

Have you ever trusted someone, only to be disappointed with the way that person handled your trust? Perhaps a

So What

friend told you he'd help you with your chemistry homework, but he backed out at the last minute. Maybe you told someone about the great ideas you had for your student council campaign, only to have that person share those ideas with your opponent. In relationships, trust is a double-edged sword. Once it's been broken, it's difficult to rebuild.

The same goes for business. Customers want to do business with organizations they feel they can trust. Read on to learn more about the importance of ethics, honesty, and trust in customer relationship management.

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## It's a Trust Thing

### Importance of trust

The level of trust that a business earns from its customers can mean the difference between success and failure. Customers want to do business with organizations that they feel have **integrity** (good morals, strong character, honesty). What companies do you think meet this description?



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Research has shown that about 95 percent of customers say that they will quit doing business with a company they don't feel that they can trust—and 70 percent of customers have done so at one time or another. It takes time to earn a customer's trust, but that trust can be destroyed in an instant. Have you ever had your trust broken by a business? What happened? Did you ever do business with that company again?

The key to long-term business success isn't just having a lot of customers or making a lot of sales. Success is found in long-term customer *relationships*. It costs a great deal of money and takes a great deal of time to generate new customers to replace ones who have been lost. It makes much more financial and business sense to build customers' trust and retain the customers you already have.



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In some cases, big data can work in customers' favor—perhaps to help them discover new products they'll like or to provide them with discounts or notices about special sales. However, big data can also pose a serious threat to customer privacy if it isn't managed ethically. Ellen Rooney Martin expands on these issues in "The Ethics of Big Data." You can access it at <http://www.forbes.com/sites/emc/2014/04/23/the-ethics-of-big-data/>.

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### Data share

Selling customer information is not illegal, but it can certainly be unethical, depending on how the business goes about it. If you plan to sell customer data to a third party, you should state this clearly in your privacy policy. It's also important to consider the impact that selling data will have on your relationship with your customers. You may make money by selling information, but is there a possibility you'll lose your customers' trust in the process? If so, is it worth the risk?

Consider what will happen with the information once it's been sold. Will it be used to **spam** your customers? If so, they're probably not going to be very happy with you. Or will it be used to help meet your customers' needs and wants more efficiently? Perhaps you're selling the information to a trusted partner who can offer your customers a product they'll be interested in, something you can't or don't provide. If this is the case, selling the data may be beneficial for all of the parties involved.

▲ *To share or not to share. That is the question. Sometimes selling customer information is the right move.*

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For more on the ethics of e-business, read Gerald Hanks article "E-Business Ethical Issues on Selling Online." You can access it at <http://smallbusiness.chron.com/ebusiness-ethical-issues-on-selling-online>.

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Sharing customer information among business departments is also typically legal, but it doesn't always happen smoothly. Employees may be reluctant to share information amongst departments if they're unsure about privacy violations or about the appropriate ways to transfer data. In some cases, there may be clashing cultures amongst departments that results in an unwillingness to share information.

### Count the costs

Creating and enforcing an ethical privacy policy for your business can take time, effort, and money. The process may not be easy or fun, but it's completely necessary. When a business has poor or unethical privacy practices, it can result in:

- **Angry customers.** They may be angry because their information has been given to businesses they're not interested in, and they're receiving unwanted mail, email, or phone calls. Even worse, they may be angry if their information wasn't protected properly, resulting in credit card fraud or **identity theft**.
- **Loss of business.** Customers do not want to do business with organizations they don't feel they can trust. If their trust is broken, they will take their business elsewhere, and it's very unlikely they will return.

► *Keep your customers satisfied and, well, keep your customers. Unethical privacy policies can result in angry customers writing poor reviews of your business or, even worse, losing customers altogether.*



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