

TRUST NO ONE? EXPLORING THE DISCONNECT BETWEEN BEHAVIOR AND BELIEF

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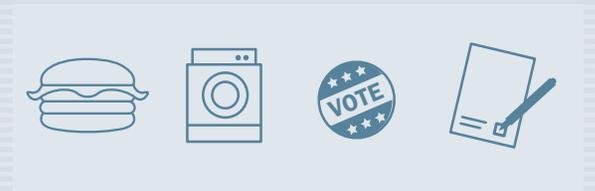
Having both worked on political campaigns around the world, we've seen first-hand the virulent mistrust of politics felt by many parts of the electorate, particularly in the UK and US, and the breakdown in trust between the elected and electors. In Britain, the expenses scandal involving Members of Parliament reinforced an existing trust deficit, and became a toxic issue for all mainstream parties. The UK General Election result reflected public ambivalence to politicians of all stripes. In the US, voters' anxiety about the economy and frustration over partisan bickering on fiscal and healthcare reform have eroded their confidence that government can act effectively in times of crisis.

At the same time, this challenge has found an echo in the business world. The perceived failings of banks and financial institutions have led to a wider questioning and skepticism of elites and governance, with issues around bonuses and bailouts turning public frustration to outright anger. Wider economic malaise reinforces the sense of a divide between business leaders and the general public. Indeed, organizations need to be sensitive to a climate defined by mistrust and anxiety in both politics and business – a rare if unwelcome combination.

Yet, behind the headlines and topline story lie nuances and subtleties – ones we need to bear in mind as we explore public attitudes, and understand how best to communicate. In the UK, the perceived failure of business has led to a greater support for state intervention and regulation. There has been a shift from the 1990s mindset of “business knows best” and earlier reactions against government involvement. The changing context meant that even the avowedly pro-market “New Labour” was able to nationalize banks – an unexpected echo of earlier claims to take over the commanding heights of the economy.

The picture in the US is more complicated – the bailout of failed banks was initially seen as a necessary crisis response. However, the public's skepticism over government over-reach has become a backlash that has seeded the ground for the Tea Party movement. For many, personal responsibility, rather than government intervention, is seen as the way out of the economic crisis.

Conversely, growing skepticism around the ability of the public sector to deliver value and service means business has more permission to talk about how it can bring know-how and efficiency to healthcare and education – the public is often more pragmatic than those it elects, and is driven by common sense rather than ideology. What matters is whether something works, rather than who runs or owns a service. Instead of talking about the power of “big,” people want to hear about the impact of “small,” – a sentiment shared by US and British voters. Bear this in mind as we see more debates across markets on whether to open up further the running of services to private sector providers, and the divides between opponents and supporters start to cut across party political lines.



Above all, we need always to bear in mind that the trust issue is complex and nuanced, and is dependent on context and how communications are framed. We also need to guard against the knee-jerk consumer attitude of “I trust no one” (often voiced in current affairs focus groups), and realize that everyday behavior shows trust – conscious or otherwise – towards public and private institutions.

If trust represents one current conundrum to deal with, understanding how consumers look at the downturn represents a major challenge for communicators. Separating out what is opinion versus behavior is absolutely critical, as is the need to identify what is a playback of media panic versus actual consumer change. Polling shows a complex picture – low and moderate income consumers across Europe and the US are cutting back – whether that's everyday purchases and “treats” such as premium brand groceries and eating out, or delaying a big purchase such as a holiday or new car. While high income individuals in the US have also pulled back, their spending this

year is on par with 2009 levels and “frugality fatigue” may be setting in. Decisions about discretionary spending hinge on job prospects, and with the unemployment rate hovering below 10 per cent, consumer behavior is “wait and see.” But consumer attitudes seem resilient – many do not see these as permanent changes.



It is vital to understand how different factors shape similar perceptions. For many Britons this downturn has been so far, in former UK Cabinet Minister Michael Portillo's words, a “phony recession.” Though unemployment has risen, most people have kept their jobs and homeowners have been better off due to falling interest rates. What has happened has been a psychological recession in which, influenced by media coverage and social chatter, consumers have felt a great sense of anxiety – a fear of the unknown. Consumers are responding to fear of the recession as well as the financial reality. But arguably consumers do have reasons to be fearful, even if the impact has not yet been fully felt. Hard choices have been made on public spending and job losses will very much become a reality in the public sector. As the cost of living rises and assistance from the state declines, middle-class attitudes will be defined by concerns around fairness, and fears over both their prosperity in retirement and prospects for their children will come to the fore.

This insecurity finds a very strong echo in the US; the American middle class has suffered a decline in income and wealth. There is deep concern that this recession has accelerated, in the words of Fareed Zakaria of *Time* magazine, a “structural shift” in the US economy. As global companies set their sights on growth in emerging markets, Americans may no longer be the employees who get the best jobs and the highest wages. The US government will surely be trying to reassure consumers – both at home and abroad – and employers that the “American Dream” is not out of reach. Already there are moves to address a range of issues at the heart of innovation and growth – from improving public education reform to amending the corporate tax structure. It remains to be seen if these policy initiatives will be enough.

The implication for researchers and communicators is to keep exploring where the “phony” recession gains a sharper and real edge and where the “real” recession begins to soften. Doing so is at the heart of authentic communications.

Given the confluence of business and politics, and the loss of trust, what trends can we expect to see? One shift to bear in mind is further devolution of power to consumers and voters. In politics in the UK, look out for innovations borrowed from the US and Europe – electoral reform will be a major issue in 2011, and we may see greater localism and developments such as primaries, chances for voters to recall MPs and ballot initiatives. In the US, regardless of the specific fortunes of the Tea Party movement, grassroots activism is certain to remain vibrant.



In business, this devolution will be more subtle, but the trend toward using social media platforms for feedback and engagement will grow, as will ever-increasing demands for openness and transparency – whether that is from NGOs or investors. Regardless of the electoral cycle, decision-making for corporates and politicians will be increasingly “public” and open. ☺

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