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EXPLORING MARKETING STRATEGIES FOR BUILDING TRUST

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Abstract

The era of Internet and globalization immediately brings to mind the crucial role that trust, defined as perceptual belief that one party respects the intentions, actions, and integrity of another party plays in transactions, and conversely, how its absence can be a slowing factor in the growth of commerce.

Trust's importance as a major facilitator of transactions has led it to be widely analyzed and discussed in economic and business studies. The personality of the trusting party, competence and reputation of the trusted party, and finally the governance of the third parties such as legal, auto-regulated or cultural institutions have been mentioned as major sources of trust.

While there appears to be widespread agreement about the importance of trust in transactions, much less is theoretically or practically done about the operating mode of building trust.

The purpose of the present research is to suggest actionable policies to build trust. By understanding how trust is generally built, marketers and business responsible managers can contribute to build trust in order to facilitate and thus accelerate transactions and exchanges that fall to them to manage.

The results of this inquiry can be practically applied to facilitate, accelerate, and simplify transactions between individuals. In other words, the findings should help to build trust in order to develop and do business with others. The ultimate objective is to help a seller actively build his counterparts' trust and confidence to better conclude transactions and deals.

Introduction

Internet and globalization show, once again the important role that trust plays in transactions and conversely how its absence can be a slowing factor in the growth of commerce. Because transactions engage the handover of value between actors, their success depends on actors' will to, or to not, honour their commitments.

Trust seems to be even more important in the virtual and cross-border markets which link people from foreign nations and different cultures who do not juxtapose each other. A customer must first believe that an online transaction will occur in a manner consistent with his expectations before concluding it (Liu, Marchewka, Ku, 2004).

On the Internet, even if visitors and buyers both grow, and activities such as searching become widespread, online buying still remains less commonplace (Sismeiro, Bucklin, 2004). The conversion rates of visit-to-purchase are less than 2% for approximately 70% of the commercial Web sites (Cooperstein, Delhagen, Aber, Levin, 1999). In 2000, nearly 75% of the Internet users browsed, researched, or compared products online, however, more than 65% of those shoppers never used the Internet to make an actual purchase (Sismeiro, Bucklin, 2004).

It is above all a lack of trust that has been claimed to be a major constraint hampering the development of online buying (Ba et al., 1999; Einwiller et al., 2000; Hoffman et al., 1999; Jarvenpaa and Tractinsky, 1999). Because with the distance and impersonal nature of online shopping, it is even more difficult for consumers to assess the trustworthiness of online stores (Fung and Lee, 1999). Consequently, trust in, and recognition of, the merchant by buyers was the most critical

factor in the selection of an online vendor (Lynch et al., 2001). This assumption receives empirical evidence from various surveys on attitudes toward electronic commerce which reveal great concerns about matters of privacy, security of monetary transactions, legal regulations, and proper delivery (BCG, 2000; NFO Interactive, 2001).

Trust insufficiency has been a daunting factor for online transactions in successive years. In 1999, the American internet users declared business with giving information about themselves or their families to people they didn't know, hackers getting the credit card information and anxiety about someone learning about their personal information, as the major concerns of (The Pew Internet & American Life Project, 1999).

In online banking, for example, privacy violation and lack of confidentiality constitute the main concern of customers (Mukherjee and Nath, 2003).

About the end of 2004 (between October 15 and 20), about six out of ten consumers in the US (58%) said they might reduce their online shopping during the holiday season because of identity theft and other privacy concerns, up from 49% who expressed this view a year ago. Half of the 1,071 people surveyed planned to limit their holiday online shopping to some extent. 8% were so concerned that they don't plan to shop online at all, up two percentage points over the previous year (Truste, 2004).

Trust has also an influence on transactions in international markets, where it (and performance) in the relationships between suppliers and buyers is considered as determinant (Dyer, Chu, 2003).

If factors such as market failure, risk and asymmetric information negatively affect actors' commitment and willingness to engage in transactions, trust, on the contrary, allows them to manage the uncertainty associated with the interactions and jointly optimize the gains that will result from cooperative behaviour (Jones and George, 1998). Presence or absence of trust has a bearing on what we choose to do, and in many cases what we can do" (Dasgupta, 2000, p. 330).

It is easier to appreciate the value of trust if we consider a world devoid of trust. In such a world, actors have to spend a considerable amount of time to make sure that they could not be taken advantage of. They would not be able to resort to arbitration, because they would not trust third-party arbitrators sufficiently (Fukuyama, 1995, pp. 151-153). A lack of trust is a social tragedy because it prevents society from achieving outcomes in which everyone is better off (Klein, 2001).

As a major facilitator of the offline and online transactions, trust, regarded as perceptual belief that one party respects the intentions, actions, and integrity of another party, has been widely analyzed and discussed in economics and business-related literature. It is considered as one of the most valuable assets, which enable parties to exchange goods and engage in transactions and even as a crucial ingredient of a country's social capital. The more the social capital or trust is, the more productive the economy will be (The Economist, 2004). The social capital can be defined as the sum of "features of social organization, such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions" (Putnam, 1993, p. 167), or the ability of people to work together for common purposes. (Fukuyama, p. 10, 2nd par).

Knack and Keefer (1997) measured the degree of trust in a sample of 29 countries using data from the World Values Survey and found out that trust is strongly positively correlated with GDP growth per capita (1980-1992) and with the ratio of investment to GDP. In other words, trust is higher in countries where a greater percentage of respondents suggest that most people can be trusted. A 10% increase in the measure of trust translates into an increase of 0.1% in economic growth. Some scholars even consider that the nation's well-being, as well as its ability to complete, is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in the society (Fukuyama, p. 7, 2nd par).

While there appears to be widespread agreement about the importance of trust in economic and business-related transactions, much less is theoretically or practically done about the operating mode of building trust. Some scholars assert that trust is particularly treated as static in such fields as economics where equilibrium seeking is an underlying assumption and in social psychological

laboratory research that has often focused on highly structured games such as the Prisoner's Dilemma game (Rousseau et al., 1998).

In other words, trust has been mainly treated in a motionless perspective, to identify its forms of manifestation and its impacts on transactions. While it is believed that the free enterprise system is founded on an impressive, complex array of techniques to supply assurance (Klein, 2001), little has been said about the strategies by which a party, mainly a seller, can build trust so that the other party, mainly buyer, accept to enter in a transactional relationship. This is a very important issue for marketing and business responsables to be able to build trust in order to unfold and ultimately facilitate, simplify and accelerate transactions and exchanges with partners.

The ultimate objective of this paper is to suggest actionable policies to build trust by reviewing the literature of a broad range of literature that is considered to identify and analyze the different forms of manifestation of trust. In this respect, the marketing literature is a privileged form of analysis of the operating modes of trust-building. Theoretical insights gained from this research will have practical implications for the way marketers might build trust. By understanding how trust is generally built, marketers and business responsible managers can contribute to build trust in order to facilitate and accelerate transactions and exchanges.

Loyal to the practical objective of the paper, our approach of analysis is based on methodological individualism, which aims at explaining social phenomena such as the outcome of behaviours, decisions and intentional states that motivate individuals. This method of analysis seems to fit best with the inquiry of the paper that explores the conditions and circumstances under which an individual's propensity to trust increases. Still, methodological individualism does not involve a commitment to any particular intentional state, neither, should it be considered as an individualistic system of values (Stanford Encyclopedia of Philosophy). In sociology, John Elster considers methodological approach as trivially true because the elementary unit of social life is the individual human action and consequently to explain social institutions and social change, one should show how they arise as the result of the actions and interactions of individuals (Wikipedia, Methodological Individualism).

In Economics, methodological approach is popularized by the Austrian school and its criticism of the historical school. While history studies the particular case or event, praxeology, or the science of human action, as the methodology of Austrian economics, looks for the universal or essential in human action which, as such, is not tied down to a specific point in time or space.

The praxeology begins with the axiom that: human beings to act consciously to attain certain goals.

Consciousness and free will are axiomatic concepts that form the foundation of praxeology.

In Marketing, the ideas of the Austrian school of economists have been presented as embracing marketing and the marketing concept (Kirkpatrick, 1983).

In the following pages, we will begin the analysis of trust by exploring its etymological roots. Then, we will study successively its different sources and forms of manifestation. We will finally explore the marketing policies and techniques which might build trust.

Origin and Forms of Trust – The Literature Review of Trust?

Trade and exchange are believed to be at the origin of the word trust, which is supposed to have been first recorded around 12th century from *traust* probably of Nordic countries or possibly Scandinavian origin, meaning *help* and *confidence*. At this time, Scandinavia was highly engaged in trade along with other regions such as Holland and the north of Germany where sea trade was in its peak (Online Etymology Dictionary). *Trustee* then came into the picture by early 18th century as it was used to describe a "person who is responsible for the property of another" (Oxford English Dictionary, 2002); relatively, trust is also used in finance to assign a property (as money or securities), settled or held in trust. But in this paper, we employ trust as an interpersonal relation-

ship, based on belief, impression or feeling of assurance, that no party will put or exploit the other's vulnerability.

The concept of trust, here, refers to a belief in the honesty, goodness or skill of a person, organization or a thing (Cambridge Advanced Learner's Dictionary), or reliance on the truth of a statement of a person or strength of something, without examination (Oxford English Dictionary, 2002). Confidence, often considered inadvertently as a synonym, is rather self-reflective and corresponds to a feeling or showing of adequacy and reliance on oneself and one's powers (The Merriam-Webster Dictionary).

The etymological concept of trust fits with that of "catallactic", which derives from a classical Greek word and means not only "to exchange" but also, says Hayek, "to receive into the community" and "to turn from enemy into friend" (Catallaxis).

Similarly in the business related literature, trust enables separate parties to join in a relational exchange. Rousseau and colleagues consider trust as psychological state comprising the intention to accept vulnerability based upon positive expectation of the intentions or behaviour of another (Rousseau et al., 1998, p. 395)¹, while for Adler trust is the subjective probability with which an actor assesses that another actor or group of actors will perform a particular action, before the trusting party monitors such action (or independently of his or her capacity ever to be able to monitor it) occurring in a context which affects his or her own action (Adler, 2001, p. 217).

The review of the etymological roots of trust and the economic and business-related definitions, along with those which will be seen later, support the view that three different factors, or a combination of them, could explain the making of trust: the one who trusts, the other who inspires trust and an institutional context which confides the possibility of a reliable relationship between two parties. Specific disciplines tend to privilege some of this trilogy's elements, although trust, as a cross-disciplinary concept, incorporates ideas from economics, marketing, sociology, psychology, organization behaviour, strategy, information systems and decision sciences (Mukherjee and Nath, 2003).

Psychological literature stresses rather one's personality as source of trust. Within the field of business-related analysis, marketing puts considerable emphasis on the competence and reputation of the trustee, such as brand for example, to inspire trust for the prospects. In this regard, companies might invest heavily in brands to demonstrate trustworthiness (Samuelson, Nordhaus, 2001). Some economic and contract-based theories consider that trust can be built under the governance of the complying third parties which regulate the relations between the agents of exchange and conduct them to respect their promises and engagements.

The above typology corresponds approximately to typologies suggested by different authors.

Zucker (1986) made a similar distinction between different modes of trust production, by identifying personal characteristics, institutions and the process of relationships as sources of trust. McKnight and Chervany (2000) also identify three underlying dimensions that lead to trust and the willingness to depend on the others: a person's *disposition to trust*, *institution* which provide the needed conditions for a successful outcome in an effort, and trusting *beliefs*, relative to the other party with reliable traits such as competence, benevolence, integrity, and predictability. Adler has also distinguished tripartite sources of trust: Familiarity through repeated interaction, assessment of vulnerability and trustworthy values and norms (Adler, 2001, p. 217)².

In this paper, we depart from a definition of trust, similar of those previously quoted: the perception that an exchange partner will fulfil his transactional obligations in situations characterized by possibility of risk, uncertainty and in particular opportunism. We also adopt the tripartite model of the sources of trust; however we give an equal importance to the personality of the trusting party, ex-ante perception prior to any relationship, which is rather underestimated in the previous analy-

¹ Academy of Management Review 1998, Vol. 23.

² Adler Paul S. (2001), Market, Hierarchy, and trust: The Knowledge Economy and the Future of Capitalism, Organization Science, Vol. 12, No. 2, March-April.

sis. Our analysis goes finally beyond the description of the sources of trust, to focus mainly on the practical aspects of trust generation: how a party, a seller noticeably, can build practically trust so that the other party accepts to enter in a transactional relationship? For the operating and practical analysis of the paper, the marketing literature will be referred to considerably.

1. Trustor as the Source of Trust

Trust might reside in trustor's personality and collaborative attitude, based on his/her early set of experiences. As a trait of personality, trust differs considerably from one person to another. The psychological personality-based trust is then prior to relationship and depends on an individual general inclination or willingness to collaborate and exchange without complete or prior knowledge about others.

Freudian ego psychologist Erik H. Erikson (1902-1994) identifies the first stage (between 0-1 year, infancy or the oral-sensory stage), in his 8-stage model, as the stage of psychosocial development of trust. At this early stage of personality development, trust is the basis of relationship. Through the parents' responses, the newborn learns to trust people as reliable and loving, if the parents' (and especially mother's) responses are inadequate, then, the infant develop mistrust and will be apprehensive and suspicious about people. In any case since no one can meet all a baby's needs all the time; the newborn also learns to "mistrust". Mistrust enables one to recognize and respond appropriately to people who are untrustworthy and is a barrier sometimes against being hurt.

Both kinds of learning, trust and mistrust are crucial in later encountering other people. If the proper balance is well achieved at this stage then the child will develop the virtue of hope, believing that, even when things are not going well they will work well in the end. Later, it becomes to be a sense that the world is predictable and trustworthy. Otherwise the infant may develop maladaptations and malignancies, endangering his/her future stages of psychosocial development (composed of autonomy vs. shame and doubt, initiative vs. guilt, industry vs. inferiority, ego-identity vs. role-confusion, intimacy vs. isolation, generativity vs. self-absorption, integrity vs. despair) (Erikson, 1954).

Other researchers also stress on the idea of pre-disposed psychological determinants, mainly personality and attitude, to explain people's propensity of trust (Scheier and Carver, 1992; Gleitman, 1995; Olson and Suls, 1998). A personality which is keen on trust gets easily ready for transactions irrespective of the ability to monitor or control, and the willingness to be vulnerable to the actions of another party, expecting that (s)he will perform the promised action (Mayer, Davis and Schoorman, 1995). State of attitude can make people confident or not. Extravert, agreeable, open-minded people trust more, while neurotic people trust less.

Focused on the outside world, sociable or fearless, extravert people like to be in other people's company and trust them more. As a general rule, people with level of agreeableness and positive beliefs towards others' values and convictions, are also more trustful. Pre-disposed psychological characteristics do not always favour trust. Neurotics, distinguished by emotional instability, pessimism and low self-esteem, often perceive that their positions in transaction processes, as unfavourable and negative and consequently are reluctant to trust (Scheier and Carver, 1992; Gleitman, 1995).

Thus, the psychological predisposition can lead to both trust and mistrust. "If I have a learned disposition to be optimistic about others, I will take risks on people fairly readily and I will therefore soon learn who is and who is not likely to be trustworthy. If my disposition is to be pessimistic, I will take far fewer risks and I will therefore learn much less about who is and who is not trustworthy" (Encyclopaedia of Ethics).

Consequently (mis)trust is cognitive, it is in the family of the terms knowledge and belief, and is formed because the one party thinks that the other party is (un)trustworthy.

1.1. Marketing Strategies for Relating to the Personality-Based Trust

To establish relationships with prospects and customers whose personality and/or attitude is positive, open, and with propensity of entering into transactions, the marketing strategists should first of all, find and then target them. This leads to segmentation and process of directing marketing efforts at the extravert, agreeable, open-minded people who trust and get easily ready for transactions.

Market segmentation is the process in marketing of dividing a market into smaller subgroups (called 'segments'), believed to be homogeneous within those groups, and because of this intra-group similarity, they are likely to respond in a predictable manner to given marketing stimuli. There are different variables used for segmenting a market, of which the psychographic variables related to personality traits, attitudes, values, interests, or lifestyles might be of great interest to this level of our study. Psychographic variables can distinguish for example customers who are risk-takers from risk-avoiders. In online banking, for example, where the bank and the customer are physically separated, contingencies hard to predict, relationships difficult to monitor, and cyber-laws often absent, the risk perceptions of customers affect the level of trust and consequently the readiness to trade (Mukherjee and Nath, 2003). The psychological predisposition is also considered as a determinant of segmentation in the process of new product adoption. Early adopters are psychologically open to the new products.

Attitudes and values are attached to mental categories. The former focuses on objects, people or institutions, while the latter stress on concepts. Attitude, defined as a mental predisposition to act, by evaluating a particular entity with some degree of favour or disfavour, can equally be employed, as a segmentation variable, to target trust-oriented people.

That is, attitudes are influenced by personal experience and other sources of information and personality affect both the receptivity and the speed with which attitudes are likely to be treated.

For marketers who are fortunate enough to be market leaders and to enjoy a significant amount of customer goodwill and loyalty, the overriding goal is to fortify the existing positive attitudes of customers so that they will not succumb to competitors' special offers and other inducements designed to win them over.

If a consumer segment generally holds a positive attitude toward owning the latest personal communications devices, then their attitudes toward new electronic devices are likely to reflect that orientation. Similarly, if a segment of consumers has a positive attitude toward being "in fashion," then their attitudes towards high-fashion clothing are likely to reflect this view-point. Thus, by knowing target consumers' attitudes, marketers can better anticipate their values, lifestyle, or outlook and can reflect these characteristics in their ads and direct-marketing efforts (Schiffman, Kanuk, 1999).

Another psychographic variable which can be used to target trust oriented people is composed of Values and Lifestyles. This method constitutes a way of segmenting consumers according to "self-orientation", into mutually exclusive groups.

The main dimensions of the VALS segmentation framework are **primary motivations** (the horizontal dimension) and **resources** (the vertical dimension) (www.sric-bi.com). The main three motivations are ideas, achievement and self-expression, which encourage consumers respectively by abstract criteria and principles, consumption of products and services that demonstrate success to peers, and desire for social or physical activity, variety and risk taking.

The second dimension, that of resources for consuming goods and services, extends beyond age, income, and education, and engulfs personality traits such as, energy, self-confidence and vanity, along with key demographics. Different levels of resources enhance or constrain a person's expression of his or her primary motivation.

The "self-orientation" reinforces, sustains, and modifies the social identity and determines what in particular about the self or the world is the vital centre that governs people's activities in life. The VALS system segments consumers according to three self-orientations: principle, status, and action (www.aranet.com).

Principle orientation: The principle orientation is grounded in the realm of ideas, knowledge, and ideals. For some people, this orientation is manifest in intellectual curiosity, aesthetic interests, or a quiet philosophical searching. For others it is manifest in adherence to a personal or a social whether religious conviction, moral or ethical system, or social norm code of conduct. In either case, the tendency is to base decisions on abstract, idealized criteria such as quality, integrity, and tradition rather than on feelings, experience, or a desire for social approval. Actions are meaningful to principle-oriented people to the extent that they are shaped by, reflect, or move toward greater understanding or belief (www.aranet.com).

Status orientation: In the status orientation, people strive for a clear position, conferred by a valued social group and base their choices on the expected reactions, concerns, desires, and abilities of people in the groups to which they belong or aspire to belong. Their focus is often on collective activities, such as work and family life, and on positive evaluation and achievement, which imply shared ideas of excellence or ethics and a reciprocal willingness to accommodate oneself to the judgments of others. These consumers make choices that they hope will enhance their position or facilitate their recognition and acceptance by their own group or another more desirable group (www.aranet.com).

Action orientation: The action orientation is grounded in an emotional attachment to experience and a resistance to social controls that risk ruling out the experimentation and self-reliance. Actions are valued for their impact on the physical world, for the pleasure or excitement associated with them, or for their effect on others. The life organization implied by this orientation tends to be a jumble of enthusiastically embraced projects and activities. Action-oriented consumers take events at face value as separate experiments about the self or the world, rather than regarding them as part of a larger plan or purpose.

They make choices that promise adventure, exploration, risk, and discovery (www.aranet.com).

Eight different segments come to existence from the intersection of primary motivations and resources.



Source: SRI Consulting Business Intelligence (SRIC-BI); www.sric-bi.com/VALS.

Fig.1. The VALS Segments

In 1978 the Stanford Research Institute researched and founded Values and Life-styles (VALS). It is one of the first consumer segmentation systems based on psychographics. It measures attitudes and life-style characteristics (www.simplyselling.com).

Innovators (formerly Actualizers)

Innovators are successful, sophisticated, take-charge people with high self-esteem and abundant resources. Because they have such abundant resources, they exhibit all three primary motivations in varying degrees. They are change leaders and are the most receptive to new ideas and technologies. Innovators are very active consumers, and their purchases reflect cultivated tastes for upscale, niche products and services.

Image is important to Innovators, not as evidence of status or power but as an expression of their taste, independence, and personality. Innovators are among the established and emerging leaders in business and government, yet they continue to seek challenges. Their lives are characterized by variety. Their possessions and recreation reflect a cultivated taste for the finer things in life (www.sric-bi.com).

Actualizers are among the established and emerging leaders in business and government, yet they continue to seek challenges. They have a wide range of interests, are concerned with social issues, and are open to change. Their lives are characterized by richness and diversity. Their possessions and recreation reflect a cultivated taste for the finer things in life. They are more likely to have: Membership in Arts Association, Visited Art Museum in Past Year, Own Elect. Espresso/Cappuccino Maker, Foreign Travel in Past 3 years, Cruise Ship Vacation in Past 3 Years, Own Import/Foreign Car, Play Golf, Own Personal Computer at Home. These are the ultimate in Carriage Trade buyers. Referrals are very important (www.simplyselling.com).

Thinkers (formerly Fulfilleds)

Thinkers are motivated by ideals. They are mature, satisfied, comfortable and reflective people who value order, knowledge, and responsibility. They tend to be well educated and actively seek out information in the decision-making process. They are well-informed about world and national events and are alert to opportunities to broaden their knowledge.

Thinkers have a moderate respect for the status quo institutions of authority and social decorum, but are open to consider new ideas. Although their incomes allow them many choices, Thinkers are conservative, practical consumers; they look for durability, functionality, and value in the products they buy (www.sric-bi.com).

Fulfilleds are well educated and in (or recently retired from) professional occupations. Content with their career, families, and station in life, their leisure activities tend to centre on the home. Fulfilleds tend to base their decisions on firmly held principles and consequently appear calm and self-assured. While their incomes allow them many choices, they are more likely to: Have a Swimming Pool/In Ground, Membership in Church Board, Stayed in Ski Resort in Last 12 months, Belong to a Book Club, Own Backpacking Equipment, and Foreign Travel in Last 3 years. These are generally older clients. They make good clients, repeat clients. They expect good value for their money (www.simplyselling.com).

Achievers

Motivated by the desire for achievement, Achievers have goal-oriented lifestyles and a deep commitment to work and family. Their social lives reflect this focus and are structured around family, their place of worship, and work. Achievers live conventional lives, are politically conservative, and respect authority and the status quo. They value consensus, predictability, and stability over risk, intimacy, and self-discovery.

With many wants and needs, Achievers are active in the consumer marketplace. Image is important to Achievers; they favour established, prestige products and services that demonstrate success

to their peers. Because of their busy lives, they are often interested in a variety of time-saving devices (<http://www.sric-bi.com>).

Achievers are successful career and work-oriented people who like to, and generally do, feel in control of their lives. Work provides them with a sense of duty, material rewards, and prestige. They are more likely to: Have Sun/Moon Roof in Car, Own Video Camera. These are the middle and upper middle income clients (www.simplyselling.com).

Experiencers

Experiencers are motivated by self-expression. As young, enthusiastic, and impulsive consumers, Experiencers quickly become enthusiastic about new possibilities but are equally quick to cool. They seek variety and excitement, savouring the new, the offbeat, and the risky. Their energy finds an outlet in exercise, sports, outdoor recreation, and social activities.

Experiencers are avid consumers and spend a comparatively high proportion of their income on fashion, entertainment, and socializing. Their purchases reflect the emphasis they place on looking good and having "cool" stuff (www.sric-bi.com).

Experiencers are young, vital, enthusiastic, impulsive and rebellious. They seek variety and excitement, savouring the new, the offbeat, and the risky. Still in the process of formulating life values and patterns of behaviour, they quickly become enthusiastic about new possibilities but are equally quick to cool. At this stage in their lives, they are politically uncommitted, uninformed, and highly ambivalent about what they believe. Experiencers combine an abstract disdain for conformity with an outsider's awe of others' wealth, prestige, and power. Their energy finds an outlet in exercise, sports, outdoor recreation and social activities. Experiencers are avid consumers and spend much of their income on clothing, fast food, music, movies, and video. They are more likely to: Play Pool 10 Days in Past Year, Attend Rock/Pop Concert in Past Year, Own Weight Training Equipment. Many Seniors fall into this category. Also young adults. Usually not our best clients, they spend their money on other things, CD's, sporting goods, movies, etc. (www.simplyselling.com).

Believers

Like Thinkers, Believers are motivated by ideals. They are conservative, conventional people with concrete beliefs based on traditional, established codes: family, religion, community, and the nation. Many Believers express moral codes that are deeply rooted and literally interpreted. They follow established routines, organized in large part around home, family, community, and social or religious organizations to which they belong.

As consumers, Believers are predictable; they choose familiar products and established brands. They favour American products and are generally loyal customers (www.sric-bi.com). Their income, education, and energy are modest but sufficient to meet their needs. These people could be your clients on some of your low end products. They like nice things, but can't always afford it. They are good people that love their families, just don't have the money needed to buy what they want (www.simplyselling.com).

Strivers

Strivers are trendy and fun loving. Because they are motivated by achievement, Strivers are concerned about the opinions and approval of others. Money defines success for Strivers, who don't have enough of it to meet their desires. They favour stylish products that emulate the purchases of people with greater material wealth. Many see themselves as having a job rather than a career, and a lack of skills and focus often prevents them from moving ahead. Strivers are active consumers because shopping is both a social activity and an opportunity to demonstrate to peers their ability to buy. As consumers, they are as impulsive as their financial circumstance will allow (www.sric-bi.com).

Strivers seek motivation, self-definition, and approval from the world around them. They are striving to find a secure place in life. Unsure of themselves and low on economic, social and psychological resources, Strivers are impulsive and easily bored. Many of them seek to be stylish. They emulate those who own more impressive possessions, but what they wish to obtain is often beyond their reach (www.simplyselling.com).

Makers

Like Experiencers, Makers are motivated by self-expression. They express themselves and experience the world by working on it – building a house, raising children, fixing a car, or canning vegetables – and have enough skill and energy to carry out their projects successfully. Makers are practical people who have constructive skills and value self-sufficiency. They live within a traditional context of family, practical work, and physical recreation and have little interest in what lies outside that context.

Makers are suspicious of new ideas and large institutions such as big business. They are respectful of government authority and organized labour, but resentful of government intrusion on individual rights. They are unimpressed by material possessions other than those with a practical or functional purpose. Because they prefer value to luxury, they buy basic products (www.sric-bi.com).

Makers live within a traditional context of family, practical work, and physical recreation and have little interest in what lies outside that context. They are unimpressed by material possessions other than those with a practical or functional purpose (such as tools, utility vehicles and fishing equipment) (www.simplyselling.com).

Survivors (formerly Strugglers)

Survivors live narrowly focused lives. With few resources with which to cope, they often believe that the world is changing too quickly. They are comfortable with the familiar and are primarily concerned with safety and security. Because they must focus on meeting needs rather than fulfilling desires, Survivors do not show a strong primary motivation. Survivors are cautious consumers. They represent a very modest market for most products and services. They are loyal to favourite brands, especially if they can purchase them at a discount (www.sric-bi.com).

Struggler lives are constricted. Chronically poor, ill-educated, low-skilled, without strong social bonds, elderly and concerned about their health, they are often resigned and passive. Because they are limited by the need to meet the urgent needs of the present moment, they do not show a strong self-orientation. Their chief concerns are for security and safety (www.simplyselling.com).

2. Trustee as the Source of Trust

Trust can emerge not only from trusting party's personality, as we have seen, but also from a perception of partner's competence, dedication, benevolence, honesty, and available means, resistance to outside shocks and absence or limitation of opportunism. Here the counterpart is believed to behave in accordance with prior commitments and avoidance to take excessive advantage of an exchange partner even if the opportunity manifests.

Scholars have attributed different sources to counterpart-based trust. Rational reasons are distinguished more or less from those, based on affect (McAllister, 1995), such as friendship, love, habitual behaviour, loyalty, care, warmth, empathy for the other party (Organ and Konovsky, 1988; Luhman, 1979; Nooteboom 1996), emotion (Lewis and Weigert, 1985), kinship (Ouchi, 1980) or similarity (Hellreigel, Slocum and Woodman, 1992; Gulati, 1995; Burt, 1992).

Although it has been argued that cognition and emotion are separable and partially independent (Zajonc, 1980), today's cognitive theories hold that cognitive processes are relevant for the occurrence of emotion. In our analysis, we do not make distinction between rational or emotional reasons of trusting. In both cases, the partner is perceived rationally or affectively as reliable. We put rather emphasis on sources of trust and processes by which a party believes in the trust that the other party inspires.

Sitkin and Roth (1993) considered ability as an essential element for inspiring trust. An expert partner (with relevant skill, ability, or knowledge), is generally perceived as being more trustworthy than a non-expert (Brainov & Sandholm, 1999; Peters, Covello, & McCallum, 1997). Similarly, once convinced that a brand is able to solve his or her problem, a customer may be willing to rely to that brand.

In a trust-inspiring partner approach, as in a trusting person's personality one, trust has a cognitive basis: knowledge, impression or inference that the partner has the ability and intention to perform according to expectations, and to refrain from opportunistic behaviour.

This knowledge may be based on partner's reputation or relational experience, as a consumer may find out about a brand's competence through direct usage or word-of-mouth communication. 'Relational signaling' (Lindenberg, 2000), a special type of relational experience, means the observation of actions and expressions, aimed not only at the observer, but also at others, as when the latter can infer something from the way a partner treats his colleagues and employees.

2.1. Relational Experience as a Source of Trust

Trust acquired by relations is seldom spontaneous. It is often progressive, adaptive and evolves in a slow process, starting with minor transactions in which little trust is required because little risk is involved and in which partners can prove their trustworthiness, and consequently expand their relation and engage in major transactions (Shapiro 1987, p. 625).

The earliest stage in a relationship is that of acquaintance because expectations can not be founded in the complete unknown (Luhman, 1979) and because people consider as, inappropriate or even dangerous to interact with total strangers (Baron and Byrne, 1991). *Familiarity*, serves as the foundation without which no relationship and eventually no trust can develop. At this first stage a trustor does not accept great risks and prefers to keep possible losses at a low level.

Then, repeated successful exchanges produce trust. For example, a person having repeated successful exchanges with an exchange partner will likely perceive that partner as being more trustworthy than an unfamiliar partner. Personal experiences with a firm are considered to be the strongest signals for the development of trusting beliefs. A study by Boston Consulting Group revealed that satisfied first-time purchasers engaged in three times more online transactions than dissatisfied first-time purchasers (BCG, 2000). Past experiences with a company's behaviour are a good predictor for its future behaviour.

As the relationship develops, knowledge about the other party fosters the predictability.

Predictability is about forecasting another party's behaviours based on specific behaviours the actor or firm has performed in the past (Doney and Cannon, 1997). A predictable brand enhances confidence, because it allows users to anticipate how it will perform.

A perennial relationship goes often beyond the predictability to form the stability of recurrent behaviours and shifts away to an evaluation of the qualities and the characteristics attributed to a partner. These dispositional inferences mark what Rempel and colleagues call the "dependability phase" which "reflects an emotional security on the part of individuals and enables them to go beyond the available evidence, with assurance, that their partner will be responsive and caring despite the vicissitudes of an uncertain future" (Rempel et al., 1985, p. 97). This stage might end to another stage of trust they call *faith*. Faith, that an exchange partner will fulfil his/her obligations despite an uncertain future. Faith is important in exchanges where past experiences are minimal or only indirectly related to the current exchange. For example, suppose a buyer who has previously purchased several inexpensive items from a seller is now considering the purchase of an expensive item from that same seller. The buyer must have faith that the seller will once again act responsibly and fulfil his/her obligations.

Depicting trust on a continuum does not imply that all relationships need to pass through all three stages of trust, as explained in the preceding lines, or even have the potential to reach all stages. Trust can be reciprocal when both parties have reason to be trustworthy for the other because they

can, then, expect trustworthiness in return. The mutual trust is a strong trust (Encyclopaedia of Ethics). Even if a party is trustworthy in a transaction by interest of willing to perpetuating profitable relationship, he or she is not less reliable for his partners.

In the absence of previous exchanges and third party recommendations, an exchange partner must rely on presumptions and surface inspection to make an initial attribution of trust. In a future exchange with that same partner, this past experience will contribute more while presumptions and surface inspection will contribute less.

In a transaction between firms, trust is based both on the people which one is dealing with and on the organization as a whole. Consequently should a company be perceived as trustworthy, both the organizational and its people should inspire confidence, but there is no outwardly trust-based relationship if there is no trust within the company.

The trust-based relationships between employers and employees are also said to be established over the long range through such employee's behaviours as meeting deadlines, following through on promises, having good attendance and punctuality and not passing along confidential information to the wrong people. The low trust within an organization causes low production because of poor communication, restrained sharing of knowledge, resistance to integration, rivalries, low productivity, wasted executives' time to resolve disputes, perpetuating bureaucracy, over control and restraining creativity (Woolse, 1997). The people of a low trust organization can hardly inspire trust to the external partners of the organization.

Table 1

Effects of Trust on Organization

	Low Trust	High Trust
1. Communication	Memo haven, wasted energy	Easy, relaxed, flowing
2. Idea Sharing	Restrained, secretive	Open, free flowing
3. Knowledge Sharing	"Knowledge is job security"	Open, free flowing
4. Team work	Resistant to collaboration	Easy and desired collaboration
5. Productivity	Low because of politicking	Improved
6. Span of control	Limited autonomy	Greater autonomy
7. Focus on Mission	Off task, on self-preservation	On task, vision/mission
8. Leadership method	Forced, manipulative	Inspired
9. Followership	Working for paycheck	Inspired to follow
10. Information flow	Keep to self	Free flowing
11. Internal friction	Energy wasted solving disputes	Minimized
12. Controls	Rules, policies and procedures	Compelling vision
13. Maturity	Independent, self-centered	Interdependent
14. Attributes	US vs. Them, Self-Centered	Common bond, Vision-oriented

(Woolse, 1997).

2.2. Reputation as a Source of Trust

Due to a lack of direct experience, one might rely mainly on external information, which can originate from informal sources such as peers and friends or from professional sources such as experts, rating agencies, or the media. The trusting party can rely on imparted experiences and judgements issued by third parties, called reputation. Not much personal experience has been gained at this stage and thus, the firm's reputation plays a decisive role for a potential trustor to predict possible future actions of a vendor. Reputation depends on the overall quality or character

as seen or judged by people in general. Reputation represents the collective perception and second hand information of an actor, for example a firm.

Reputation signals the experiences of third parties with a potential exchange partner. Reputation emerges as a result of social network effects, when information on an actor's behaviour in one relation spreads to others via an information network (Granovetter, 1985). It is this social or collective nature that gives reputations the power to reduce uncertainty and serve as a means to engender trust. Information on the hitherto trustworthiness of a firm originating from sources that are not controlled by the company like the press or specialized groups like government agencies, financial-rating agencies, corporate-conscience agencies, and consumer agencies (Fombrun, 1996) has even great potential to reduce uncertainty and engender trust, because those groups are not supposed to have direct stake in the company's reputation (Sternthal et al., 1978).

The special role of reputation to engender trust in companies has further been emphasized in marketing (Doney and Cannon, 1997) as well as in economics (Williamson, 1991). If a customer perceives that other people think that a brand is known to be fair and just, that customer may feel secure in acquiring and using the brand. If a consumer perceives that other people think that a brand is good, he may trust the brand enough to purchase it. Anderson and Weitz (1992) in the marketing channel context support this argument.

In the marketing oriented literature, the reputation of a firm has been considered to be the aggregated evaluation of all image aspects about a company (Dowling, 1994) or the net perception of a company's ability to meet the expectations of all its stakeholders (Fombrun, 1996).

Electronic markets with their particular network characteristic can be seen as important facilitators for the diffusion of reputation (Einwiller and Will, 2001).

Reputation and brand have been claimed to be a vital source for trust in companies engaged in electronic commerce (Jarvenpaa and Tractinsky, 1999). That reputation and brand have great potential to enhance trust in companies selling on the Internet is supported by the observation that users of price intermediaries do not necessarily choose the cheapest offer, but regularly buy from branded and widely known retailers even when these do not offer the lowest price (Smith et al., 2000).

Looking at these definitions, reputation is built-up among people, shared among them and also destroyed by them. The reputation of a firm for example can be destroyed by a customer who can spread a negative word related to the bad comportment of the firm. Thus, opportunistic behaviour bears the risk of causing harm to an actor's reputation and this risk can serve as an important inhibitor to act unfavourably for the trusting party.

2.3. Marketing Strategies to Build Relation and Reputation

How can a company's marketing policies inspire trust in a transaction? Well, if perennial interaction and reputation preserve reliability in a relationship where a party inspires trust and the other party believes in it, then a firm can build trust by branding and buzz marketing policies. Brand policies can be founded on advertising, personality parenting and partnership, while buzz marketing is mainly based on networking.

As Mukherjee and Nath specify, trust can arise from the strength of a particular brand name and previous interactions between a company and its market (2003). Still, at the first stage of a relationship between a seller and a buyer, no brand image has yet been developed in the minds of the potential customers. Here, a company which aspires to build trust, must develop acquaintance and make the brand name known and leave a first favourable impression to stimulate the consumer's intention to learn more about the firm and ultimately adhere to the brand image. Advertising is an efficient way to reach large audiences. The firm behind the brand should to a greater extent be perceived as a partner or friend on whom the customer feels confident to rely, in other words, the firm should take into account the state of attitude of its target market. The degree to which a company is judged to have trustworthy depends on the consistency of its past actions, credible com-

munications about it from others and the extent to which its actions are congruent with its words (Butler, 1991; Sitkin and Roth, 1993).

Individuals generally have a strong need to know and understand the people and things with whom they come in contact. The consumer's "need to know," a cognitive need, is important to marketers concerned with product positioning. Indeed, many product and brand positioning are attempts to satisfy the *need to know* and to improve the consumer's attitudes toward the brand by emphasizing its advantages over competitive brands (Schiffman, Kanuk, 1999).

If the target market manifests a negative or even indifferent attitude, the advertising policy should create cognitive dissonance between the desired, favourable attitude and the one that the target presently holds. When this dissonance is created, the target can either discredit the brand in question or change its attitude to eliminate the dissonance. Whether the target changes positively its attitude or discredits the brand is largely a function of the communicator's talent to inspire trustworthiness. Among the *attitude-change strategies* are: (1) changing the customer's basic motivational function, (2) associating the product with an admired group or event, (3) resolving two conflicting attitudes, (4) altering components of the multiattribute model, and (5) changing consumer beliefs about competitors' brands (Schiffman, Kanuk, 1999). An effective approach for changing the consumer is attitude in favour of a product is to show people that it can be (has been) useful, because it can (has) serve(d) a utilitarian purpose that customer has not considered (The Utilitarian Function).

A trust inspiring relationship is always a long process and a brand should not reduce it to the immediate and evasive success. For example, many companies, illusioned by immediated contact with customers on the Internet, opted for generic names such as 'books.com' or 'flowers.com', but these generic names, which helped an early identification and elicit guiding associations on the Internet, did not create personality for the concerned companies or further relationships.

Similarity between the brand personality and the consumer personality can also foster trust because most people trust others more who are similar to themselves. The brand personality should be a partner or friend to the customer on whom he or she can rely as in the case of a real friend or partner (Einwiller, 2001).

Another possibility is to engage in co-branding efforts with firms, which have already an established brand and reputation. The transfer of image elements of the partner's brand to the own brand can be one effect.

Changing Brand Beliefs

A second cognitive-oriented strategy for changing attitudes concentrates on changing beliefs or perceptions about the brand itself. This is by far the most common form of advertising appeal. Advertisers are constantly reminding us that their product has "more" or is "better" or "best" in terms of some important product attribute (Schiffman, Kanuk, 1999).

Adding an Attribute

Another cognitive strategy consists of *adding an attribute*. This can be accomplished either by adding an attribute that previously has been ignored or one that represents an improvement or technological innovation (Schiffman, Kanuk, 1999).

Associating the Product with a Special Group, Event, or Cause

Attitudes are related, at least in part, to certain groups, social events, or causes. It is possible to alter attitudes toward products, services, and brands by pointing out their relationships, to particular social groups, events, or causes (Schiffman, Kanuk, 1999).

Changing the Overall Brand Rating

Still another cognitive-oriented strategy consists of attempting to alter consumers' *overall assessment of the brand* directly, without attempting to improve or change their evaluation of any single

brand attribute. Such a strategy frequently relies on some form of global statement that “this is the largest-selling brand” or “the one all others try to imitate”, or a similar claim that sets the brand apart from all its competitors (Schiffman, Kanuk, 1999).

The Elaboration Likelihood Model (ELM)

Compared to the various specific strategies of attitude change that we have reviewed, the elaboration likelihood model (ELM) proposes the more global view that consumer attitudes are changed by two distinctly different “routes to persuasion” – a central route or a peripheral route. The *central route* is particularly relevant to attitude change when a consumer’s motivation or ability to assess that attitude object is high; that is, attitude change occurs because the consumer actively seeks out information relevant to the attitude object itself. When consumers are willing to exert the effort to comprehend, learn, or evaluate the available information about the attitude object, learning and attitude change occur via the central route.

In contrast, when a consumer’s motivation or assessment skills are low (low-involvement), learning and attitude change tend to occur via the peripheral route without the consumer focusing on information relevant to the attitude object itself. In such cases, attitude change is often an outcome of secondary inducements (such as cents-off coupons, free samples, beautiful background scenery, great package, or the encouragement of a celebrity endorsement). Current research indicates that even in low-involvement conditions (like exposure to most advertising), where both central and secondary inducements are initially equal in their ability to evoke similar attitudes, it is the central inducement that has the greatest “staying power” – that is over time it is more persistent (Schiffman, Kanuk, 1999).

Another policy which can create an inspiring image of trust is buzz marketing which means... The dissemination of positive “gossip” can strongly support and strengthen the reputation of the firm within the customer’s social network. The satisfied customer can now serve as a disseminator him/herself. The goal should be to establish a clearly featured brand personality that comprises trusting beliefs and that represents a partner or friend to the customer that can be confidentially relied on. Particularly in the high risk and impersonal environment of electronic commerce eliciting “human-like” associations are particularly helpful to foster trust (Einwiller, 2001).

Generally speaking, the greater the network that shares the reputation of a firm, the higher the chance of a potential customer to take notice of it. Most effective is spreading the word of the company through credible third parties in as large social network as possible. The network characteristic of the Internet greatly facilitates the exchange and spread of information for example by word-of-mouth (Helm, 2000). The instant messaging service and the chat service for example managed to win most of their customers by allowing users to recruit friends via e-mail, thereby hardly having any expenses for marketing. Media coverage in classical media is highly effective at this stage, particularly positive news coverage in influential media with high circulation among the target audience.

Specific services like online chats, bulletin boards, and virtual communities can be administered to support the dissemination of information. Herewith, consumers have the chance to find out about the experiences others have already made with the company and its services.

Existing and satisfied customers need to be given the opportunity to spread the word, so positive experiences can reach potential new customers for whom the firm’s reputation represents one of the most important sources of information. By the same token, the press – especially classical media – play an important part in their role as credible multipliers of information (Einwiller, 2001).

Consequently, a virtuous circle comes out of reliability and reputation of the brand: a trustworthy brand gains reputation by having a large base of satisfied trustors who increase their own patronage and spread the good word. Brands can then attract new trustors and try to keep them by the fact. They use the reputational incentives to show more public trustworthiness which creates standing for them.

3. Institutional Environment of Trust

People cannot be trusted at all times to live by internalized ethical rules and do their fair duties. They must ultimately be coerced by explicit rules and sanctions in the event they do not live up to their promises. This is true in the economy as well as in society more broadly.

Even if there exist many relationships in which trust is grounded in mutual expectations and assessments, there are many others in which the trusted person does not honour his promises. The opportunistic behaviour is a major source of uncertainty about the partner's trustworthiness and consequently the raise of transaction costs (Williamson, 1975). Opportunism is characterized as "self interest seeking with guile" and refers to the incomplete or distorted disclosure of information along with calculated efforts to mislead, disfigure, disguise or obfuscate (Williamson, 1985, p. 47). Perceptions of opportunistic behaviour affect the propensity to transactions and exchanges. In the case of trust deficiency, actors may have to spend heavily on monitoring others parties' behaviour to ensure that they do what they say they will do. This may be one of the most important transaction costs in virtual and global markets. That is why firms found it more economical to integrate outside contractors into their own organization, where they could be supervised directly. No one might have reliable *ex ante* knowledge of whether and when, opportunism will occur. General distrust emerges when the suspicion arises that the disruption of expectations in one exchange is likely to generalize to other transactions (Zucker, 1986, p. 59). Widespread distrust in a society imposes a kind of tax on all norms of economic activity, a tax that high-trust societies do not have to pay (Fukuyama, p. 25-28).

In addition to the risk of partners' opportunism, in a complex society, people do not have ongoing relationships with all others to ground trust or judge others trustworthiness. This view implies, that trust should be more essential for ensuring cooperation between strangers, or people who encounter each other infrequently, than for supporting cooperation among people who interact frequently and repeatedly. In families, partnerships, and reputations, the possibility of future punishment would often support cooperation even with low levels of trust (La Porta, Lopez-de-Silanes, Shleifer, Vishny, 1999). When people do not know each other to trust, they may substitute relationships based on trust with confidence sponsored by the third institutional parties with reliable safeguarding mechanisms. The third parties as sponsors or enforcing agents of trust can emerge from cultural, politico-legal or non-governmental (professional) organizations.

3.1. Socio-Cultural Institution of Trust

Trust is of considerable economic value when it is based on cultural, rather than contractual mechanisms, because it eliminates the need for formal contracts which are costly to negotiate, write, monitor, and provide enforcing mutually accepted clauses. The transactions based on shared values which give members of the groups a basis for mutual trust, do not require extensive contract and legal regulation.

Cultural shared values come out from common beliefs about appropriate or inappropriate and right or wrong behaviours, and are internalized by people as part of tacit knowledge in socialization. Shared values can not be acquired by individuals acting on their own, or as in the case of other forms of human capital, through a rational investment decision. They are based on the moral norms of a community. As a general rule, trust arises when a community shares a set of moral values in such a way as to create expectations of regular and honest behaviour (Fukuyama, p. 151-153). Compliance with norms of honesty and non-maleficence in this case is secured by the threat of exclusion or non-inclusion, and hence the loss of future benefits (Kandori, 1992), and is secured by arranging incentives to ensure, that individuals have a self-interested reason for complying, despite the short-term gains that they can realize by non-compliance.

Societies, whose members trust each other because they are all operating according to a common set of ethical norms, permit a wide variety of social relationships to emerge and consequently, lessen costs of doing business. By contrast, people who do not trust one another will end up coop-

erating only under a system of formal rules and regulations, which have to be negotiated, agreed to, litigated and enforced, sometimes by coercive means.

Cultural based trust can contribute significantly to economic growth, particularly in poorer countries without developed legal enforcement systems (H. Huang, C. Keser, J. Leland, J. Shachat, 2003). In fact the presence of a high degree trust, can increase economic efficiency by reducing what economists call transaction costs, incurred by activities like finding the appropriate buyer or seller, negotiating a contract, complying with government regulations, and enforcing that contract in the event of dispute or fraud. The parties, who believe in each other's honesty, need less to spell things out in lengthy contracts and hedge against unexpected disputes. Holding the size of the group of interacting persons constant, the enforcement costs associated with an informal network of mutual forbearance are less than those associated with a law-based, third-party enforced, system of trust (Calvert, 1995a, 1995b). The intuitive idea here is that merely shunning non-compliers is cheaper than having to select, train, and maintain a cadre of persons specifically charged with enforcement responsibilities. Indeed, in some high-trust relationships, parties do not even have to worry about maximizing profits in the short run, because they know that a deficit in one period will be made good by the other party later (Fukuyama, p. 151-153).

The significance of the state sector varies enormously by culture. In familistic societies such as China or Italy, state intervention is often the only avenue by which a nation can build large-scale industries and is therefore relatively important if the country is to play in global economic sectors demanding large scale. On the other hand, societies with a high degree of trust and social capital like Japan and Germany can create large organizations without state support (Fukuyama, p. 16, last par). There appears to be significant differences in the forms of trust relationships in different cultures. Still, should culture based trust organize ongoing relationships the force of norms with determined sanctions, should effectively exist and function strong norms of communal loyalty contribute though to the growth of transaction. However, block the development of independent trust relationships, and consequently certain entrepreneurial forms of economic organization.

A high-trust society can organize its workplace on a more flexible and group-oriented basis, with more responsibility delegated to lower levels of the organization. Low-trust societies, by contrast, must fence in and isolate their workers with a series of bureaucratic rules (Fukuyama, p. 31, last par).

3.2. Politico-Legal Institution of Trust

No one would argue that trust or moral obligation alone can replace institutions like contract and commercial law as necessary preconditions for the emergence of a modern industrial economy. Historically the growth of economies has occurred within the institutional framework of well-developed coercive polities. We do not observe political anarchy in high-income countries. On the other hand the coercive power of the state has been employed throughout most of history in ways that are inimical to economic growth.

People who do not know or trust one another, cooperate only under a system of formal rules and regulations, which have to be negotiated, agreed to, litigated and sometimes coerced. Here, trust is created between parties thanks to contracts as tightly written in legal forms. In order for a contract to have the necessary support to act as a safeguard; law must provide a reliable and costless enforcement mechanism (Lyons and Mehta, 1997).

This form of regulatory control plays a significant role in controlling opportunistic behaviour, because law constrains the issuer of promise to do what is committed. Countries can overcome some of the problems of a lack of trust by passing laws requiring good behaviour.

Recourse to reliable courts for purposes of ultimate appeal, serves to delimit threat positions (hence reduces contractual risks that would otherwise deter exchange). Economies with better rules will thus be able to support more complex and potentially hazardous inter-firm transactions than will economies with less developed rules and/or less reliable enforcement.

Contract is a formulated agreement and often enforced by politico-legal systems. Classical contract theory sees contracts as tightly written legal forms (Lyons and Mehta, 1997), with lowest transac-

tion (contract) cost relative to outcome efficiency. In this theory, a complete contract is defined as writing agreement between two or more parties that is perceived or intended, to be legally binding (Lyons and Mehta, 1997, p. 241). This agreement may take a variety of forms: written or verbal, implicit or explicit, but a formal contract is always a written agreement. Confidence in the contract is assumed, as long as the contract is based on verifiable information, on the implicit assumption that the law provides a reliable and costless enforcement mechanism (Lyons and Mehta, 1997 p. 242).

3.3. *Voluntary or Non-Governmental Institutions of Trust*

Transactions involve a minimum of two parties: the customer and the merchant, and in some cases there is a third actor who assures the customer that the vendor is trustworthy. When consumers do not know vendors, they might rely on a third party to verify their credentials. Consequently, vendors might use the endorsement of third parties to signal conformance to the standards and principles and build customer trust. Information disparity in e-commerce encourages the use of sponsor-based assurances, because they are a signal to the user of legitimacy and trustworthiness.

Although this source of trust can include recommendations from family members, friends or colleagues, it is most efficient under the form of governmental or professional organizations which produce trust through endorsement and report about whether an exchange partner deserves the "Good Seal of Approval" (e.g., Better Business Bureau, TRUSTe). Clients often trust government agencies and professionals institutions without being in a position to check their expertise or trustworthiness.

In consumer behaviour literature, endorser credibility is considered to influence both consumer attitudes and intentions (Harmon & Coney, 1982; Moore et al., 1986; Sternthal et al., 1978). Consumers often transfer the perceptions of trust and expertness generated by the endorser onto the product, service, or organization that is being recommended (Hawkins, Best, & Coney, 2000). Accordingly, third-party endorsements and expert endorsements (Dean & Biswas, 2001), can possibly change opinions (McGinnies & Ward, 1980) and influence purchase intentions (Ohanian, 1991). For third party-based trust to occur, three conditions are to be satisfied: certifier's sponsorship generation, conveyance of information (Klein, 2001) and customer's acceptance (Cook, Luo 2003).

The generation of information can take the form of testing, inspecting, researching, evaluating or interpreting. For example, Consumers Union does all of these when generating product ratings in *Consumer Reports* (Klein, 2001).

Information conveyance means a *transfer* of trust from the third party to the exchange partner, where the amount of transference is proportional to the perceived trustworthiness of the institution. If the independent sponsor's word is favourable, then the promising vendor will spread it far and wide. Electronics manufacturers hire Underwriters' Laboratories to test and grant a UL mark upon approval, makers of computers mention "editor's choice", movie ads reproduce positive and informative excerpts from the critics and restaurants display flattering dining reviews on their windows, and public or private organizations hire Moody's ratings to market their securities (Klein, 2001). Research shows that Web seals promote feelings of trust (Houston & Taylor, 1999; Palmer, Bailey & Faraj, 2000) and influence users' intents to purchase online (Kovar et al., 2000; Mauldin & Arunachalam, 2001; Wakefield, 2001). The degree of endorsement by the third-party seal can play a major role in the trust transference process. Many third-party seals give different levels of approval or provide ratings for online vendors. Obviously, consumer trust is more likely to be transferred from the third-party seals to vendors when the degree of endorsement is high while a low degree of endorsement may suggest mistrust of the online vendor by the third-party seal program (Cook, Luo 2003).

Finally, if the customer trusts the endorsing third party and there is a strong tie between the third party and the company, then the final consumer accepts the transfer of trustworthiness from the former to the latter. This process rests on the assumption that the customer transfers trust from a known entity (the third-party seal) to a potentially unknown one with whom the customer has little or no direct experience (Cook, Luo 2003). The standards and procedures for granting, reviewing,

and cancelling seals, along with the sponsor's seal program longevity are important factors in determining whether consumers trust the sponsorship and its transfer (Cook, Luo 2003). Internet users implicitly assign value to endorsement when they explicitly choose an unknown vendor with an assurance seal over an unknown vendor without a seal (Lala et al., 2002). Internet users likely assign higher levels of value to seals from endorsing firm that they consider highly credible, trustworthy, or expert (Hoxmeier, 2000), while the value of a seal from a third-party organization with low perceived credibility is not likely to be highly valued in an online purchase decision.

4. Conclusion

In this article, through a vast review of literature, three sources have been identified for trust: personality of the trusting party, reliability of the partner, and the third party certifier.

The personality of extravert, sociable, and open-minded individuals, considered to lead to trust because they expect generally the same positive gesture from others, while negative, and low self-esteem people take hardly the risk of trust. Trust is also found to be based on relational experience or reputation of a partner, who is believed to behave in accordance with prior commitments and refrain from opportunistic behaviour. Successful little transactions that involve slight risk, can lead to bigger and trustier relationships. The satisfied customer can serve as a spreader, by passing around a positive word that can back up and reinforce the reputation of the firm within the customer's social network. Finally, trust might be created through assurance provided by the third parties, with faithful and secured methods. A company's credibility, sponsored by independent certifiers, increases confidence and creates trust. This kind of trust is mainly obtained through contracts and shared values, which do not require lawful rules for building trust.

Beyond exploring the sources of trust, we think that we have dealt with our objective, relative to exploring marketing strategies of trust generation, with some success. Three basic marketing strategies, corresponding to three different sources of trust, have been analysed and developed. Our suggested strategies might yield to actionable policies to build trust. Consequently, marketers and business responsible managers can proactively contribute to build trust, in order to ease and speed up transactions and exchanges.

What the article leaves unclear is the quantitative aspect of trust. Different questions relative to measurement and cost of trust building can be raised: what is the relation between the cost of a marketing strategy for building trust and the impact of the created trust on sales? While the causal relation between trust and transaction is self evident, one should get some interest in exploring regression analysis, between amount of trust and that of marketing outcomes. Other quantitative inquiries can also be considered. However, since this article opted for a theoretical approach, quantitative methods do not seem to confirm its findings, but to extend and cultivate them. Now that a conceptual baseline has been built, some statistical models can be explored. It will be consequently useful to consider the quantitative aspects of this inquiry in search of some practical models.

The authors will welcome partnership and contribution of scholars and professionals in this perspective.

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