

Trust-based marketing

Glen Urban

The innovation: From General Motors to Intel, Glen Urban's trust-based marketing research is transforming corporate culture and best business practice worldwide.

The research: The dilemma that inspired Urban's innovation is the increasingly steep challenge of gaining and retaining customers in a burgeoning but unpredictable marketplace. Complicating that challenge is the fact that, according to polls, an overwhelming majority of consumers are unsure whom to trust.

Urban put two and two together and arrived at a revolutionary answer: build your customer base through trust. This deceptively simple concept blows out of the water some of longest-held beliefs in the world of commerce—namely, that if you push hard enough, you will eventually win your customer.

Urban contends—and his research bears out his conclusions—that being honest and open is the way to win both trust and customers. But how to convince them you're being open and honest? Give them as much information and advice as they need to make an informed decision, Urban says, even when it's not necessarily in your company's best interest.

Urban is proving his point with real companies and real customers. His web innovation helped General Motors build a revolutionary Internet site—the AutoChoiceAdvisor. It is fast becoming a legend in the marketing world and has been celebrated in many consumer columns. The site helps car shoppers find the vehicle that best suits their needs. At the same time, the Auto Choice Advisor processes that customer feedback to help GM design a new generation of vehicles in line with consumer preferences. <
<http://www.autochoiceadvisor.com/>>

Urban tested his hypothesis with a prototype web site called MIT Truck Town. Its virtual advisors provided straightforward information and unbiased comparisons of competing products. More than 75% of Truck Town's visitors said that they trusted these virtual advisors more than the dealer who had sold them their last vehicle. With Truck Town, Urban proved that virtual advisors can be a cost-effective component in any Internet-based trust-building program.

“My research reveals that trust-based businesses can extract themselves from brutal price wars by proving to customers that they deliver true value,” Urban says. “Trust-based companies have higher customer retention and more stable revenue streams. The prediction is that trust-based businesses will, in the end, have higher sales volumes and lower marketing costs than companies that survive on push-based marketing strategies.

The companies that rise to the top in the world of Internet marketing, Urban believes, will be trust generators selling products that deliver the best value in a complete, unbiased, competitive comparison. “Customers just don't have to take it anymore,” he observes.

“That is the paradigm shift. We will look back and say, ‘The year 2000 was the year of the paradigm shift from push marketing to trust-based marketing.’ That is my prediction.”

Urban contends that his theory is not just a marketing concept, but an interdisciplinary concept, a philosophical concept, and a behavioral concept. And he believes that the spirit of trust-based marketing may eventually influence the internal corporate culture.

“This identity of trust trickles down. It permeates the whole organization. It permeates the corporate culture. The advertising is different. Loyalties are higher.”

Urban is now working on sites for other companies, such as Intel, which he terms “a marketing experiment as well as a navigational experiment.” The team includes researchers from Intel, students and staff in the MIT Media Lab’s Affective Computing Group, and MIT Sloan students, who are always pivotal to his research teams.

Learn more about Glen Urban’s research at

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=400421

<http://www.visualsafe.com/guidelines.asp>

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