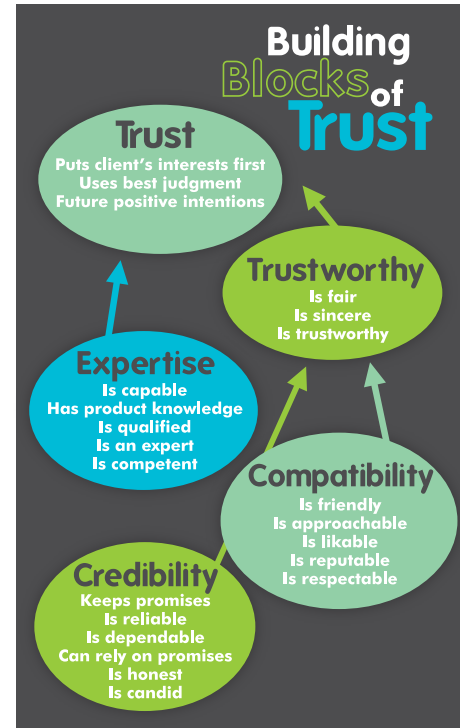


## Building Blocks of Trust

**By John Andy Wood, Ph.D., James S. Boles, Ph.D., Wesley Johnson, Ph.D., and Danny Bellenger, Ph.D.**

Agents are often advised, encouraged, and even admonished to gain the trust of the seller, the buyer, or both. This advice is based on a wealth of research that shows salespeople who are trusted have more satisfied clients (Anselmi and Zemanek 1997) and that these clients are more committed to the salesperson (Geyskens, Steenkamp, and Kumar 1999). And while the advice to create trust in the buyer-seller relationship is well founded, it misses a critical point. No salesperson can force the client trust him/her.

What our research shows is that client trust in a salesperson develops out of a multi-step process. Clients will evaluate the credibility and compatibility of the sales agent to decide if she or he is trustworthy. The client combines that information with a judgment about the expertise of the salesperson. Positive assessment in all these areas will lead to trust of the salesperson. These findings are based on a statistical method that combines results of 32 previous studies and responses from over 3,000 clients and customers. These results span a variety of industries, ranging from automotive to industrial products and include residential real estate sales.



### Trust and Trustworthiness

For trust to occur, a client must conclude the salesperson intentionally considers and acts in support of the client's interest. While this rule does not preclude a salesperson having interests different from the client's, it does mean that there must be some congruence in their interests. Both the salesperson and the client must want to the same outcome (sell the home at \$XXX,XXX price). Trust cannot occur when the client concludes the salesperson has no deliberate interest in the client's interests.

This theory of trust is known as the encapsulated interest view of trust and it explicitly incorporates all the elements of trust formation (Hardin 2002). Trust formation begins with the client's perceptions and assessments about some specific traits of an agent. We call these traits salesperson trust-related characteristics. Clients will evaluate the agent on his or her credibility,

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compatibility or shared values, and expertise. Following these evaluations, the client uses a social categorization and comparison process (Elsbach 2004) to classify that salesperson as either a member of the 'in group' of trustworthy people or as an outsider and thus untrustworthy. As shown in Figure 1, these three salient traits form a foundation for client trust of an agent.

Clients use the first two factors (credibility and compatibility) to categorize a salesperson as trustworthy. A positive conclusion about the trustworthiness of the salesperson is necessary before a client will trust that agent. Assessment that the salesperson has expertise in the product being sold leads directly to trust. While each characteristic is separate, all three are needed for there to be trust. The process is similar to going to the airport and finding a good friend sitting in the pilot seat of the jet. You know your friend is honest and shares your values but unless you also know s/he has the ability to pilot a plane, you are not going to be a passenger on that jet. Similarly, while clients may have evidence of your expertise such as your real estate license, awards for performance or other indicators, unless there is also positive assessments of your credibility and that you have shared values, that client will not trust you.

## **Salesperson Credibility**

The idea that salespeople must be credible in the client's mind is pervasive in the sales literature. Typically, credibility is defined as the salesperson's honesty, candor, and reliability. These individual traits are important because clients must feel as if they can rely on the salesperson's actions and words. But this research goes further and indicates that the credibility of the salesperson is part of the foundation of trustworthiness assessments. A trustworthy seller is not only truthful but does not withhold information. The client seeks transparency and consistency in all information that comes from the salesperson.

Our research suggests that given the advice of 'gain the clients trust,' agents can best do so by managing those actions and behaviors that are perceived by clients as indicative of credibility. When assessing the credibility of an agent, clients want to know that the agent keeps promises so only make assurances that can met (Kumar, Scheer and Steenkamp 1995). Clients do not want just any assurance or promise, they want the promise they can rely upon (Crosby, Evans and Cowles 1990). Speaking of reliability, the client wants agents who are reliable and dependable in their actions (Kennedy, Ferrell and LeClair 2001). Be on time, have what you say you will have, and call back when you say you will call. Finally, the agent is the primary source of information for the client. The client wants not only honesty but candid conversations with transparency.

## **Salesperson Compatibility**

The other salesperson trait that helps form the foundation of trustworthiness assessments is compatibility. Clients must perceive that the salesperson has value systems and world views that are compatible with the client's values and views. Assessments of compatibility are client's

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judgments that the agent's motivations arise from a belief and value system that is common and compatible to the client's. Capturing this trait are measures of likeability/similarity (Plank, Reid and Pullins 1999) and reputation (Doney and Cannon 1997).

The assessment process of this trait begins with the client having a sufficient comfort level with the situation so the client will spend time getting to know the agent. Clients are unlikely to even make the first approach unless the reputation of the agent is good and the client concludes the agent is respectable (Plank, Reid and Pullins 1999). Then, clients must find the agent friendly and approachable (Ramsey and Sohi 1997). Additionally, agents should strive for the client to like them (Hawes, Mast and Swan 1989). For the client, these judgments are about finding common ground with the agent. If there is common ground, the client becomes comfortable with the thought that the salesperson is motivated by a value system shared by the client.

## **Salesperson Expertise**

This research finds that salesperson expertise directly influences the client's trust of the salesperson. The salesperson may independently be judged as having characteristics such as credibility and compatibility but if that salesperson does not possess the ability (Swan et. al. 1988) and/or competence (Jap 2001) to fulfill the client's interests, he or she is not likely to be trusted. A determination of expertise develops out of the client's perceptions that the salesperson's industry- and product-specific-knowledge and capability to use that knowledge will advance both parties' interests. Therefore, in overall trust formation, perceived expertise does not directly influence trustworthiness but is a salesperson characteristic that directly influences a client's trust.

Establishing agent expertise is probably the trait that agents work the most upon. Our research indicates the following are the specific aspects clients use the most when assessing expertise. The client wants the agent to be qualified, that is, licensed to show expertise. Clients want specific evidence that agents know the market and the selling process. When visiting various neighborhoods, hearing the agent discuss proximity to schools and short-cuts to common destinations serves as one signal that the agent is familiar with that neighborhood. Clients are looking for salespeople who are capable and competent (Boles, Barksdale and Johnson 1996). When clients reach positive conclusions about an agent's expertise, this goes a long way towards trust.

## **Formation of Trust**

Since agents are given the advice to gain the client's trust, our research suggests that agents can best do so by managing those actions and behaviors that improve perceptions of credibility, compatibility, and expertise, the traits that cue judgments of trustworthiness and trust. Gaining the client's trust seems to be indicated by positive decisions about broader characteristics of the

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salesperson. For instance, when categorizing an agent as trustworthy, our research shows clients are judging the salesperson as sincere (Crosby, Evans and Cowles 1990) and fair (Andaleeb 1996). These are characteristics that may be demonstrated by the agent's behavior but are really higher-order beliefs about the trustworthiness of the agent.

Trust in the agent is a judgment accompanied by an action. When trust is established, the client will take a risk and will put some valuable resource (the sale of the property) into the care of the agent. According to our research, when clients trust their agents, they have concluded three very important things about their sales professional. The client believes the sales agent place the client's interests first (Crosby, Evans and Cowles 1990), that the agent will continue to work toward positive outcomes in the future, (Kennedy, Ferrell and LeClair 2001), and that, in all dealings with the client, the sales agent uses his/her best judgment (Kumar, Scheer and Steenkamp 1995).

## Summary

The need to gain the trust of the client is clearly understood. The point of this research is to demonstrate the process of trust formation. Agents should not only work on their expert knowledge, but intentionally make clients aware of their expertise. Clients are seeking indications the agent is honest, reliable, and does not withhold information. Provide demonstrations of these traits early on with the potential client. Finally, clients do want to understand the motivations of the agent. Clients are trying to identify shared values. The client does want to like you and find you friendly, but they also want to know others have found you reputable and respectable. So offering references of current and former clients should be part of your early engagement process.

Remember that the formation of client trust is a process. This research indicates the process needs positive judgment by the client about the credibility, compatibility, and expertise of the salesperson. Missing one foundational element will impede trust formation. It does not mean that a transaction cannot be concluded, it just may not be trust-based. This trust formation process can be managed but it must be sincere or else it will feel "manufactured."

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