at risk. Smarter consumerism promises to significantly alter the role brands are expected to play in the lives of the people they serve.

So then what exactly is the role of your brand in the lives of those you employ and the people who buy your products or services? Our survey this year provides some compelling evidence that creating meaning rather than simply creating products is the gateway to sustainable growth. More importantly, positively impacting the lives of those served by your brand will be rewarded with satisfaction, loyalty, trust and ultimately advocacy.

Our 2013 study on trust revealed that our expectations of brand performance were growing rapidly. This year’s survey illustrates a continuation of those expectations. But it might surprise you to find that performance is now defined as satisfying us emotionally as well as functionally. In other words, simply making a good product or delivering consistent service is expected. What’s truly desired, however, is a demonstration that brands authentically connect and demonstrate a concern for people that transcends the transaction. We stand poised to reward brands that demonstrate they care and value what we value.

It’s not surprising to discover this year that the values of candor and concern are again on the rise. Our survey suggests strongly that positively impacting lives begins with demonstrating that your brand cares about the relationship more than the transaction. Perhaps most vividly demonstrate this year is the critical role that connection plays in growing trust.

We’re learning yet again that connection is the value that guides us into the deeper waters of long and meaningful relationships.
Working with our academic partner, California State University, Fullerton and the new Center for Brand Values Communication and Research, our research team, headed by Dr. Mark Wu, Ph.D., dove deep into the values that drive trust. Now in its fifth year, the MTB OC continues to explore the WHY behind a chosen few brand’s ability to earn and sustain trusting relationships with the people of Orange County.

This year’s study welcomed three newcomers to the Most Trustworthy Brands honor roll while seven previous trust recipients were once again acknowledged for their achievements in building meaningful, trusting relationships. We then asked 310 respondents ages 18+ who live and/or work in Orange County to vote which brand they considered most trustworthy in each category. Responses were collected via an online survey through SurveyMonkey and fielded May 14-18, 2014. The top three selections in each category became our final nominees, for a total of 30 nominees.

THE 2014 MOST TRUSTWORTHY BRANDS OC SURVEY

Methodology Phase 1: Nominations

Higher Education and Adult/Learning includes universities, colleges, and continuing adult education

Consumer Healthcare Products and Services includes hospitals, pharmaceuticals, and dental and medical insurance providers

Food Service includes restaurants and catering

Consumer Professional Services includes the financial sector, non-dental/non-medical insurance, housing, package delivery, and employment agencies

Non-Healthcare Technology includes telecommunications, hardware, and software

Entertainment/Hospitality includes hotels, theme parks, and sports teams/arenas

Apparel includes apparel brands and retailers

General Retail includes supermarkets, department stores, pharmacies, and discount stores

Nonprofit includes retail, donation centers, services, education and healthcare

Automotive includes auto dealers and brands
In compiling results across all brands, we established a Trust Index score, which is calculated from each brand’s ratings across all value statements tested in the survey used to measure performance across all five values. The index is a solid statistical indicator of each brand’s performance as compared to all 30 brands in the study.

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<table>
<thead>
<tr>
<th>Brand</th>
<th>Trust Index</th>
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<tbody>
<tr>
<td>In-N-Out</td>
<td>109.69</td>
</tr>
<tr>
<td>Costco</td>
<td>107.73</td>
</tr>
<tr>
<td>CHOC Children’s</td>
<td>106.17</td>
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<tr>
<td>AAA Auto Club of So Cal</td>
<td>104.33</td>
</tr>
<tr>
<td>Apple</td>
<td>103.37</td>
</tr>
<tr>
<td>Knott’s Berry Farm</td>
<td>102.85</td>
</tr>
<tr>
<td>Toyota</td>
<td>101.03</td>
</tr>
<tr>
<td>The Salvation Army</td>
<td>99.49</td>
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<tr>
<td>Vans</td>
<td>99.30</td>
</tr>
<tr>
<td>Cal State University, Fullerton</td>
<td>98.08</td>
</tr>
<tr>
<td>INDEX AVERAGE</td>
<td>103.21</td>
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We seek perfection in our relationships, whether it’s with our friends and loved ones or the brands in our lives, and so often the truth falls short of our hopes. The good news is that Orange County’s most trusted consumer brands came a little closer to our hopes this year, with brand trust ratings up 3% from 2013, closing our expectations from 12% last year to only 7% this year. The bad news is that this closing of the gap is also a result of our lowered expectations for our brand relationships, with our expectations going down 3%. Complacent brands may see this as a sign that we will eventually meet them in the middle, but The Values Institute sees this instead as a signal of opportunity. Our expectations of trustworthiness are down because we’ve been trained by brands to expect less, but it’s the brands which raise our expectations and still exceed them which capture our hearts, minds, and voting dollars. The General Retail category set an example this year by exceeding our expectations in CONCERN and CONNECTION; our hope for 2015 and beyond is to see expectations and all category ratings go up, ideally with our high hopes still being eclipsed by brands’ trustworthiness.
"As with last year, the biggest gaps overall are in CONSISTENCY, COMPETENCE and CANDOR, but we saw the most dramatic narrowing of gaps over last year in:

- Higher education (COMPETENCE, CONSISTENCY)
- Apparel (CONCERN, CONNECTION)
- Health (CANDOR)"
If the ultimate goal for a brand is to achieve satisfaction and loyalty, we found that trust is the path that will get them there.

When looking at correlations, a score of 0.60 to 0.69 indicates a strong, positive relationship; a score of at least 0.70 indicates a very strong, positive relationship. For the 2014 TrustPulse, we confirmed that for nearly all the brands we tested, ranging from 0.76 to 0.93. Satisfaction also correlates strongly or very strongly with trust, ranging from 0.68 to 0.91 across all tested brands. We’ve known for a while that satisfaction strongly correlates to loyalty (ranging from 0.72 to 0.91 in our TrustPulse this year), but trust is the critical element that brands so often overlook when reaching out to customers. We need to be satisfied with a brand to be loyal, but how do we arrive at satisfaction? Trust. And how do brands arrive at trustworthiness? We’ll explore how over the next few pages, using Orange County’s most trusted brands as our guides.

TRUST = SATISFACTION = LOYALTY

*Target is the only brand we tested which has a moderately positive correlation between actual trust and loyalty at 0.39. While actual trust and loyalty both went up for Target over last year, this relatively weak correlation between trust and loyalty may indicate some ongoing consumer concern regarding Target’s credit card breach last year. While consumers still clearly trust Target’s goods and customer service, they may have temporarily redirected some of their purchase loyalty to other brands which haven’t had such public issues with credit card safety recently.
This year, In-N-Out emerged once again as the most trusted brand in Orange County, with the highest scores of all 30 brands in every trust dimension. They were the only brand to exceed expectations, both in general as well as for the dining category. In-N-Out also met or exceeded their scores from last year in each of the 5 Cs. It’s easy to understand their success when considering all trust dimensions: their classic menu is widely beloved and hasn’t changed since 1975 (when only milkshakes were added), due to customers’ insistence on maintaining the menu as-is—a testament to In-N-Out’s CONSISTENCY and CONCERN for meeting their customers’ exacting tastes. In-N-Out also pays employees above minimum wage, because they believe that the CONCERN they show for their team will be passed along to customers. In-N-Out’s highly engaged, well-trained employees follow streamlined preparation processes that haven’t changed in 65 years, which underscores the brand’s COMPETENCE. They also exhibit CANDOR in their food preparation, maintaining an open-view kitchen and emphasizing their fresh, real ingredients with no preservatives or fillers. All of these values resonate with many people, including those who don’t necessarily eat fast food, and this fosters a sense of CONNECTION, which is strengthened even further by In-N-Out’s ‘secret’ menu which makes us feel like we’re ‘in the know.’ Costco was the only brand to beat In-N-Out in loyalty, and this may be for two reasons: Costco is potentially a higher-frequency business than In-N-Out due to the wider variety of goods Costco provides, and Costco also locks in repeat purchases by charging an annual member subscription fee. In-N-Out still has the greatest loyalty in the dining category, and may maintain its superior trustworthiness as long as it adheres to its standards in each of the 5 Cs.

MOST TRUSTED BRAND FOR 2014: IN-N-OUT BURGER

In-N-Out received the highest score across the board, and beats the record for highest score in the history of the TrustPulse survey.
These three brands went above and beyond to create meaningful connections and surpass other categories in all trust dimensions.

<table>
<thead>
<tr>
<th>Brand</th>
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<tbody>
<tr>
<td>Costco</td>
<td>108</td>
</tr>
<tr>
<td>Target</td>
<td>105</td>
</tr>
<tr>
<td>Trader Joe’s</td>
<td>105</td>
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General retail’s trustworthiness shone this year, with Costco in first place; Trader Joe’s and Target tied for second. We expected general retail brands to connect more with us and be more competent than brands in any other industry, and these three brands came through in a big way. Collectively, they had the highest ratings of all categories in every trust dimension. General retail even outdid our general expectations in CONNECTION, unlike any other category.

 Revealing the unique power these three brands command, Costco has a devoted fan base, thanks in no small part to its unrivalled value without compromising integrity. Costco’s trustworthiness underscores that living wages and benefits for employees translate into a loyal workforce that connects deeply with customers. Costco also made strides in its social media presence and its commitment to social responsibility.

 Target performed relatively well in spite of its widely publicized credit card breach last year, indicating that trust built over the years can still weather temporary setbacks. Target Joe’s doesn’t engage at all in social media at the corporate level, yet it rated relatively well for CANDOR and CONNECTION; this is likely because of its stated commitment to offering hard-to-find, organic, and non-GMO products for good value, as well as its customer service and unique (for a supermarket) beach-inspired decor.

Most trusted category for 2014: General Retail
At The Values Institute, we’ve determined that brand trust operates according to a hierarchy, with rational dimensions at its base and more emotive dimensions as a brand advances in its trustworthiness. The very least we expect from brands are COMPETENCE and CONSISTENCY; as long as a brand performs consistently well, we allow ourselves to rely on them. Unfortunately, this foundation of trust isn’t enough for a brand to remain competitive – any competitor who can meet these standards, and also blend the emotive qualities of CANDOR and genuine CONCERN, will easily win us away from brands who try to compete on pure rationality.

This potent combination of the rational and emotive culminates in the one trust dimension which requires our participation as consumers: CONNECTION. When we feel that our values align with those of a brand, to the point where brand loyalty means membership in a ‘family’ of brand fans, we become proud advocates for the brand and our dedication to it remains steadfast. In fact, brands which achieve CONNECTION with us can even have temporary setbacks with wide media coverage without losing a significant portion of business, because we still trust them. Of course, in order to effectively connect with us, a brand must be strong in all four of the other Cs; if even one of these dimensions is weaker than the other four over time, then CONNECTION becomes extremely difficult to build or maintain.

While all trust dimension ratings went up this year compared to 2013, our rating of brands’ ability to CONNECT increased more than any other trust dimension. Based on the trust hierarchy described above, this makes sense: when the rational and emotive dimensions of trust are all strong, then CONNECTION enjoys a comparative surge.

Interestingly, of all trust dimensions, we rate CONNECTION as the least important; brands also score lowest in their ability to connect compared to all other trust dimensions, both in general and across individual categories. It’s easy to be misled by these numbers into thinking that CONNECTION doesn’t matter at all, but remember this: we don’t dare expect more because brands haven’t traditionally offered more, yet in 8 out of the 10 categories, the brands with the greatest CONNECTION in their categories also have the highest loyalty in their categories. CANDOR has the largest gap between expectations and reality for the tested brands. Still, we consider CANDOR the most important trust dimension for automotive, health and technology brands, and it’s easy to see why: we’re least equipped for understanding our cars, bodies, and computers compared to other things in our lives, so we rely on the experts to keep us informed on these ‘black boxes’ and we can’t reliably diagnose or fix on our own. CANDOR also seems to be the deciding factor for us when our trust is split between brands with which we’re already connected: when we like and trust multiple brands within a category, the most transparent contender wins.

This year, brands improved their scores in CONNECTION more than any of the trust dimensions with an increase of 28%.
This year, we elected to do a deeper dive into gender differences in trust, and discovered that women have higher expectations than men in general; they also have higher trust and greater loyalty than men in nearly every category. Since 85% of purchases or purchase decisions are made by women, it makes sense that they would feel more invested in the process and hold brands to higher standards of trust.

Interestingly, men do have higher expectations in CONCERN, CONNECTION, and CANDOR than women in Automotive, Higher Education, and Hospitality categories; for automotive and hospitality brands, men also have higher satisfaction and trust. Hospitality is the only category where men are more loyal than women.

Men’s highest expectations across categories are in:
- Automotive (CONCERN and CANDOR)
- Hospitality (COMPETENCE)
- Higher Education (CONNECTION, CONSISTENCY)

Women’s highest expectations across categories are in:
- Health (CONCERN and CANDOR)
- Consumer Professional Services (CONSISTENCY)
- General Retail (COMPETENCE)
- Technology (CONNECTION)

Men and women agree that general retail is the most trustworthy category across nearly all dimensions, although women made one exception: they rated health brands the highest for actual CONNECTION. According to the U.S. Department of Labor, about 80% of families’ healthcare decisions are made by women, and women visit their health providers more often than men, so it would make sense that women in Orange County feel more connected to our tested health brands than men do.
Brand trustworthiness, satisfaction, and loyalty saw some surprising divisions along gender lines, and we revealed that our stated brand allegiances are sometimes at odds with how we secretly feel about these brands. Across most trust dimensions, women and men agree that Costco and In-N-Out are the most trustworthy brands; on the other hand, women split from men and rated CHOC Children’s the highest for CONNECTION and Target for loyalty compared to all other tested brands.

Technology
For loyalty and satisfaction, Apple earned higher ratings from women while Microsoft earned higher ratings from men, yet Apple had the highest trust scores across both genders.

Nonprofit
For loyalty and trust, women gave The Salvation Army higher ratings while Goodwill earned higher ratings from men; yet Goodwill had the highest satisfaction scores across all brands.

Hospitality
Disneyland had a higher trust score among women, while Knott’s Berry Farm had a higher trust score among men; however, both genders rated Knott’s the highest in the category for loyalty and satisfaction.

Higher Education
Women gave their highest trust rating in the category to UCI and men gave their highest trust rating to CSUF, but both groups gave the highest satisfaction and loyalty scores in this category to UCI.

Men still rated Chapman the highest in trust out of all tested universities.

Health
CHOC earned the highest loyalty score among women for the category while Kaiser Permanente earned the highest loyalty score among men, yet both genders rated CHOC the highest in trust.

Men gave equal satisfaction scores to all three brands tested.

General Retail
Men and women gave the highest trust and satisfaction scores for Costco out of all the general retail brands tested, but loyalty scores were split. Costco had the highest loyalty score among men, while Target had the highest loyalty score among women.

Automotive
Toyota had the highest trust score among women for this category; while Lexus had the highest trust score among men. Even so, Toyota earned the highest trust and loyalty scores regardless of gender.

WOMEN VERSUS MEN: BRANDS

When it comes to brands, men and women agree that In-N-Out and Costco are overall the most trustworthy.
Four out of the five most trusted brands this year are high-frequency businesses, with the list reading much like last year’s: In-N-Out Burger, Costco, Target, and Trader Joe’s. Multiple exposures to a brand can quickly build connection, but we’re also aware of the old saw that familiarity breeds contempt – the key for brands is to make sure that they seize each opportunity to make us feel valued, instead of allowing our disappointments to accumulate, foster, and ultimately drive us into the arms of a competitor. Each of these brands knows that training and performance evaluations are critical to meeting the demands imposed by heavy repeat visits, and that a touch as simple as remembering our names can make all the difference in our satisfaction and loyalty.

Just as our closest personal relationships need constant nurturing, trustworthy brands know they need to nurture their relationships with us, and they do so by keeping a vigilant watch over their performance in each of the 5 Cs.

While CHOC Children’s is not a high-frequency brand like the others, the fact that they’re the third-most-trusted brand in Orange County reveals their constant dedication to making us feel valued as well.

When people interact with brands frequently, they build connections more quickly.
Most Improved categories:  
- Apparel (up 7.9% from last year, from 4.65 to 5.02)  
- Higher education (up 7.7% from last year, from 4.65 to 5.01)  
- General retail (up 6.4% from last year, from 5.16 to 5.49)  

Most improved brands:  
- CSUF (up 9.9% from last year, from 4.62 to 5.02)  
- Apple (up 8.6% from last year, from 4.93 to 5.51)  
- UCI (up 7.8% from last year, from 4.64 to 5.02)  

Trust scores for Apparel and General Retail are likely up because the third-place contenders in each category were replaced with brands that have wider recognition or shopping frequency: Quiksilver has greater overall brand recognition than last year’s third Apparel contender, St. John Knits, and Trader Joe’s likely has greater shopping frequency than Nordstrom, which was rated in General Retail last year. Higher Education is up, perhaps because state university systems have less pressure on them this year than they did last year – the economy has since improved, university staff and administrations are seeing fewer furloughs, and these issues aren’t in the media as often as before. We can see the great strides that public universities have made in trustworthiness at the brand level as well. Apple’s improvement this year is actually a return to Apple’s usual trust rating as compared to 2012. Last year’s dip in trustworthiness was likely attributable to the loss of Steve Jobs, as well as the ill-fated rollout of Apple’s proprietary map app meant to rival Google Maps. Also, the improvement in the state universities is likely also a return to normalcy as in 2013 there was a flurry of press about the budget cuts, tuition increases and furloughed educators that hurt the perceptions of the public university system in general. The negativity in the press has not been nearly as prominent in the last 12 months.
Our 10 2014 Most Trustworthy Brands categories allow us to continually expand the depth of the survey to help us gain an understanding of consumer expectations across a breadth of industries in addition to the learnings about individual brand performance. The categories chosen are representative of the major consumer-facing industries in Orange County. Beyond performance of the ten-honored brands, the categories also reveal the top 30 finalists in this year’s study.

### Apparel

- **Competence**
- **Consistency**
- **Concern**
- **Candor**
- **Connection**

All charts are based on a 7-point scale.

### Automotive

- **Expected**
- **Vans**
- **Oakley**
- **Quicksilver**

All charts are based on a 7-point scale.
Category Expectations vs. Actual Brand Performance

Consumer Professional Services

- Expected
- AAA
- Chase Bank
- Wells Fargo

Dining Service

- Expected
- In-N-Out
- Baja Fresh

General Retail

- Expected
- Costco
- Trader Joe’s
- Target

Health Services

- Expected
- UCI Medical Center
- CHOC Children’s
- Kaiser Permanente

All charts are based on a 7-point scale