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## **TRUST-CREATING FACTORS FOR THE CLIENTS AND CUSTOMERS OF BUSINESSES THAT CAN BE SET BY MARKETING TOOLS**

### **ВПЛИВ МАРКЕТИНГОВИХ ІНСТРУМЕНТІВ НА ВСТАНОВЛЕННЯ ФАКТОРІВ ДОВІРИ СПОЖИВАЧІВ ДО ПІДПРИЄМСТВ**

*The main purpose of the article is to explore the theoretical and methodological aspects of the development of factors that affect the emergence of trust among clients and customers of the enterprise by marketing tools. Within the framework of the study, a number of factors were identified that separately, in themselves, or in aggregate, affect the creation of consumer trust to the enterprise. Among the factors that have a positive effect on the consumer trust creation to the company, the article highlights the following: authoritativeness, similarity, credibility, seniority, celebrity, friendly relations, frequency of communication, location and actual demonstration. Also, during the study, it was found out that the above-mentioned factors of trust can be developed among consumers by marketing communication tools, depending on the target audience. It has been determined that the feature of influence on customers and clients of certain factors may facilitate the sense of trust creation both to the enterprise as a whole and to the particular product or service. The article proposes the use of trust-creating marketing as an alternative to traditional marketing because the trust-based marketing model focuses on creating a large customer base of regular clients, creating a communication environment between them*

*and the enterprise, which in turn leads to the sustainable and predictable profit of the enterprise and get possibility to go out price competition. It is presented a schematic model that demonstrates a conceptual difference in the application of traditional marketing methods and marketing methods based on the development of trust factors, which offers, at the stage between the desire to purchase product and its direct sale, to introduce three additional stages: "consumer involvement in communication", "development friendly relations between the consumer and the enterprise" and "the formation of a trusting attitude towards the enterprise by the consumer". Also, the study emphasizes, that another important component of trust-creating marketing development, opposite to the norms of traditional marketing, is that after direct sale, communication with the buyer does not stop, but on the contrary becomes consistent and constant, which urges the buyer to further interaction with the company already as a regular customer.*

**Keywords:** trust-creating marketing, trust-creating factors development among consumer, trust-creating marketing tools, marketing model based on trust-creating factors, the concept of trust-creating marketing.

*Основною метою статті є розгляд теоретико-методологічних аспектів розвитку засобами маркетингу факторів, які впливають на виникнення довіри у покупців та клієнтів підприємства. В рамках дослідження було виявлено ряд факторів, що самі по собі окремо, або у сукупності впливають на виникнення довіри у споживачів до підприємства. Серед факторів, що позитивно впливають на виникнення довірливого ставлення споживачів до підприємства, в статті виділено такі: "авторитетність", "схожість", "достовірність", "стаж", "знаменитість", "дружні стосунки", "частота комунікації", "місце розташування" та "фактична демонстрація". Також в ході дослідження було встановлено, що вищенаведені фактори довіри можуть бути розвинені серед споживачів засобами маркетингових комунікацій, в залежності від відповідної цільової аудиторії. Визначено, що особливості впливу на покупців та клієнтів окремих чинників, можуть сприяти виникненню відчуття довіри як до підприємства в цілому, так і до окремого товару чи послуги. В статті пропонується використання маркетингу, заснованого на довірі, в якості альтернативи традиційному маркетингу, оскільки модель маркетингу довіри орієнтована на створення великої клієнтської бази постійних споживачів, створення комунікаційного середовища між ними та підприємством, що, в свою чергу, сприяє сталому та прогнозованому прибутку підприємства та виходу за рамки цінової конкуренції. Схематично надано модель, яка демонструє концептуальну різницю в застосуванні методів традиційного маркетингу та методів маркетингу, заснованому на розвитку факторів довіри, яка пропонує на стадії між виникненням бажання придбати товар та безпосереднім його продажем введення трьох додаткових етапів: "залучення споживача до комунікації", "розвиток дружніх відносин між споживачем та підприємством" та "формування довірливого ставлення до підприємства з боку споживача". Також в дослідженні зазначається, що важливою складовою маркетингу, збудованого на факторах розвитку довіри, на відміну від норм традиційного маркетингу, є те, що після безпосереднього продажу, комунікація з покупцем не припиняється, а навпаки стає сталою й постійною, що спонукає покупця до подальшої взаємодії з підприємством вже в якості постійного клієнта.*

**Ключові слова:** маркетинг довіри, розвиток факторів довіри у споживачів, інструменти маркетингу довіри, модель маркетингу заснована на факторах довіри, концепція маркетингу довіри.

**Introduction.** Trust-based marketing is a new, unexplored concept for establishing communication between the enterprise and its customers. Despite the fact that scientific literature addresses the issue of trust-based marketing, none of the sources offers an exhaustive list of mechanisms for creating factors that may influence the formation of a credulous relation towards the company and its

products or services from the side of its consumers. Also interesting is the concept of using trust between the client and the company as a marketing tool for gaining competitive advantages in order to exit the competitive environment. One more obvious fact is that the development of trust relationships between the enterprise and the client positively affects the profitability of the business. So, the effective activity of the company, aimed at developing a marketing model of an enterprise, built on trust-creating factors among customers of this enterprise, is an important factor setting the success of the entity in the environment of high competition at the marketplace.

In today's conditions of high competition at the marketplaces of goods and services, to the enterprise is important to find models for reducing the pressure that creates a competitive environment. One of these models may well be a concept that is based on a systematic and purposeful development of factors that lead to the emergence of trust. It should be noted that the systematic development of such relationships lies within the competence of marketing. Therefore, the study of this issue becomes very important for enterprises that are trying to go beyond the boundaries of price competition and improve their economic situation.

Both foreign and domestic scientists devoted their works to the problem of development trust-creating factors that are used in marketing. As the basis, F. Fukuyama [1] gives the definition of trust, which he considers as a moral system that could not be always explicitly viewed. The importance of the influence of trust in business processes was emphasized in the works of S.M. Ilyashenko [2], A.S. Teletov [3], O.V. Prokopenko and M.Yu. Troyan [4], A. Payne [5], J. O`Shonessi [6], F. F. Reichheld [7], M. Zagula and D. S. Kennedy [8], Stephen R. Covey [9], I. Ellwood [10], I.H. Gordon [11]. Development of trust-creating marketing was considered by S. Godin [12], G. Urban [13] et al.

**Setting objectives.** However, as the analysis of scientific sources shows, the problem of developing trust-creating marketing is related to the fact that he has not yet acquired the established concept. Must be considered the issues connected to the engineering of theoretical and methodological foundations of development and formation of trust-creating factors by marketing tools, determination of approaches of using trust-based marketing tools and techniques, establish methods of determination and assessment of the level of consumer's trust to the enterprise or individual goods or services to.

The purpose of this article is to develop the conceptual foundations of the trust-creating factors arise within customers of enterprises, that can be built by marketing tools.

**Methodology.** As the theoretical basis of the study the works of domestic and foreign scientists, which considered the specifics of the formation and development of trust-based marketing were taken. The general scientific and special methods of systematization, analysis, and synthesis became the theoretical and methodological basis of the research. As the informational base of the research were works of domestic and foreign scientists, periodicals, modern approaches to the formation of enterprises marketing activities.

**Research results.** Although the advertising relief of the modern media environment is colorful, in essence, it's quite a monotonous image. Most of the

promotional messages are either aimed at demonstrating the benefits of low price or to demonstrate the characteristics and properties of the product. And in the general context, they all are aimed at the new clients or customers continuous search. In such a tense, competitive environment, consumers, when making their choice between the same-content advertising messages, are forced to focus only on the factor of the lowest price, or characteristics of the proposed product in the context of, again, the lowest price.

Today the situation in relations between the enterprise-producer and the potential consumer, buyer, and client is radically changing. This is confirmed by I. H. Gordon [11], who distinguishes five stages of the purchase decision-making process by a potential consumer in the traditional marketing environment: **awareness** → **interest** → **evaluation** → **test** → **making the decision**. On the other hand, this chain demonstrates the gradual conversion of a potential consumer from first time buyer (the physical or legal person who purchased the product of the enterprise-producer at least once) finally to the client (*clients (clientis)* - lat .: obedient, who is patronized) - a regular buyer of any goods or services of a particular manufacturer, trading company, service provider, etc. According to [3], the success of that chain implementation is in the common values matching among the subjects of economic activity (providers, producers, intermediaries, etc.) and consumers, as well as the setting the long-term trust between them.

As it is generally assumed, high competition in the marketplaces has a beneficial effect on the development of the whole economic situation in the country. But practice shows that it is impossible for a small and medium-sized enterprise to achieve sustainable economic growth only by offering the lowest price for a product or service at marketplace. For example, there are famous brands, along with ones there are goods of unknown brands, that have absolutely the same composition and properties, but a 20% -50% lower price. But the difference that adds 20% -50% in price and profit is based on the trust to a well-known brand, which has nothing to do with the actual benefits of the product's performance and quality. This additional profit is the result of exceptionally the trust of buyers, which was formed to a well-known brand [8].

For most interviewed clients, the notion of trust is a more comprehensive definition than brand awareness or the image of an enterprise. But if the customer's confidence in a well-known brand is the cumulative result of many years of this brand's activity on world marketplaces, then in the context of marketing opportunities it is necessary to identify specific factors that affect buyers to create in their minds the feeling that they can trust this enterprise in general, or a separate product or service. Therefore, the task of marketing is to develop a comprehensive approach that could accelerate the emergence of consumer trust factors [10]. The fundamental factor behind the development of such marketing concept should be changing company's approach from the model of maximizing profit today, which means the seeking of a constant flow of new customers, to the model of obtaining the largest number of regular customers, in order to get the most profit tomorrow.

If to look at it at a different angle, then an advertising message for a potential buyer will be a priority among other ones if it would be communicated by the business or the authoritative person which a potential buyer trusts. This statement

raises another question regarding the trust of consumers not only to the company or its product but to channels and methods of distributing an advertising message also.

An equal competition, by its nature, makes buyers to show casual trust. In the situation of the dynamic rhythm of citizens life, few of them have the ability or desire to know the history of all enterprises offering the same proposal, to recognize who is the CEO of these enterprises, were there complaints or lawsuits to these enterprises, or cases of fraud by someone from these enterprises, etc. A potential buyer makes his choice accidentally if he has no other practical reasons to justify his choice. But the interesting interconnection is that the same buyers who choose to deal with someone randomly, in a not logical way, require different levels of trust, depending on the importance or cost of the purchase.

It should be understood that the growth of a trusting relation in the buyer's mind is not a linear process, which is entirely subject to the logic laws, but, on the contrary, it is a process at the level of the subconscious, which mostly occurs contrary to its (logic) laws. In other words, it is impossible to make a buyer or client feel trust, to base solely on logical, substantiated arguments, facts or statement. That, in turn, virtually eliminates the actual advantage in quality or characteristics of the product. Thus, in order to the buyer be able adequately and logically determine which product actually has an actual advantage in quality, he should:

1. have the appropriate level of technical knowledge;
2. have used all other similar variants and offers on the marketplace;
3. have used probably the best by its quality and characteristics product correctly and in accordance with the instructions and recommendations;
4. have gotten real benefits from this probably best product.

So, it follows that the actual advantage in product's quality or characteristics is not a serious competitive advantage in the marketplace of similar products.

According to the results of studies of consumers' behavioral reactions, we can identify the main factors that create a trust relation of buyers or customers to the enterprises. Among them are **authoritativeness, similarity, credibility, seniority, celebrity, friendly relations, frequency of communication, location and actual demonstration**. Some of these factors are interrelated, such as authoritativeness and celebrity, but all these factors of trust can be created by means of marketing. Let's consider each of them in more detail.

The thing that creates the greatest influence on the growth of authoritativeness perception for buyers or clients is expertise. In turn, the expertise could be set by publications, including books, magazines, newspaper articles and other, in the field of the company's activities, which are made on behalf of this enterprise, or directly on behalf of its CEO. The fact of authorship forms such trust-creating factors, as authoritativeness and celebrity in the mind of the consumer. Also, the author's TV show concerning the subject of the company's activity, but which does not look like as a direct advertisement, where the specialists or the company's CEO starring, makes the positive influence on the customers' perceptions of the enterprise as authoritative and famous in their industry.

It is also desirable for companies to create a book or a brochure and to publish branded newsletters with practically useful material that will be distributed among its clients or customers. In the context of marketing activities, the enterprise should try to create and publish its own media, such as special reports or practical instructions, to maintain constant communication with their clients..

One of the most important factors in the role that friendly relations played in building trust among buyers is that people usually tend to perceive the opinions of their friends, colleagues or acquaintances as actual information. Most people are more likely to trust opinions, impressions, and feedback of who they communicate with every day, even if these ones are actually incompetent of that subject, in comparison to someone unfamiliar, who is instead a known expert in this field. When someone decides to buy a product, he can ask in great detail, for example, his colleague, where he bought the same product. Although there is no probability that the recommendations of this colleague will be professional, a person tends to trust such an opinion. Thus, marketing efforts should focus on the development of such kind of advertising channels, what can be achieved by focusing attention on a very small target audience.

The power of the similarity factor in the trust establishing, related to the fact that people tend to trust those with whom they have common interests, hobbies or preferences. For example, if a person loves fishing, then he tends to trust another person who loves to fish. Therefore, the task of marketing in the development of the factor of trust based on similarity is to determine the interests, hobbies, and preferences of their target audience. Creating and distributing promotional messages based on this information, the company facilitates to establish a similarity factor and promotes itself as a company working especially for this particular target market.

People tend to trust what they see, so the actual demonstration of the product, the future benefits, the process of creating a product, the activities of the enterprise, the real testimonials of satisfied customers - makes a much stronger impression than just promises. An actual demonstration can create trust faster and more reliable than anything that will be said in an advertising message. Therefore, the task of marketing in the creation of this factor of trust will be the development of such kind of operating with customers or buyers, which would inevitably include the actual demonstration of the benefits of a product or the process of creating this product. This task can be done both through real group tours to the company place, and through the creation of media content for distribution among the clients of the company.

With regard to seniority and location, most people want to get better, or at least better among they can afford, and in this context, there is a hidden subconscious connection between the best product and the longevity of the enterprise, and the best product and location of the enterprise. Although such interconnection may not have anything to do with the actual quality of the product of an enterprise or the quality of the service provided by that enterprise, it does exist in the perception of a trusting attitude towards the enterprise. Therefore, the task of marketing and advertising campaigns is to emphasize and strengthen these factors of consumer trust, if they actually exist in the company, and to offset the

negative influence of these factors, if the enterprise can not boast of the longevity of its activity or an authoritative location.

Credibility, as a trust-creating factor, is aimed at the factual basis for the emergence of consumer's trust to the enterprise. There are two common mistakes of the enterprise in the sales process and in the development of advertising messages that can undermine the perception of the buyer the reliability of offered goods or services. One of them is to represent everything that is associated with the company and its products, as impeccable and perfect. The other is a large number of promises and obligations that seem to be impracticable. In terms of developing buyers and customers truthful perception of products of the enterprise, one of the main marketing objectives is to avoid these two above-mentioned mistakes, as well as to use the methods of actual demonstration, in order to build the buyers and customers truthful perceptions about goods or services of the enterprise.

One more powerful trust-creating factor is celebrity. One of the reasons why the fact of using some product or using some kind of service or visiting a somewhat facility by a famous person influences a large number of people is to feel the illusion of connecting with this celebrity when the buyer visits the same place or uses the same products or services. People tend to get emotional pleasure using the same products as the famous person, and from being able to talk about that to their friends and colleagues. Often, person's choice to use the same products or services, like the famous person does, is driven by the desire to feel the illusion that she or he is also a successful and well-known person. Therefore, the celebrity involving in all marketing of the enterprise (ad campaigns, presentations, exhibitions, and PR-activities, etc.) can be very effective both from an economic point of view and in creating a trustworthy, and sometimes even fanatical attitude of clients towards the enterprise.

Now, let's compare the trust-creating factors that can be established by marketing tools and that can affect the emergence of trust among potential clients, buyers, and customers. In our opinion, unlike the traditional or basic marketing model, a marketing model based on the formation of trust-creating factors among the consumer should include the functions of engaging in communications, developing friendly relations with potential clients, customers, buyers, creating a trustful attitude to enterprise the manufacturer and others possible subjects of marketing activity (Figure).

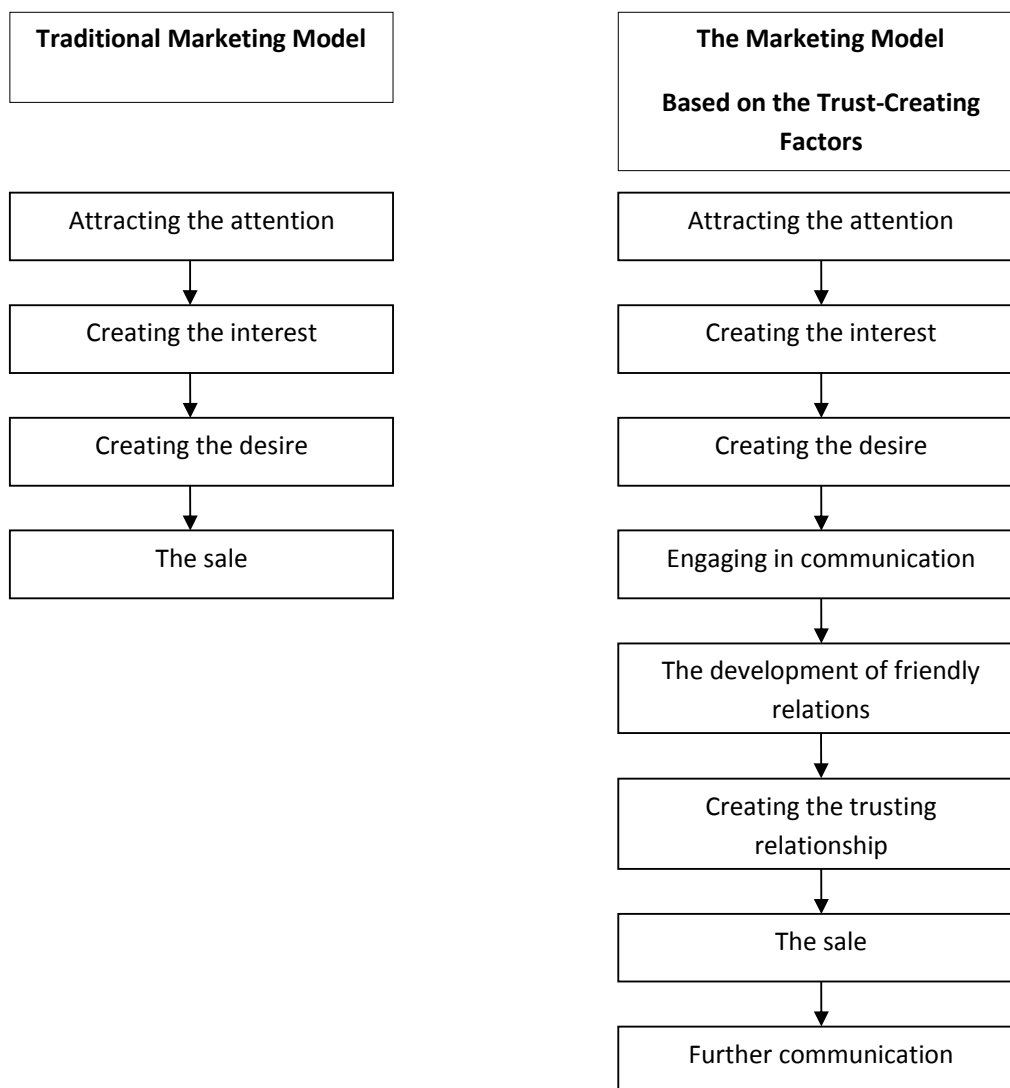


Figure - Conceptual Difference between the Traditional Marketing Model and the Marketing Model Based on the Trust-Creating Factors

The main difference between the basic marketing process and the marketing process based on the development of customer trust-creating factors is in establish of three additional steps in dealing with the buyer. Traditional marketing has four consecutive steps to work with the client: attracting attention, creating interest, creating desire and, directly, sale. Marketing, based on the development of trust-creating factors, requires the insertion of additional marketing actions aimed at the development of trust between the stage of creating the desire to buy the product and the stage of sale.

Such actions are the processes of engaging the buyer in the communication, developing friendly relations with him and creating a trusting relationship, after which already follows the sale of the product or service. Another important component of marketing, built on development trust-creating factors, unlike the norms of traditional marketing, is that communication with the buyer does not stop after sale, but, on the contrary, becomes consistent and constant, which urges the buyer to further interact with the company already as a regular client.



**Conclusions.** Thus, marketing, aimed at developing the trust-creating factors among the customers, lays a solid foundation for sustainable, predictable economic growth of the enterprise. In the marketing model based on the trust-creating factors, unlike traditional marketing, focus shifts from the constant search for potential clients and new customers to create a large number of regular clients or customers, which leads to the economic growth of the enterprise.

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