Trust Builders with Rory Sutherland - The Science of Trust for Customer Experience

[Music] I work for an advertising agency I work for Ogie but I anticipate of my remaining working life the majority of my time being spent on customer experience trust because that only only about 25% of brand value is attributable kind of your advertising activity the rest of it experiential short-term greed undoubtedly undermines trust it's something I think that is hugely undervalued by businesses because it generally doesn't manifest itself uh as a cost it manifests itself as lost opportunities my name is Chris Johnson I'm joined today by my esteemed uh co-host which is Alex goov uh for those that uh don't know Alex he doesn't need any introduction he has published a fantastic book forget the customer see the person a business guide the deeper customer empathy and in certain times and Beyond so Alex welcome before I begin I would love to introduce uh Roy it's a real pleasure you very kindly met with me some seven years ago and I know you've uh caught up with Alex in London as well and and I suppose for a man that needs no introduction I'm going to introduce you anyway you are currently the vice chairman of olave in London and you were there and co-founded Behavioral Science practice and for anyone that has read your books there's uh a number of them uh which we'll be referencing throughout the podcast but certainly your TED talks on uh YouTube or ion famous six million views globally and certainly your esteem career has taken you all over the world can cans as uh uh part of the chair the judges for The esteemed advertising uh Awards there as well and you've now published your mad Masters which with an exclusive offer for everyone attending today but the subject today is all about trust Rory so right ah this is brilliant that what I would love to to ask and Alex is gonna engage conversation is really defining trust from your perspective thinking about behavioral approaches in science and terms of how you build trust and thinking about how trust and lost and then we'll we'll look at the Dark Side of trust you know the Arts and tricks of heral sence in terms of how we create these nudges H but let's start with trust and how what's the lens that you look through in terms of of uh consumer and employee trust it's something I think that is hugely undervalued by businesses because it generally doesn't manifest itself uh as a cost it manifests itself as lost opportunities and we have this problem which is we we can see the cost of a transaction and lots of consultants and lots of accountants will come in and say we must find ways to reduce this transaction cost okay when you do that what you don't see that's very easy to quantify and you lay claim to the saving and you walk away as if you've done a wonderful job what you don't see is all the sales you fail to make because you did all the the subsequent sales the repeat purchase the cross- selling you can do that you failed to do because you didn't actually establish uh proper levels of trust now I suspect that Amazon does understand this because Amazon probably does measure it has enough data and it's a fast enough business that in its approach to customer service it probably does invest adequately because it realizes that you're only three angry experiences away from a lost customer or an awful lot of lost future Revenue but most people effectively costs are quantifiable and they're immediate and the gains from cost saving go to the bottom line very very quickly opportunity costs which I think you know mostly what you incur when you fail to establish adequate levels of trust are very different they nebulous they in many CA cases it takes time for them to manifest themselves um and as a consequence I think all businesses are not may maybe not all but nearly all are vastly too heavily weighted towards maximizing short-term transactions as distinct from investing in the long-term health of the relationship because that investing in a relationship as anybody who knows who's got married or anybody knows who's got a boyfriend girlfriend or anything else okay knows that it involves some upfront costs okay you know um you know commitment sure I think I think it's also by the way I think there is a literal Crisis online in customer service which is in danger of being almost a systemic problem that enough people will have had an atrocious experience of interacting with a company online where it's impossible to find the phone number it's impossible to speak to a human being where unless your query is one of six pre-ordained types it's impossible to get anybody to listen to you and the risk I see there is not merely that they will abandon the companies by which they've been ill treated but they'll abandon the whole business of interacting online so you know if you if you fail to invest in your long-term brand uh there's a cost there in terms of your brand Health relative to other brands but it probably doesn't affect the category all right yes if you if you fail to invest in customer service um you know we should I mean I was jokingly saying the other day that we need to have a campaign for the protection of call centers know we we need to treat them like an endangered species yes uh in in the world of ai ai y y and call centers are really really important because they're the the point of Last Resort for a problem but also they're the only place where you become aware of where your consumers are experienc or customers are experiencing problems because it's likely that your you know your online interfaces don't have a checkbox or a button for thousands of the most uncommon problems that people experience I mean it's interesting even on Amazon who I usually would cite as a good example it's quite you know well I'll give you the classic things how was your experience and quite often they'll give you an opportunity to say you didn't like the product or anything else but if the thing is marked as delivered but you didn't receive it okay so in other words according to their their website they delivered it to you according to you you can't find it anywhere and you've walked around your garden and you've asked your neighbors and it's still nowhere to be seen you literally find there is no way online of actually raising that problem yes and consequently if you get rid of the call center as an efficiency Drive you'll never learn what's going wrong you'll only learn what's working to plan fantastic fantastic and Roy when you're thinking about you know your your starter point which is trust is hard to measure and you're you're almost seeing it as an intangible asset you know in terms of how you're quitting that to brand and then Alex you know your your view about this this short termism you know two points in terms of the the importance of measuring trust and that being strictly linked to Brand experience and then you've just Illustrated that through uh the example of Amazon so in terms of the definition of trust and how you think it should be built is it trying to quantify the measure of trust to then put that either as a risk because You' have just described it as an intangible or something that yeah it's clear so how do we think about that that measurement or or defining that from from that perspective I mean it's probably the the absolute trust would be the single best repost to people who say what gets measured gets managed yes because it's in many ways a dog that doesn't bark in the night it's something more noticeable by its absence than by its presence I think and if you think about it you know when you when you interact with a trusted brand I mean Neuroscience tends to show that when people buy trusted familiar famous Brands they register less mental activity than when they buy something unfamiliar and trust is in a way all the things you don't have to worry about mhm I'll tell you a very interesting story about that which I love to plug this company because I think they're extraordinary and weird they don't exist in the US they're a Dutch company originally called quooker and they make boiling water taps they also make Taps that dispense Spring Water filtered water chilled filtered water and sparkling water all from the same tap and when when I inquired they said if you like we can give you a demon ation in our showroom uh of the tap now bear in mind they cost about £800 about $1,100 $1,000 it's a lot of money to spend on something which your Kettle did beforehand um and I said well where's your showroom they it's in Manchester I said to be honest I'm not going to Manchester to have a tap demonstration it's 200 miles away they said no no we'll do it online and they spent about 20 to 30 minutes demonstrating it to me and my daughter and my wife and we asked a few questions and they showed us the design and they we said well how much does it cost to run and they answer that question and in the end they said I think they gave us a 10% discount and we ended up buying the tap now what worries me about that is a lot of accountants would come in and they'd say we need to get people to buy directly we need to we need to drive people towards online purchase we can't afford that um degree of investment in a sale I'm sure sure it's still profitable obviously they wouldn't do it otherwise but they would try and drive people towards the simple interaction I would argue that yes there are a percentage of people e EG the fantastically Rich who will just go online order three of those Taps for £3,000 and wait for them to arrive I would argue that 90% of the market for that product will never buy one without a conversation with a human being first and so our attempts to stream line transactions which come out of neoliberal economic ideas about you know effectively utility functions and so on um our attempt to streamline transactions and our tendency to see salesmanship as a cost will drive companies more and more to actually try and sell in channels that don't Inspire any trust or don't generate any Trust mhm and actually the long-term effect of that is that you might sell very efficiently but to far far fewer people yes and it becomes impossible for you to grow yes and would you say as a result of that Rory it's it's people Centric and maybe bring in in um Alex to that point and obviously the point you made at the start about the contact center you know zapus is famous for um providing excellent customer service and and by the way selling shoes as well so we maybe ask Alex to kind of build on that point to to kind of frame another question just to say before there The Economist who understands this is deedre MOSI who's at the University of CH or University of Chicago trained anyway but she says that sweet talk is about 25 to 30% of the economy in other words we tend to economists tend to ignore it because they see transactions as merely an attempt to satisfy pre-existing demands but she argues that the natural default position of humans is to do very little it's either to do what they've done before or to do nothing or to do what everybody else does and if you want a competitive economy if you want coordination between human beings if you want trade exchange and barter a necessary consequence of this if you accept that humans are human is going to be a certain amount of investment in Persuasion and reassurance yes and and and the attempt to shrink that looks like an efficiency gain it's actually shrinking the economy that's fascinating I think I think America's great because you're a really good salesman I think that's why America's rich I be blunt about this I think if you look okay Steve Jobs salesman okay Thomas ala Edison salesman they're huers okay they're brilliant huers that's why you're rich as a country you're just really you know it's that Fairground snake Isle stuff large that's what's made you rich but but I love the fact that you say that trust is is invisible but then that sweet talk that 25% of the economy is invisible as well Alex your point you know in terms of of thinking about that definition the lens that's just been defined by Rory what question would you then put the Rory in terms of how how we maybe expand that on absolutely um Rory again a pleasure to chat with you again it's always a joy Alex it's fantastic what I really love about your work Rory and I've been a fan for a long time is that you bring psychology I'm so sorry the phone's ringing and I'll have to stop it I'm so sorry we'll just pause this one second sure so so what's interesting and I think there's two points to be made while while Rory's taking a call so the first point is this idea of business is people and people providing the bridge for trust and that's something that Alex I know is is really important to you and something that is ignored you know Thinking Beyond people as as numbers but maybe if you built in that in terms of your question back to to Rory there right absolutely so what I was saying that Rory what I really love about your work uh is that you bring uh psychology to the business world right you you make it accessible you make it you related to uh what businesses care about and uh and speaking of psychology and I'm a psychologist myself um we have to think about the human brain and the environment of evolutionary adaptedness when we developed and commerce was happened in the Agora right so it was it's a intrinsically social activity so that's why um I think it was a brilliant um um brilliant Visionary decision by Tony Shay and and and the zapus leadership 25 years ago when they said everybody's cutting cost to your point for customer service to save money we're going to go the other way we're going to invest a lot in customer service and so they develop this zapo is known for customer service now they develop this Stellar customer service that's based on no waight times no limits to the to the phone call uh the longest phone call was almost 11 hours long and I personally mean I've got to know about I've got to know about that call I mean I I I have I know I I know roor you love anecdotes so there's one anecdote for you you know the co person the customer center person had to take two bathroom breaks or so but another story is in the early days Tony was with friends in uh in Vegas and uh having a late night dinner and he told his friends we we have such great customer service if you call them and order a pizza they'll arrange it for you and they did that and they arranged the the pizza ordering uh but the point is they've developed this to be more of an expression of hospitality where which is when something happens for you not to you and and Rory to add to your points about cost I would say the same applies to uh Revenue too the desire to accumulate more and more revenue from the customer yes right um at at any cost right at the short term so you just bought this why don't you buy another five of these right uh so that's uh in addition do do you want a lovely thing to watch um if you I I don't know if you're a fan of jet Jay Leno's Garage uh it's a fantastic thing where he spends his fortune buying and restoring extraordinary cars and actually benefits the whole of humanity by talking I I think it's equivalent to The Gates Foundation in terms of an act of philanthropy okay because if you like cars the pleasure millions of people derive from Jay Leno's garage is fantastic but he he he has this little film about why he never buys a Ferrari and that's because they play the game which a lot of luxury goods Brands play which is we'll only let you have our limited edition resellable really valuable stuff if you buy a lot of boring stuff and he says with Ferrari unless you buy a lot of kind of middle of the road you know abundant Ferraris they won't let you buy any of the rarer models and he contrasts that with McLaren and when he rang up McLaren to order I think the F1 he said and I quite like the I think it's carbon fiber brakes or something and the guy on the phone said um uh Mr Leno said um are you planning to track this car or are you basically going to drive it on the street and he said well I'll take it on the track once or twice but 90% of the time it's going to be driven just around La and the guy goes well I can save you $220,000 right off the bat because you don't want those carbon fiber brakes he said unless you're tracking it they take ages to warm up to become effective they're not very good for Street use uh you really don't want to pay the extra and he said right I've sold now actually one of the best ways you can establish trust is by downselling people I talked to Alex hosi about this recently that if you actually show I'm more interested in my reputation for selling you responsibly a worthwhile product a colleague of mine K weaton uh similarly was down sold a washing machine where she was going to buy a maer and there lots of very fancy ones and she just had young children at the time and they said look if you just had young children your washing machine is absolutely Mission critical by the best brand that's most reliable but by the the bottom of the range Miler washing machine because it's a tank it'll keep on going there's nothing complicated to go wrong the spare parts are widely available if anything does go wrong and from that moment on that was a sale absolutely made but it was also trust established because you you establish your credentials by a bit of costly signaling my willingness my willingness to invest in this relationship is proof of my commitment to you effectively exactly Rory and you know what this is a brilliant example of is uh and I want to bring the the Lama here in the conversation oh good yes hbr article on him and he talk that that's killed our Chinese viewing figures but never mind okay okay let's stay let's stay out of politic exactly politics religion and and the other stuff right that's a billion people not watching suddenly never mind yeah we will bring up the Dal Lama yeah so um no I I I love this because uh you would expect him to say you know world peace and and so on but he talks about uh how we are all motivated by self-interest and this is again another one of those psychological uh truths right but he but what he advocates for is what he calls wise self-interest where you take the interest of the other party in into account and it's as simple as that and I think that's what you your your um examples represent right you're saying I'm going to make a sale I'm going to make money but I'm going to save you some money so I I'm thinking about you as well so any one-sidedness for example uh any greed right in a way uh would undermine trust and short-term greed undoubtedly undermines Trust I mean there's a famous anecdote I don't know who it was and it dates back to something like the 1970s but America's most successful car salesman was asked what his secret was and he said when I when I'm selling somebody a car my principal thought or focus is how do I sell them their next car not how do I sell them this car but how do I sell them the car after that now obviously that probably means in the short term he was not America's most successful car salesman what made him America's most successful car salesman was that his customers came back I I'd I'd also say that actually metrics like Hotel ratings and things are easily gained they're not very reliable one really good metric for a business which is hard to game and is I think pretty reliable is repeat purchase I I spent a lot of the last 10 or 15 years evangelizing air fryers okay I tried to persuade our clients at Phillips to advertise air fryers at a time when they were the only company that made them at least in the west okay and my argument for doing it I said look I know it's an insignificant part of your product portfolio but what is significant is is not everybody there are people who buy air frers and you know for some reason fail to see the light um but 90% of people who buy an air fryer become an air fryer evangelist okay and I said most products don't do that if you've got a product that does that you've got a winner you know you're onto a gold mine here and you're and so that that fundamental difference between maximizing lifetime value versus maximizing short-term transactions and and of course most of the financial incentives in a business now are driven by quarterly reports so everybody's under pressure to do the the short-term thing a huge amount a very valuable thing you can do in my business I think is altruism you know it's it's reciprocation just give people things for free if they're useful and hope they'll come back you know it doesn't work immediately but it works over time and actually the other thing that terrifies me is the dominance of what I call the tech Consulting Finance Nexus which effectively okay I'm I'm just intrigued to know effectively it's driven by an efficiency mindset not an opportunity mindset or a growth mindset it's it's a it's a tailor kind of efficiency model which is inorganic it's kind of Newtonian and reductionist and all that sort of stuff but but actually one thing that worries me is you have this incredible strangle hold now over businesses where if you can suggest you replace a call center with AI okay I don't think anybody in the board of directors would say what are the costs of doing that as distinct from the savings right and the tech people have managed to basic I mean zapo is a complete outlier in being a company that's launched by saying no no no we're going to employ a lot of people and they're going to be really helpful to people 99% of business proposals nowadays are here's a way you can replace people with some Machinery now there are a lot of cases where we should be replacing people with Machinery you know there's no point in having a human being tell you what your bank balance is you can automate that okay that's fine I'm happy about that what I worry about is this ratio is like literally 99.9 to .1 when it should be something like 80/20 right it's just completely out of whack so do you think that this almost like Rush towards you know Automation short-termism and using technology as a lever is ultimately going to lead to distrust yeah definitely no not a shadow doubt because the three things you've said are almost like um not counterintuitive but they're they're kind of the secrets of the the consumer behaviorism like altruism if you're to go into the boardroom and say hey guys we need to we need to do this in a certain way or we need to potentially down sell to get more trust or whatever certainly to employ more people to build that longer term trust so it seems that the building blocks for trust um there there needs to be a stronger argument would you say in terms of how you convince you know or the business that do that have the competitive Advantage is is that what you're you're you're kind of edging towards I I go further and say that that things we're doing in business that appear to make perfect sense may be deeply damaging procurement for example strikes me as if done well it's a strategic discipline it discusses things like continuity of Supply resilience it asks really good strategic questions most procurement is not done well it's basically beat people down on price okay and instantly get them to repitch for the business every two years so you can beat someone else down on price now that violates it's a basic principle of reciprocation if you're an ad agency okay the things you do unasked for and unpaid are quite likely more valuable than to your client than the thing you're paid to do okay now your incentive for doing that is it's an investment in the relationship okay if I take them this really good idea which our creative team has had which they never asked for but it could save them we had one where we took a client an idea that actually you know made them an extra 10 million pound a year in Revenue okay for a cost of £25,000 now what you're relying on there is that they mentally put a check in the value box and next time it comes round for Renewal they actually acknowledge that value that you've created and you're more likely to keep the business okay it's an investment in the relationship but if every two years basically procurement come in and say we're going to repitch this whole thing and the decision is only going to be made on price and then you get the other weird thing with procurement which is they they they're a massive um obstacle to Innovation because what they want is ease of comparison so I met a friend who's a legal he sells legal services to the Health Service and to health companies and he went he went in and said I've got a solution to this you pass us the same hourly rate as you did before but we can achieve the same for you with 25% less hours so we make the same hourly rate you spend 25% less and the procurement people said we're not interested because we're comparing hourly rate with hourly rate not number of ours so your attempt to actually enhance the value exchange by actually you make a bit more money yourself per hour but we buy fewer hours it's a win-win is disallowed by the procurement function because it uh prevents them easily comparing apples with apples so in advertising for example you might go in and they say we've got this problem and you they say we've got a budget of5 million blah blah blah blah blah and you say actually you don't need to spend the5 million you can solve this problem by putting a sticker on something you know okay sometimes those things happen okay and they go we're not interested in that we need you to quote for two TV commercials and three press ads so we can compare your cost against three other agencies and you go but we've saved you 5 million quid does that not count for anything nope because it lies outside the frame of reference it's crazy so Rory I think what what what comes through for me Chris just just to to build on that is the this importance of relationships I think roor you've mentioned this so many times and and I think that that's one of the biggest insights for me here is that in a mechanistic world yeah right relationships don't matter it's like one machine operating and then another machine plug in and and that's where uh when you have businesses turning people into numbers into averages right and and I often joke when I when I give my talks about having 2.4 children right or having the yeah you know uh average experiences and so on um but zapus was built on on relationships relationships among employees relationship between the vendor and the the company um and so on so that to me is one of the biggest mindset clashes nowadays is if you take a mechanistic view right relationships don't matter an awful lot of the value EX change is actually reciprocation of intangibles MH so famously John Kay the professor writes about the brilliant and now once again brilliant actually retailer Marks and Spencers in the UK which had these extraordinary relationships with suppliers and they basically got rid of all of them and they went to lowcost suppliers in Asia for their clothing what they'd failed to notice is because historically they've been very very loyal to their suppliers their suppliers took all their best R&D ideas to March and Spencers first and as soon as they became transactional about this saying we pay for shirts we don't pay for ideas okay the ideas sto coming and actually they had exactly what you'd predict happened it was a chap I better not name him because I don't want to get a liel case or anything but the COO who took over enjoyed about three quarters or a year of really spectacular profits and then the reputation of the business fell off a cliff and and so an awful lot of any kind now let's be honest here because my wife used to work in procurement and when she hears me RA rage about it she gets very cross rightly because there are relationships which are toxic okay I mean there are relationships which border on corruption I.E Mutual backs scratching favors golf days and procurement does serve a really valuable function if it gets rid of some of that and it it also encourages people to innovate because you know an awful lot of people let say buying stuff for the public sector will value a cozy repeat relationship over uh you know the learning curve of starting a new one so procurement can do really valuable things I mean I'm I'm in preventing that thing becoming toxic but at the same time if it's absolutely rigorous and it says this is all about to find delibera bles and we don't allow for intangibles at all it's just as dangerous in the other direction I just end building on that so we've defined you know the trust is intangible and and the people that realize the value of that intangible asset are doing these three behaviors that you you just outlined in terms of bringing that into the workplace and also for customer experience what what are the nudges or what are the what are the lenses that we can look through um Rory in terms of what are the strategies or tactics or approaches that would help people based on that approach to either articulate the value of trust or tactics to actually start to build up I mean probably the way to sell it as a business and you know I would I'm talking to a colleague of mine in another Behavioral Science practice is actually you know we were talking about customer service and customer experience in Banks okay now I would argue rather mischievously that most people don't change Banks they stay with banks so if you don't provide very good customer service you don't really lose any customers what happens is your customers just become inert and untrusting and use you for the bare minimum of things but you don't actually lose them as a customer right it's not like being a restaurant where if you provide a really bad meal they don't come back so Banks don't notice when trust is eroded but I would argue that High real estate prices are in part a product of low trust in Banks okay which is if you think about it your Banks if you're a bank and you want people to invest your comp competitor is actually what's that thing in America I need to use aner you know it's kind of savil in the UK or it's Max whatever it is you know the big real estate re yeah yeah yeah rebacks thank you yeah because they're going to go I don't really trust my bank I've got so many thousand pounds I'm going to put it into bricks and mortar I'm not going to put it into actually productive investment and I want I often wonder about this question which is if we had really trustworthy like Quaker old-fashioned Banks okay which were you know just in sanely trustworthy you know would this have H would the same property surge have happened you know I'm not saying it's the only Factor by any means but you know low interest rates cheap money Etc but it strikes me that you know there is that element where um low trust in a bank means that you keep the customer you're still performing their kind of current account duties and the basic transactions not actually losing a customer but you're losing a hell of a lot of potential future business right and the same applies to insurance companies so I don't know about the UK but I work for State Farm Insurance here yeah a huge insurer and they they started a bank I mean they they insure but they start a bank and they start life insurance and they do they call them different products and and that's the that is the the idea to to build trust and the way they built trust was through this network of uh 16,000 agents humans right that I know really that connected with you and that uh I was on a on a research trip one time in rural Indiana with one of them and we I drove around with them and uh we visited people's homes and uh it was it was fascinating to observe the small town interactions and so on no and of course you know it's in very large cities business is a lot less social than it is everywhere else it's much more transactional and you notice as soon as you get out of a big city that every financial transaction also comes packaged with a social transaction you even a visit to the shops is how are you how are your children you know there's an element to it which is you know it's it it's it's deeply human um and I I think that's so that State Farm is very interesting because they would know not to make that mistake by the way I think video calling is potentially in fields like medicine in fields like Financial advice I think it's and B2B actually I think it's potentially a breakthrough technology which no one's talking about because everybody's talking about AI but historically we had this yawning gap between what I'd call relatively low trust forms of communication okay you had advertising which was kind of trustworthy because it's expensive okay if you spend a lot of money saying something it's kind of a costly signal that you're going to deliver on your promise okay you know you wouldn't spend $30 million uh advertising a car if you thought it was a waste of time for people to take a test drive in it so there's advertising and Commercial communication but then in in the onetoone level of B2B or personal financial advice you have the telephone the text message you well the telephone slightly it's at least it's synchronous okay but you have all these little textual asynchronous modes of low trust low engagement communication then you have the telephone call which is a little bit to the right in terms of emotional connection and then until video conferencing came along you had this yawning Gap all the way to the face to-face meeting and what a lot of financial advisers are telling me is they say that Zoom is a godsend because the people don't want you in their house right they don't want you to come around they don't want to have to provide coffee they don't want to have to buy biscuits but at the same time they're not going to invest $100,000 in something on the basis of a phone call or an email or a text in it takes a conversation to you know to build up the ne exactly like that quicker sale in the UK you know there was no way I was buying that without a 30 minute conversation the the 11-hour conversation with Zappos I dread to think what that was about you must been an unbelievably convoluted problem but nonetheless you know there is a you know trust there are mechanisms for actually inspiring a reasonable land of trust and they're often quite time consuming and they involve human beings roor to to build on that I think a very important Point here is that it's it's not it's not the technology that really defines uh the relationships and trust it's the and I have another quick story from my work at State Farm um back in the day I mean this was many many years ago they were developing an automated voice response system for their bank and they wanted to create one in Spanish and so we we had to good thing we did some uh crosscultural research and to find out that uh that segment of the population would not never trust a transaction money transaction on the phone they would go and and hand the money in person so right for variety of reasons so so it's not AI it's just technology and the the mode of interaction that that matters sometimes it sometimes it can be technology by the way in that there one of the things that I find so American Express when I pay using online banking you know I've got a little bit of an American Express credit card balance I go and send them £500 I get a text about a minute or two later saying we've received £500 and then what I go do is I go and I send another 500 because I'm happy that the first 500 arrived okay now it's amazing that you can often pay let's say let's say you pay $5,000 into a pension or an IRA or whatever I'm not totally familiar the American language okay quite often you get no acknowledgment okay so what I actually spoke to someone who worked for a pension firm who said she she paid £10,000 into her pension she heard nothing it was her responsibility to wait six months for her next pension statement and check that they' credited her account with the requisite amount of money now that's just a that's just a technological failure actually you know send a text you know send a letter if you like it doesn't matter but there's you can't you can't have a world where people send $10,000 Into The Ether okay because it's terrifying you know I had a moment where I sold some Bitcoin okay I sold some Bitcoin and for for because of the software design of whatever the wallet was for about five minutes the money completely disappeared it hadn't even been putatively credited into my account okay so I was there just going oh my God you know Absolut and um Bitcoin actually is probably you know if there's one area where people should research I'm so sorry I'll just delete this um Bitcoin is one area where actually they need to research trust because that's probably the single biggest obstacle to these currencies actually becoming widespread they're too techy for their own good yes and and just link into that how much is it about singling and priming in in terms of of establishing that trust you know using the example example of banks you have the visual pillars but now you have these Neo banks that are providing these really slick experiences so how how much is it about signaling and priming for the the trust you know in terms of video conferencing if we were to go back to that love to build on on that point you know tips for for people building experiences in the role of of messaging and communication and signaling I me one thing is disguise your greed okay there's one thing that I I'll tell you two very interesting things there's a guy I speaking to I think it was at Price Waterhouse or possibly at Delight yes and he said that working for many many years on businesses he said you can divide businesses from customer focus trust Focus relationship focused businesses and effectively slightly um how would you describe it almost sociopathic businesses greed greedy businesses said one very simple heuristic he said are the call center staff allowed to call out ah and he said that more or less divides the sheep from the goats as it were and the reason is that if you now I think psychologically we react very very differently Amazon has called me back okay no other company has copied that fascinatingly but it has that button where it says my goods didn't arrive call me and you know 30 seconds later your phone rings and someone who already knows about your problem basically deals with it and I think there's something really interesting there which is the me mentality is Manifest in no the call center is a cost we don't want them calling out we want to minimize call duration versus we want to maximize problem solving and often that means calling the person back but I think the psychological effect of having a company call you which makes you feel like a valued customer is massively different to being made to wait on hold which makes you feel like a supplicant even if the conversation in the subsequent call is exactly the same the direction of travel of the call I think is massively decisive so that we just you know one example of kind of companies that have this kind of you know effectively they're basically trying to minimize the cost of your transaction and they don't care about the relationship and they're companies that are trying to maximize the value exchange and they're prepared to foro a little bit of short-term profit uh in the service of a greater end and this to me roor is a perfect example of um of this uh of hospitality when something happens for you not to you right when call it happens to you right but and and to I mean just to um to bring the zapo customer service into uh into the conversation again um in I mean it's famous for many things right but in our research when we Dove deeper we found um first of all the call center agents are measured on creating an emotional connection with the customer more than satisfying the you know solving the problem the problem has to be solved but this emotional connection has to be connected created but what we found was there's two ingredients in the success and the of of this famous customer service very simple one is when you say I'm sorry that this happened for to you I'm sorry and you take full responsibility you don't blame UPS you don't blame anybody else the neighbors I'm sorry you didn't get it and then secondly I'm going to fix it for you these two things when people hear these two things they come down so the point is and my point about technology is that even even with notifications Rory I think in some cases technology fails of course or or works but in some cases a human decided not to build in the notification it was a it was a human decision it was it was just just like just like if if we're conversing and I I ask you Rory I ask you uh did receive my money and you're quiet and you're you're on your phone you look down it's like and you're like What's happen it's the same it's the same you're right it's the technological manifestation of a human failing yeah exact yeah failing of empathy really isn't it and by the way that business of kind of the goods didn't deliver I this literally happens where you go your goods did not arrive and they go you need to contact UPS or you know or whoever it might be okay you go but you didn't even let me choose UPS you I me UPS are actually very good here I don't know what they're like in the US but here in the UK they're fantastically good so I'm unfairly vilifying them um but um it would be one of several other cers which would cause the problem probably not ups but I go you didn't even let me choose them okay you mandated them because it probably maximizes your volume rebates for sending as many packages as possible through I paid for the delivery you chose The Courier and now when I have a problem it's my problem I've got to contact The Courier how is how and you get literally cases where this plausible deniability of we've solved our part of the problem so the customer's problem is the customer a classic case of that is parking apps okay where you have a parking app and it's an underground car park and there's absolutely no mobile signal right okay now that's an absolute case where effectively it's nobody's problem except the consumers because each of the other three parties involved the operator of the car park who's a retailer the the person who provides the parking app and possibly makes money from the fines incidentally okay that's a really re an extraordinarily common thing for companies like pubs in the UK to give away their car park to an independent parking operator which largely makes money from finding their own customers okay that I mean that to me is just an absolute manifestation of where capitalism has gone completely wrong and so what it is is you know you have the the mobile phone operator the mobile phone network you have the car park operator you have the business that the car park serves and what they've done is they've done things which are mutually financially beneficial to all three of them lots of fine revenue revenue for my car park you know no mobile signal okay and no nobody then stands to be blamed because you can always shift the blame onto some other someone else and those those are kind of cfgas nightmare situations which technology is creating you have three parties involved in providing a service none of the three will take responsibility right loses right just for the record I mean I I UPS is a fantastic company I agree I totally agree with you yeah yeah I actually am a private customer of UPS oh know and I just gave because they're the one of the dominant compan so so basically it's saying don't blame another party don't blame the delivery party or um or absolutely I I totally agree and that's interesting yeah I'm sorry funly enough you occasionally get cases where companies are prevented from saying I sorry I'm Sorry by the legal function who will say under no circumstances must you admit responsibility and you I spoke to a liar who said there are cases where massive court cases for medical malpractice have ensued when all the actual the agreed party wanted was the words I'm sorry an acknowledgement that we made a mistake yes and and I think just maybe to uh dis steal one of your your visuals from one of your uh famous talks um just to kind of bring this into Focus so I think this is a really good summary where I must credit the the creator of this this is D um he's called David Rock I think he's New Zealander based in New York he's a neuroscientist and it's called the scarf model and scarf stands for CER status certainty autonomy relatedness which you might call i' I'd almost put call it reciprocation and fairness and those are things which we feel viscerally you know all of those things lack of certainty lack of autonomy powerlessness uh lack of adequate reciprocation you know fairness all of those things we react to emotionally they're part of our evolved psychology and yet we don't have units of measurement for them and not I think do you think this is a good way to think about how you can build trust you know Elevate status of the customer you know to create the certainty that you just talked about in terms of notifications autonomy in terms of that Independence to complete tasks and complete goals is this a good a good lens Rory or you know is this one to build on from your perspective it's a it I often use this as a checklist which is how might we be violating one of these five things um example of fairness is interesting because um in standard economic theory if you paid more for something than somebody else did all other things being equal okay an economist wouldn't necessarily have a problem with that um but the customer would and there lots of other thing lots of other things go on in human psychology which aren't accounted for in economics and economics is a dishonest attempt I think to reduce psychology to the level of a physical science which I think given the degree of complexity involved in human perception is um it's actually profoundly dishonest intellectually um and it shouldn't be allowed I agree with the seem talet but he said economics should not exist love that I love that and and then just on that point you said it's really hard to measure so this is a a checklist so how should we think and and just going to the questions in the comments on LinkedIn live people are saying well how do you then think about the measurement of trust well Alex has an advantage living in the United States where I love the fact that the weather forecasts have two temperatures the objective temperature and the feels like temperature and that strikes me as a really useful distinction because I'm a sort of fat Welsh guy of Celtic Heritage who's not great you'll know this as an Irishman okay right you're not great in hot weather Fair yes that's okay right you know I I always noticed this I had a colleague um uh called John OA who hated going to the can advertising Festival because it was too hot all he did was wander around and people say have you seen any of the great work and he goes no it's too hot yes but okay but weirdly I could wander around Phoenix Arizona when it's 100 degrees pretty happily but if it hits 90 degrees in London or 85 I don't go into work okay right and the feels like temperature is a really useful distinction because it it involves not only temperature which is an objective measure it involves humidity I think Breeze if there's some sort of Breeze and also it's something to do with air temperature 5 feet from the ground which isn't the same as the meteorological measure of temperature and actually so often I think what economics is doing is it's optimizing the temperature not the feels like temperature in other words it's saying we must reduce the temperature of this I reduce the price to make it more desirable what you actually need to do is reduce the humidity or introduce a bit of a breeze yes to achieve the same effect I I love that I love that analogy because it introduced this idea of Dimensions to experience right you know we want to ask the Clos question do you trust this yes or no whereas I think you know the narrative is coming from the consumer and trying to quantify that from an emotional activation perspective is is is really interesting so um and and I think you know um you know Alex you have an important uh point to make there in terms of of the question of how you frame the measurement of trust I think you've talked about you have the my best interests in mind and asking that to the consumer to then elicit a story about either the elevation of that or where that hasn't been true so I'm wondering is that a nice way to build on that dimensional piece that came from Rory in terms of how we start to quantify measure trust absolutely Chris so so to Rory's point about uh the the mechanical physical um qualities and and psychology some things are with what's interesting about psychology is some things are not obser observable easily we don't have a trust thermometer right so the only way to get into people's heads is to I mean you can observe Behavior that's signals to trust and so on there's some psychop physiological measures that have been attempted but I think the most straightforward way is to just ask people and um and this is a question I heard Fred Rael talk about years ago I mean he created this trust question he didn't Market it properly I guess but I think it's brilliant it's uh it says um retailers or a business always has my best interest as a customer in mind and that that goes towards the the lamas definition too so it's a bit of an extreme like always has my best interest as a customer in mind to me when when somebody rates that right um then you get a sense of how they feel um about the relationship essentially yeah so I mean for example retailers now which are driving everybody to use self checkout this is what I call the dangerous techno creep okay which is uh it's what you might call southerland's law of where things go wrong which is techn IES are introduced like self-checkout tills or ticket machines at stations and in their early days they're an option so they're welcome to practically everybody because sometimes I know exactly what ticket I want to buy I don't need to queue I don't need a conversation it's an entirely perun exchange where I value efficiency over relations and then what happens is the accountants notice that it's cheaper to sell a ticket through a ticket machine that it is through a ticket barrier a ticket office that's manned by a human being so they start having more and more machines and cutting back on the humans with the aim of getting rid of the humans all together and that's where technology has gone from being a valuable option and an extra string to your bow as a customer oh it's nice that I can check my gas bill online that's handy and that's how in the early days of the internet I encountered most Technologies parking apps were an alternative to paying with cash and then what happens is the finance people come in and they go McDonald's has started opening in the UK I find this almost unbelievable people 120 restaurants they're planning to open um according to the Stoke Sentinel which may not be the most reliable anyway but which have no conventional tail in other words you have to order on screen and their argument is well 50% of our customers already order on screen yeah but 50% of them don't yeah and so what you find is that the technology arrives as this wonderful welcome thing as an extra alternative to the consumer and then it ends up as an imposition and I can see that happening time and time again and it kind of frightens me because the power of Finance in an organization is a hell of a lot greater than the power of marketing okay the marketers who are actually pushing against this and saying no no no the purpose of marketing is not to sell as cheaply as you can it's to sell as to as many people as you can profitably over time and that may even mean making a loss occasionally undoubtedly you may have to lose money solving a consumer problem you know so you have to write off that transaction and say the relationship is more valuable than the transaction but Finance people look at averages they look at a snapshot one of the things people don't realize okay is that many bad consumer experiences and you go well the package didn't arrive oh dear bit of a failure uh they went to the website and they couldn't find an answer they went to the call center and they had to wait for 20 minutes okay then they couldn't get through then the person couldn't solve that problem okay now the way the business looks at that is oh we're being slightly suboptimal where you know we're failing on 3% of these transactions at the level of delivery we're failing at 3% of these transactions at the level of call waiting time yeah to the consumer that's four experiences in a row okay all right it's not four isolated incidents it's four bad experiences in a row and that's what induces rage it really induces rage and you know all manner of problems arise from that yes I I think just adding that and sticking with the whole dimension piece I think if we're to think about the forming of emotion you know often we think about it as a static predeformed uh State whereas you know plck whe would say you know it actually moves from in the trust acceptance to trust the admiration where it's more of an outward display of that so going back to the question on on LinkedIn I think by you using the the voice of the customer employee to quantify the activation on a motion they understand exactly where the customer employee is I I am now going to quote Southern's rules of trust by the way so I hope you're not going to be embarrassed by that because I think what you've done is really think about how do you build trust and think about the wisdom from yourself Rory in terms of the the signs behind building trust or articulating trust and what you've actually um articulated is that taking a longer term View and balancing cost and the appropriate tactic technology whatever is is a more round of view of how businesses should think about trust so I'm gonna hand over to Alex here a bit because I think that zapo and Amazon were a very good fit I hope so anyway um and the reason I think what they both share is that from talking to people who work for Amazon they do the same thing as every other company does but they do it in reverse order and what Amazon does is they ask a question about a hypothetical Innovation and they say okay they don't say they don't start with a data and say what data do we have how can we make more money okay they start with has anybody got an idea that would benefit the customer okay do we then have any data to support this Theory or or do we need to actually acquire different data in in support of the theory in other words don't start with the data you have you know this is a criminal investigation there's things you know and things you need to know okay and the third thing is if we think this will add value to the customer we better work out a way to make it pay or to justify it most other companies do that process completely in in Reverse which is how can we save some money okay right let's cut this thing what's the effect on the customer well don't worry about that too much Amazon starts with the customer benefit it starts with value and then Works its way through to cost okay most companies start with cost uh it's fundamentally a question of whether you talk in terms of cost or whether you talk in or profit and whether you talk in terms of value because if you define yourself around customer value you're going to come up with very different ideas and a very different experience and I imagine zapo did it the same way because nothing else explains them actually your very DNA was valued trust service focused exactly Rory I mean that's that's you're absolutely correct this is a lot of those companies won by by unconventional counterintuitive decisions that that's the that's the conundrum about data because everybody's now talking about data data data data all these decisions that that were brilliant and that made these companies uh winners were not necessarily Based on data they weren't no I mean actually because the really big IDE let's not forget you probably have the same data as most of your competitors so if there were a really good idea that the data revealed someone's probably already done it um but also you as you made made the point earlier we don't have numerical values Fred reichelt uh was undoubtedly an attempt to provide them right um we don't have numerical values that um measure customer emotions uh to the same degree that we have beautiful metrics about customer transactions then if you look at data most of it's collected for aggregation upwards for financial reporting purposes and the act of aggregation the act of averaging destroys the value of the data because the real importance is in the outliers and the anomalies it's not in the average in fact you don't have many average customers if you look if you look across more than three or four or five Dimensions the number of customers you have who are kind of average on all five is weird ly small and so this is the great crime of Economics the single representative agent the assumption that if you you optimize for the single representative agent who is an average of all your customers then you're optimizing for the whole right and what's interesting roor is that now with speaking of technology and the power of Technology with AI and with natural language processing you can quantify emotion uh that's hidden in in text right and that's what CH company does right that and and um I mean in our research we've correlated sentiment in hidden in um hundreds of thousands of customer comments so AI Maps positive versus negative sentiment you can extract net sentiment and that correlates highly significantly and and and very strongly with site visits and purchases I mean this is then you can start proving um proving your your points with quantitative data and in the case of a bank of course the whole business value of a bank depends really on its ability to cross sell and upsell consumers over time right okay now if you're eroding the very thing that makes that possible in order to you know meet some short-term quarterly objective okay that's that's not good business that's insanity and um I I I that's very interesting so you and Amazon if I'm right neither of you judges call center operatives octopus energy is the same in the UK they don't judge call center operatives on number of calls handled or anything perun like that it's entirely about the emotional consequences of the call is that it I mean I can speak for zaples right yeah the the Amazon model is a little bit different because they're they're massive and their scale necess slightly different right they help you with Automation and with uh and you can get your problem resolved through chat uh and different people value different modes of of communication I like live chat actually I I mean one of the weird things about Live Chat is that it tends to have very high levels of consumer happiness I'm not it it what's weird about it is objectively live chat takes three times as long as a phone call but for some weird reason because people because while they're waiting people can get on with other stuff you can watch television you can feed your dog you know actually people don't mind the end to endend time exactly that's it it's a little bit of magic actually in live chat yeah because it say synchronous because it say synchronous and you know speaking of um just just a very uh quick Insight that we had uh Year from years ago we we had um a panel with some young people um Jan zers at the time I guess and we talked about their preferences for speaking on the on the phone versus texting and what day said I prefer texting but it was interesting why why you prefer texting because I'm sitting next to a friend that I don't want to hear them to hear what I'm saying of course course right one or I don't have to respond right away or so all these reasons so so you need to dive into the reasons why people prefer a phone call why they prefer text why they prefer email fantastic superb and I think that's a a rounded point to kind of conclude our discussions I think but tell me tell tell us a bit about what you do what's your specialism is this the analysis effectively of yeah so I suppose Rory um you know your your your Sage advice about you know uh when we met seven years ago about whether I should pursue a doward as a a tech scaling company and the value of of emotion we have gone ahead and built an ability to quantify human trust we do that for Amazon uh you know Zoom uh All State p and essentially what we're doing isy emotion from on struct text and then we're using that to attach to topics and drivers and ultimately then predicting if you're to remove that and and lessen the emotion what impact does that have in the bottom line so I think with trust and with emotion there's this difficulty and and gap between connecting that there to business value and I think that's where you know where we've learned essentially from these organizations trying to achieve that I think marketers shouldn't have surrendered this argument that because lots of tech people G it and said everything we do can be quantifiable we'll have so much data that the data will tell you exactly what with what to do with every dollar of marketing spend and we went yes oh we like that Vision oh yes let's let's let's acques in your argument what we should have done is said that's bollocks and it's impossible because 50 to 60% of what you do in marketing that has value is impossible to quantify or attribute okay you can't quantify the overall value accurately and attributing something like Fame okay Fame is unbelievably valuable as an attribute okay but it's impossible to actually you don't have the counterfactual of how big would this company be if no one had ever heard of it okay yes so valuing Fame is basically impossible and then attributing your Fame to any one incident I mean there are a few cases where you can do that I think Super dry was basically selling from a market stall and then David Beckham had to happen to wear one of their shirts okay so you do occasionally have one incid that makes you famous you know um Monica Linsky we could probably say you know okay right okay okay but for the most part your Fame is something that's aggregated over time through a whole mixture of different facets and behaviors um and and what you're doing in terms of elevating what you're saying is that marketing should be elevated in terms of having that that contributing factor to business impact is really important it's something that you're supporting through your mad master and I'm wondering if you could maybe just give us a quick line on that because we're offering a 10% discount to anyone who signs up that's going to 400 today uh Rory so we'd love to just out on lineer not it's a course a mixture recorded content and live online surgeries every two weeks with additional followup and advice if if if if if you feel the urge um so it is it is genuinely a mix of live and recorded content which you can either perform uh in sequence or you can actually do at leisure and um uh definitely go to Mad Masters if if you've liked what you've heard I think what I'd love to do is actually interview um Alex more uh we we're producing additional modules all the time and actually and and actually a adboard as well because these are really important questions and I think marketing marketing is very good at creating value it's a hell of a lot better at creating value than it is at winning arguments yes we've got to be we've got to be justifiably paranoid of I mean I might I work for an advertising agency I work for Ogie but I anticipate of my remaining working life the majority of my time being spent on customer experience trust you know because because that only only about 25% of brand value is attributable to kind of your advertising activity the rest of it experiential but do you not think the marketeers are missing a trick because it a bit like the rise of social media and you know it was like owns the the the social media conversation it seems the customer experience should or could be owned by marketing because the biggest lever in experien is communication and and I think that that is a natural he for for marketeers you know that joke that goes you know where chaps offer the choice between going to heaven and going to hell and when he's shown hell it's a lot of people sitting around drinking tea and listening to nice music and he goes look you know where's heaven is full of lots of religious devotion and a hell of a lot of church attendance and he goes well based on the two I'll actually and so he chooses hell and the next day he's basically knee deep in Brimstone with sulfurous fumes being taunted by Devils he go what the hell happened he said well yesterday you're a prospect today you're a customer okay right and you you actually as a consumer you actually see yourself Crossing this magic toll booth where at the point up to the point of purchase and the acknowledgement email saying thank you for your order everything's absolutely fine and dandy and then the second anything goes wrong anything unusual happens you've crossed into that weird world of sort of you know a whole world of pain yes and the the contrast between the two actually is almost worse because you've over promised and underd delivered which makes the ultimate conception of of the thing even worse I think so there's an airline here which is brilliant if you're buying a ticket but if you want to check it online it's going to be an absolute disaster and that's the kind of thing that happens all the time fantastic and look I think that's a a nice rounded point to make to conclude our discussion right it always feels that we're having a pint when we when we have a chat it's a very conversational as if I'm sitting in your beautiful uh Abby uh uh building in in Wales there so I'm not in Wales I'm in Kent but I I come from Wales but I'm actually I'm actually living just outside London yeah both of you next time next time you're in London come on by I'd love to I'd love to go out to dinner and learn a lot more thank you so much Rory you're an absolute Superstar the legend that is Rory southernland thank you so so much really appreciate your time it's a pleasure fantastic see you soon bye bye bye bye [Music]