



How to Gain Maximum Trust

To succeed in business, it's no longer enough to innovate and offer new products; it's essential to earn the trust of customers, because trust is what keeps them loyal over time. To achieve this, companies must move beyond old business models and adopt a more ethical and responsible approach that not only strengthens customer relationships but also contributes to the wellbeing of society.

TRUST//CUSTOMER LOYALTY//INNOVATION//TRUSTABILITY//SUPEREROGATION



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We are experiencing a period of tremendous economic and social uncertainty, marked by international political tensions and stagnant consumption. Despite a slowdown in inflation, rising consumer prices over the past three years have eroded household purchasing power, already under pressure from high energy costs and rising financing costs. In this unpredictable environment, characterized by instability and limited consumer spending capacity, demand is shifting towards savings. This trend is reflected in the rapid expansion of convenience-oriented retailers. Across Europe, as discount stores continue to grow in the retail sector, in Italy they're even taking over the market share of hypermarkets. Competing value propositions are proliferating; substitutable products and services are everywhere to be found, thanks to technological advances. All this makes customer acquisition more challenging. To navigate an increasingly competitive landscape, companies must not only develop innovative solutions (often linked to digital transformation) but also prioritize maintaining solid relationships with existing customers by investing in trust-building.

THE VALUE OF LOYALTY

Loyalty plays a key role in stabilizing customer relationships by augmenting the economic value of the firm (Castaldo, 2024). This construct manifests as a specific buyer behavior in which systematic repurchase is motivated by a substantial

stock of trust in the firm, stored in the buyer's cognitive system. So now that we've defined loyalty, we need to explore two other critical aspects of loyalty management.

First comes the question of measuring loyalty, discussed in detail in this issue's Focus section. It's widely recognized that only by accurately quantifying trust and loyalty can we evaluate the true impact of loyalty management initiatives and their potential transformation. Without proper measurement systems, it's impossible to assess the results of a company's efforts or to finetune future loyalty management strategies.

Next, we must examine the relationship between customer loyalty and the economic value generated by the company. The attention given to trust and loyalty (and the cognitive and financial resources invested in understanding, measuring, and developing them) is justified only if loyalty management programs result in higher economic value for the company. The introductory article in the Focus section, by Bruno Busacca and Giuseppe Bertoli, specifically demonstrates the correlation between customer loyalty, the consistency and longevity of revenue streams, and the size of discount rates. The authors highlight how shoring up the loyalty of the customer base also boosts the firm's economic capital. Subsequent literature reviews and empirical research on a sample of firms provide an overview of the current state of research and management practices related to loyalty measurement and management.

BUILDING TRUST

The key ingredient of customer loyalty is trust, a complex and multifaceted concept that takes on myriad meanings (Castaldo, 2007; Castaldo, Premazzi, Zerbini, 2010). Indeed, the literature defines trust in different ways, centering on three core components: expectations, beliefs, and attitudes.

Expectations refer to assumptions about the willingness to keep promises and fulfill obligations by the trustee (the trusted party). In particular, in a trust relationship, we expect behavior that's predictable (Zaheer, McEvily, and Perrone, 1998), coordinated, cooperative, and ethical (Hosmer, 1995), leading to favorable outcomes for the trustor. This contrasts with opportunistic actions in which the trustee takes advantage of the trustor's vulnerability for personal gain.

Belief is based on direct or indirect judgments and experiences having to do with the other party. A belief is a strong, reasoned conviction about the reliability of the counterparty's promises and the confidence that the counterparty will honor its commitments.

Attitude, the mental readiness to respond to a given stimulus, appreciably influences individual behavior. The conceptual dimension of trust attitudes lies between beliefs, feelings, and values on the one hand, and behaviors that result from trust attitudes on the other. It represents the situational dimension where trust becomes a fluctuating element influenced by contextual factors (Scott, 1980).

These core components can be arranged in a logical, sequential chain. In summary, beliefs (along with personal feelings, values, and knowledge) form the basis of attitudes. These, in turn, shape action intentions and, consequently, purchase behavior.

THE STEPS OF ENHANCING RELATIONAL TRUST

Now we'll shift our focus from the trustor (the customer) and explore how the trustee (the company) can influence the creation of trust. As we do so, we can see that trust is built on the past experiences of individuals and the quality of the interdependencies between these experiences. It follows that over time, both the quantity and quality of trust in the relationship evolve. In other words, the duration of the relationship generally affects the trust between the parties, and the nature of trust itself changes as time goes on. For this reason, researchers have attempted to incorporate the passage of time and the life cycle stages of customer relationships into interpretive models.

Lewicki and Bunker (1995; 1996) proposed a dynamic model consisting of three types of trust built sequentially in stages. By reaching each stage, companies can develop trust further. In the case of two parties initiating a new relationship, these authors proposed a three-stage evolutionary model. In the first stage, called *calculus-based trust*, the basis is a cost-benefit analysis, where value is determined by comparing the outcomes of continuing the relationship with the costs of maintaining it. At this point, trust is fragile, and the relationship grows gradually. If an inconsistent event occurs, trust can regress several steps or even revert back to the starting point. This stage is metaphorically compared to a game of snakes and ladders.

The second stage is *knowledge-based trust*, based on the predictability of the other party's behavior. This type of trust depends on the information available about the other party and the continuity of interactions, which are facilitated by regular communication. Developing this type of trust can be likened to gardening.

The final stage is *identification-based trust*. This occurs when one party, fully understanding the desires and intentions of the other, acts on their behalf with even more zeal than the other could demonstrate themselves. This stage involves second-order learning, where for example we can intuitively understand what someone else values, even when we don't have precise information. This is the stage of maximum trust (Peppers and Rogers, 2012). The metaphor for this stage is the musical harmonization of an orchestra, where each individual musician aligns their thoughts, feelings, and reactions with the others, incorporating the psyche of the others into their own, to some extent, creating a shared, collective identity.

At this stage, trust is unconditional. The relationship is no longer tied to specific goals or performance metrics, which means it can expand into broader areas. A company that has developed this level of trust can act on



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behalf of and in place of the customer in multiple areas. But this trust must be handled with care, because it's built on shared values and a common identity, making it fragile. That means even small betrayals of core values can jeopardize it.

GAINING MAXIMUM TRUST: SUPEREROGATION

The trustworthiness of an individual or organization is ultimately based on the ability to earn maximum trust. To achieve this, the company must act as an advocate for the customer, aligning itself with the customer's interests rather than simply fulfilling promises. This means more than simply doing tasks well; it involves earning a kind of meta-trust, a fiduciary appeal. A company that merely complies with laws and performs tasks competently does not deserve maximum trust. This is earned instead by going above and beyond, by showing genuine concern for stakeholders, including the community and the environment, and by embracing far-reaching societal values. This also means the company cares about the impact of its operations beyond legal requirements and meets the implicit needs of the community it serves, promoting solidarity and embodying the ultimate values of human action.

Normal trustworthiness refers to a company's ability to deliver on promises related to a specific task. Trustability, on the other hand, refers to a more abstract, value-based trust that's embedded in the company's culture. It's the belief that the firm can always identify with the interests of others without having to verify its performance each time. Peppers and Rogers (2012) coined the term *trustability* to describe this extreme form of trust. *Trustability* represents a higher form of trust, the maximum trust.

Ethical philosophy provides a useful term to convey this level of trust: *supererogation* (Tencati, Misani, and Castaldo, 2020), which refers to actions that are superior to what duty requires. The etymology of *supererogation* (meaning "to do more") recalls the parable of the Good Samaritan, whose actions went over and above legal and religious obligations. *Supererogation* involves positive actions that could be omitted without negative consequences, and represents a higher level of behavior, exceeding mere duty.

It is essential to recognize that we must move past traditional business paradigms and adopt maximum trust as a fundamental guiding principle for business – and for society as a whole. This new concept of duty entails reconstructing business morality, reinterpreting business behavior and stakeholder relationships, and setting a positive example for other companies, institutions, consumers, and society to follow.