



Today's growth catalyst in energy & chemicals: Trust.

In Deloitte Digital's latest TrustID research, more than 1,300 B2B customers speak out about suppliers' trustworthiness.

Energy and chemical suppliers operate in an increasingly commoditized B2B landscape. With the pace of product and service innovation slowing, it can be difficult for companies to differentiate themselves as they once did. On top of that, geopolitical shifts, volatile raw material costs, new market players and uncertain demand have eroded pricing power for most players, making it tough to break free from the commodity trap.

Amid this challenging market environment, energy and chemical organizations are seeking new value levers to help them stand apart from competitors. To that end, they're diversifying asset portfolios, forging strategic partnerships, expanding into new markets and more. Yet there's one lever that is often overlooked—and that's *trust*.

We know that trust is an essential element in the formula for every relationship, from family and friends to customers and co-workers. Yet in energy and chemicals, a sector long driven

by concrete metrics and technical assurance, talk about trust can strike some as obscure or disconnected from business outcomes.

That's why we decided to expand our growing body of research on trust by putting TrustID™ to the test in the energy and chemical sector. During the last year, we conducted a brand index survey of more than 1,300 B2B energy and chemical customers to understand how much they trust suppliers—and what exactly drives or undermines their trust. We learned which attributes and actions lift the most

trustworthy suppliers above the rest. And we've quantified the business benefits that come from earning greater trust than your competitors. Our findings debunk the notion that trust is immaterial to this domain, showing that trust can be a competitive differentiator for players in energy and chemicals.

In the following pages, we'll look at how the most trustworthy suppliers in energy and chemicals are earning the trust of customers and their own workforces, how that trust impacts behaviors—and most important, what you can do to build trust. We'll also explore the implications that trust can have on an organization's own leaders, workforce and key stakeholders, particularly during periods of organizational transformation or disruption.

Our research debunks the notion that trust is immaterial to this sector. It's actually a competitive differentiator.



THE FOUR FACTORS OF TRUST.

Through qualitative and quantitative research, Deloitte Digital has built an understanding of the science behind trust—and the benefits that come from it. We've developed TrustID, an open-source data-driven tool that helps companies not only measure the four critical factors that drive trust—**humanity, transparency, capability** and **reliability**—but accurately predict how human emotions will impact behaviors.

To read more about TrustID, visit: [HX TrustID™ | Deloitte.](https://www.deloitte.com/global/en/issues/trust/hx-trust-id.html)
<https://www.deloitte.com/global/en/issues/trust/hx-trust-id.html>



Trust is proving to be one of the most wide-open spaces where companies can break free of commoditization and gain competitive advantage. TrustID research shows that highly trusted companies outperform others by up to 400% in market value.¹

The softer side of trust brings hard-and-fast results.

Throw a dart in the energy and chemicals sector, and you'll hit a company that's been in business since the late 1800s or early 1900s. This institutional longevity tells you something. Energy and chemical suppliers simply wouldn't stay in business long if they weren't extremely good at what they do. After all, their products have to meet exacting customer specifications, performance requirements and pricing stipulations; and be produced, transported and delivered safely and reliably.

In the language of TrustID, these hard-earned qualities are what we define as *competence*, and we characterize this particular piece of trust through two factors: *capability* and *reliability*. Capability boils down to delivering high-quality products, services and experiences. Reliability is predicated on consistently delivering on promises and expectations.

Our research shows that, as a whole, energy and chemical companies have the formula down for capability and reliability. Customers gave suppliers high scores across the board for these two factors. And that's a good thing.

But it's also a conundrum if you're trying to differentiate *your* company from the rest of the sector. There's very little room to muscle past the competition on the basis of capability and reliability alone. In short, competence—while fundamental—is a shared strength among companies in the sector. It has become table stakes rather than a differentiator.

Fortunately, competence isn't the only way to fill a reservoir of trust. Our research found that what set apart the most-trusted suppliers from competitors wasn't competence; it's what could be considered the softer side of trust, or *intent*. TrustID characterizes intent through the two factors of *humanity* and *transparency*. Humanity equates to demonstrating empathy and fairness, while transparency is based on being clear and upfront with relevant information. This seemingly softer side of trust in fact garners measurable, hard-and-fast business results.

We discovered that suppliers that earned the strongest overall trust scores did so through higher intent scores. Customers rated their most-trusted suppliers 2x higher in humanity

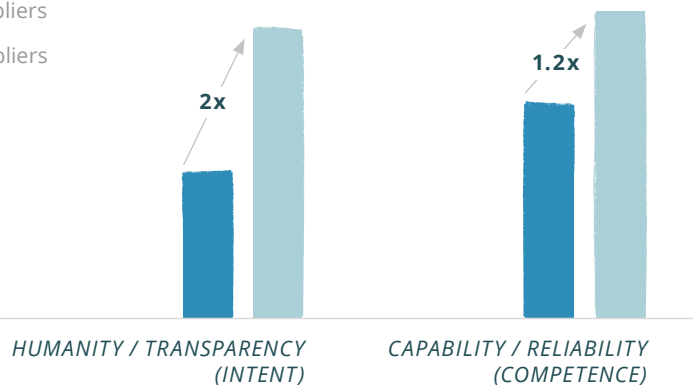
and transparency, while they rated these suppliers only slightly higher (1.2x) in capability and reliability. In other words, the qualities that make customers trust certain organizations more than others are the qualities that the sector is generally *not* known for.

The benefits for suppliers that broke from the fold and earned higher humanity and transparency scores were significant. They're more likely to attract and keep customers, command premium prices and foster collaborative relationships.

Going forward, competence will remain the bedrock for trust in the sector, but it's clear that **suppliers that want to break free of commoditization need to lean into actions and messaging that demonstrate stronger humanity and transparency.**

MOST-TRUSTED SUPPLIERS SCORED 2X HIGHER IN HUMANITY AND TRANSPARENCY.

■ Less-trusted suppliers
■ Most-trusted suppliers



When energy & chemical suppliers earn high scores in humanity and transparency, customers are:

3x

more likely to have agreed to long-term commitments.

1.6x

more likely to have paid a higher price when there was a cheaper option available.

1.5x

more likely to have collaborated with the supplier to co-innovate on an initiative or program.

1.7x

more likely to have chosen the supplier over alternatives.

1.5x

more likely to have continued working with the supplier despite a previous mistake or product / service failure.



Driving trust with digitally enabled experiences.

Our research revealed that digital can play a pivotal role in enabling trust for energy and chemical suppliers. Customers are accustomed to the ease, flexibility and transparency of digital interactions in their personal lives, and these personal preferences have permeated the workplace, reshaping their expectations.

Among energy and chemical customers, **trust scores were the highest for those who used digital channels, including those that enable self-service, as their primary purchasing or interaction channels**, with scores for those using sales representatives trailing. Transparency and capability were the factors that elevated digital to most-trusted channel status.

Conversely, there were notable trust deficiencies among customers who primarily use customer service representatives (CSRs) for purchases and interactions. Trust scores for this channel were at least 33% lower than other channels, with the biggest gaps in humanity and transparency factors. This could reflect that customers only turn to service representatives when other channels have already fallen short and/or that CSRs are not equipped with the right information or tools to satisfactorily address customers' needs.

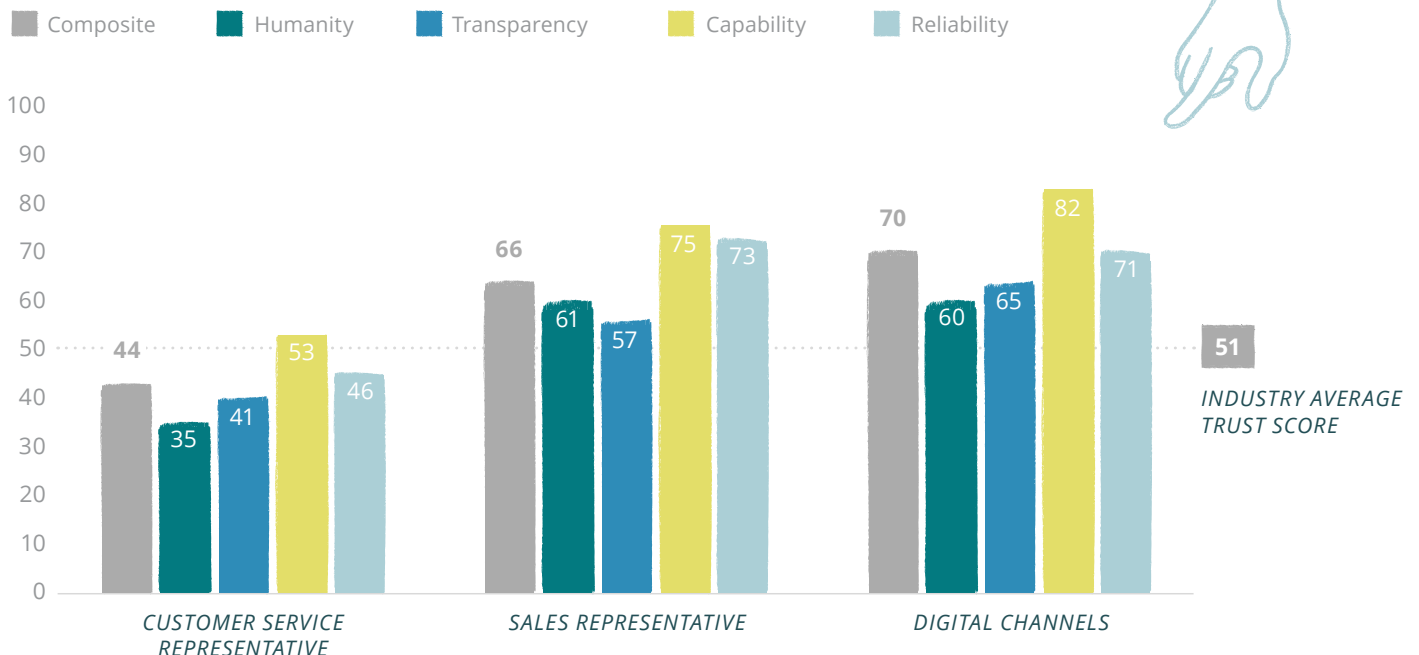
Either way, it points to a need to consider digital augmentation that will make service interactions feel more empathetic, responsive and transparent.

Despite the trust-building potential of digital as a means for self-service, current capabilities among suppliers in the sector are nascent. Fewer than 10% of respondents cited digital as their primary purchase channel, compared to nearly 70% of respondents who primarily rely on sales representatives. These findings suggest an opportunity for energy and chemical suppliers to use digital more expansively both for self-service and to augment customers' experiences on other channels.

One of the benefits of digital options is they allow customers to interact when and where they choose—and as frequently as

CONTINUE

TRUST ACROSS PURCHASING CHANNELS. EXISTING CUSTOMERS, BY FACTOR



they choose—which bolsters trust. Our research showed that frequent interactions with suppliers translate into a 2.1x increase in intent scores. In other words, **the more often your customers are able to touch base with your company on their own terms—be it checking delivery schedules, confirming specs, or reading about your sustainability initiatives—the more they trust you.**

Digital enablement can also drive trust by augmenting the reach of sales representatives. A sales representative can only call, meet or email so many customers in a day or even a week, but with digital, their outreach becomes less constrained. Similarly, digital capabilities enable self-service, which can help offset some of the responsibilities that currently fall on your service representatives—freeing them to deal with thornier issues that may require human intervention. For instance, Deloitte Digital's recent study on global contact centers found that contact center leaders are increasing their use of voice / text analytics to improve service. They're also prioritizing improvements that help automate both customer interactions and agent support, including AI-enabled customer-facing chatbots, virtual voice assistants and agent-facing chatbots.² Done right, a combination of person-to-person and digital interactions can deepen connection and trust.



DONE RIGHT, SELF-SERVICE CAN STRENGTHEN TRUST.

Your customers depend on you. They build their production plans based on your confirmed ship dates. But how can you keep their trust when there's an unexpected logistical issue with a third-party carrier that delays the shipment?

That all depends on the capabilities you have in place. If your supply chain is digitally integrated with your front office, your customer could already have received a notification informing them of the delay and providing a direct link to a secure online portal. With a few clicks, the customer could have access to real-time delivery status—so they can stay informed every step of the way. And if they need to make any immediate changes, the portal can also connect them to a service representative who's already aware of the situation.

By proactively informing the customer of the disruption and giving them the self-service capabilities to stay informed, you've made the relationship more transparent, which nurtures the softer side of trust. In doing so, you set yourself apart from competitors—which leads to real business impact.



Procurement realities put pressure on customers' trust.

The evolving role of procurement organizations within the energy and chemicals sector is shifting customers' expectations of trust. Procurement decisions now have heightened strategic implications because buyers are increasingly tasked to address the most pressing demands of the business, from identifying sustainable product alternatives to disaster-proofing supply chains to addressing regulatory changes. As a result, procurement teams are no longer focused strictly on getting the right products at a lower price; they're seeking more trustworthy, transparent and symbiotic relationships that can help them support broader goals that have both business and societal impact.

These new priorities and imperatives have also added many more decision-makers and influencers to the mix. Despite having longstanding relationships with customers' procurement teams, suppliers can't afford to put all of their relationship-building eggs in the procurement basket. The role of multiple stakeholders in B2B decisions has always been significant, but now their importance has amplified across every aspect of the buyer-seller relationship. Suppliers must

answer to (and build the trust of) stakeholders not only in procurement, but in research and development (R&D), supply chain, operations, sustainability and more.

What we found in our research, however, is that energy and chemical suppliers may be losing sight of the different needs of these various stakeholders—and therefore, losing trust. Our study found that trust is strongest among contacts in procurement and in environmental health and safety (EHS). This makes intuitive sense, given the sector's long heritage of focusing on the contractual agreements and safety concerns that are top of mind, respectively, for customers' procurement and EHS functions.

However, trust levels drop with other functional areas. Respondents in R&D / engineering and in supply chain functions voiced the lowest levels. Compared to their cohorts in procurement, for instance, respondents in these functional groups rated suppliers around 30% lower on overall trust. Their assessment of suppliers' humanity and transparency was especially problematic: They gave suppliers low marks for ongoing

cross-functional collaboration (an attribute of humanity) and for proactively communicating changes, disruptions and other important information (an attribute of transparency).

Our research also identified an opportunity for suppliers to strengthen trust with people at different rungs of the ladder. Currently, suppliers have done an excellent job of earning the trust of the highest levels of their customer organizations but they may be neglecting the importance of trust at lower levels: Trust scores were generally strong with executives at customer companies but dropped sharply among directors and managers, especially for intent. For example, director-level customers (who oversee day-to-day interactions with suppliers) rated suppliers' humanity 33% lower than did customers in the C-suite. Similarly, suppliers' transparency was rated 26% lower by managers than by those at the president / vice president level. These managers' lower ratings were likely informed by the fact that they're responsible for trudging through the hassles of back-and-forth interactions with suppliers.

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To solve the trust gap with varied stakeholders throughout your customers' organizations, take a look at how digital capabilities like automated notifications and/or self-service portals could help drive more pervasive trust. Targeted interventions can deliver relevant information to customers in different functional areas and at different levels. For instance, a supply chain manager could get real-time updates related to logistics. EHS stakeholders can self-service access to performance scorecards with safety metrics. R&D / engineering stakeholders can receive AI-generated product recommendations based on their formulation constraints and requisite physical properties. When implemented with purpose, these kinds of digital capabilities can build and reinforce widespread trust throughout your customers' organization.

SUSTAINABLE TRUST.

The research also showed a correlation between sustainability and trust—which is significant, given the energy and chemical sector's heightened focus on clean energy transition and decarbonization solutions. Customers are becoming increasingly selective about the suppliers they choose to engage with, based on the supplier's carbon emission reduction goals and other sustainability initiatives.

While this trend is still relatively nascent, its impact is likely to multiply over time. One noteworthy aspect of this emerging trend is that suppliers that prioritize sustainability are seeing "stickier" purchasing behaviors, particularly from customers who have set carbon emission reduction goals of their own. In fact, customers are 2.7 times as likely to have agreed to long-term commitments when suppliers demonstrated that their products and services can help achieve their customer's sustainability goals.

Moreover, trust is further amplified when customers observe that their suppliers prioritize more than just profit, valuing the betterment of society and the environment. In these instances, customers are 2.3 times as likely to go out of their way to purchase, even if it entails some inconvenience. Moreover, customers are 1.7 times more willing to pay a premium when suppliers offer sustainable product alternatives. This not only signals a growing demand for differentiated, environmentally conscious energy sources and chemicals in the market but also points to possible increased value streams for suppliers.

In navigating this landscape, energy and chemical companies will need to establish their own sustainability commitments, embed sustainability metrics in their products and services and provide greater transparency to their customers. These actions can help fortify relationships that thrive on mutual trust and shared values.

WORKFORCE TRUST DURING TRANSITIONS AND DISRUPTIONS.

Customer trust isn't built in a vacuum. You need a culture of trust *within* your B2B leadership and commercial team organization if you expect people *outside* of your business to trust you.

Our body of TrustID research backs this up, showing a strong correlation between improved workforce experience and customer experience. We conducted a workforce study of 5,000+ respondents that found that when employees trust the organization they work for, they are more productive, less likely to look for another job and more likely to defend it against criticism.³ In fact, a trusting workforce achieves 23% more customer trust.⁴ And not only that, organizations with a culture of trust are also more resilient and adapt more easily to disruption and change.

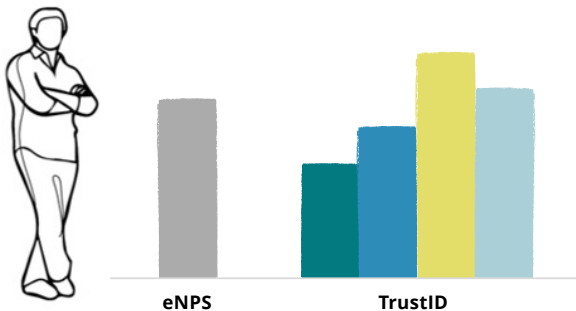
However, even the strongest workplace cultures are not immune to disruption. When there are significant internal changes or external demands, trust can fray inside of an organization. There's no question that energy and chemical companies are currently facing an array of disruptive trends—from geopolitical shifts to rising demand for decarbonization solutions to digital transformation initiatives. As these trends impact companies and necessitate change, employees may question the purpose of the change. They wonder what their role will be going forward. They may be dubious of companywide communications. All of these questions and doubts add up to a corrosive lack of trust, which jeopardizes the success of important initiatives.

Many energy and chemical organizations, for instance, are currently investing in significant technology infrastructure upgrades to improve their enterprise resource planning (ERP) and B2B commerce capabilities. Trust among all key stakeholders (i.e., business leaders, program teams, etc.) is paramount to effective implementation. To maximize value and de-risk these major investments, energy and chemical companies need to understand if internal trust levels are eroding—and then act to improve trust. By using open-source or customized TrustID insights, possibly in tandem with employee Net Promoter Scores (eNPS) scores, companies can flag potential issues that might derail project success—as well as uncover the trust factors behind the issue and then design and test interventions to encourage the specific behaviors they want to see from their workforce, such as greater motivation, higher productivity, stronger collaboration.

In the example below, you can see identical eNPS scores for two employees, Casey and Nora, who are working on aspects of a large digital transformation project. However, TrustID shows that Casey scores the company low in humanity, whereas Nora questions the company's reliability. For Casey and others who gave low humanity scores, company leaders can now intervene by sharing communications that improve familiarity with the purpose and mission of the project and increase understanding of how their work fits into the bigger picture. Meanwhile, company leaders can take a closer look at establishing clear and consistent reporting lines and lines of communication to address Nora's concerns about reliability and accountability.

Four factors ■ Humanity ■ Transparency ■ Capability ■ Reliability

CASEY



Intervention for low humanity

Share communications that ensure the workforce is familiar with, and believes in, the company's purpose and mission

NORA



Intervention for low reliability

Establish clear and consistent reporting lines and lines of communication across leadership and within / across teams

Conclusion

In the increasingly commoditized landscape of energy and chemicals, sheer competence no longer sets you apart. Top-notch products at competitive prices will, of course, always remain essential, but in customers' minds, that's just the beginning. To outshine the competition and fortify your business, you must now earn customers' trust by demonstrating other dimensions of trust—chiefly, humanity and transparency.

To achieve this empower your customers with digital self-service capabilities, providing them with the flexibility, real-time visibility and fluid interactions they now expect. Understanding the diverse needs of various functional areas and corporate levels within your customers' organizations will also be crucial in building more trusting, empathetic relationships. Additionally, becoming a reliable ally in their pursuit of climate and decarbonization goals, while being transparent about your own sustainability commitments, will further reinforce trust, especially in future years.

Strengthening trust also means looking within your organization, especially during periods of digital transformation or market upheaval. Building and nurturing trust among your employees not only helps your company weather these challenges but also paves the way for earning the trust of your customers.

Ultimately, trust is about aligning your actions closely with your customer's needs and preferences. By doing so you enhance the level of trust they place in your company. And as that trust grows, you can break free of the commodity trap, fostering enduring relationships, commanding premium prices and thriving amid ever-changing market conditions.



HERE ARE SOME QUESTIONS TO ASK YOURSELF.

1. Are we accurately measuring and predicting trust within our organization?
2. What specific actions can we take to enhance the level of trust with our customers and drive the business outcomes we want to see?
3. Are we meeting the increased expectations for digital self-service options and easy-to-use customer apps and websites?
4. How are we improving trust in response to the evolving realities of procurement, such as addressing sustainability goals?
5. How can we leverage digital tools to enable more frequent and meaningful interactions with customers?
6. Are we adequately addressing the needs and building trust with various stakeholders involved in customers' procurement decisions?





Methodology.

The findings for this benchmark report on trust in the energy and chemicals sector are based on surveys, conducted by Deloitte from November 2022 to January 2023, of:

- 1,300 respondents at US companies in the subsectors of chemicals and advanced materials, integrated oil and gas, oilfield services, and chemicals and specialty materials. Surveyed respondents had responsibility for operations, procurement, supply chain, R&D / engineering, sustainability, and environmental, health and safety. On average, the companies that were surveyed had 35,000 employees and \$63 billion in annual revenues.
- 98% of all respondents were responsible for or influenced procurement purchasing decisions in their organization, with 30% of all respondents working directly within procurement functions.

Get in touch.

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