

A mixed method analysis of the Better Business Bureau's third-party seal and the extent to which it inculcates trust among consumers

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Abstract

Purpose – The paper aims to answer the central question: to what extent does the Better Business Bureau (BBB)'s policy of providing a third-party seal inculcate consumer trust from consumers to BBB-accredited business members?

Design/methodology/approach – For this mixed-methods study, the qualitative section used a phenomenological approach with three focus groups of consumers and business owners. The quantitative section utilized binary logistic regression from consumer survey data conducted in Colorado. Additionally, document analysis was conducted to understand BBB history and policy details.

Findings – Consumers who notice the BBB logo are 4.7 times more likely to trust a real estate sales business than if they do not notice the BBB logo. Furthermore, consumers who notice the BBB logo are 17 times more likely to trust an auto and boat sales business when they notice the BBB logo.

Research limitations/implications – A main limitation of the study was the inconclusive data that appeared between the qualitative and quantitative data regarding the impact of the BBB seal and trusting home service industries. Researchers are encouraged to further explore how the BBB logo affects trust with home service businesses.

Practical implications – The BBB logo retains potency as a proof source of trust in the marketplace. However, the BBB is less relevant to the millennial generation. The BBB should explore ways to incorporate technology through social media and Internet applications.



The author wishes to extend sincere gratitude to the following people and institutions for their contribution to this research paper: Dr Sylvia Martinez, the author's advisor at UCCS, for her calm guidance and expert navigation during this study. Dr Al Ramirez, the author's UCCS instructor, for showing how empirical research should influence policy. Peggy McNulty, PhD program classmate, for her idea and introduction to the BBB and marketing insights. Jeremy Mares, the author's colleague and friend, for his outstanding help with SPSS and statistical intuitions. Matt Barrett at the Southern Colorado Better Business Bureau, for his unswerving partnership to complete this research. Dr Christopher Nelson, for his illuminating statistical coaching and steady encouragement. Dr Miriam Blum, for her positive perspective and powerful proofreading of the paper. Donah Grassman, for her comprehensive and invaluable editing assistance. Renee Smith, for her cheerful inspiration and consistent support throughout this project.

Originality/value – This work has value as the only mixed-method study on this topic, and these findings add to the body of marketing literature by Kimery and McCord, Cook and Luo and Garrett.

Keywords Marketing research, Consumer psychology, Consumer behavior, Marketing strategy, Marketing education, Marketing psychology

Paper type Research paper

Researchers have not fully explored the extent to which the trust phenomenon influences consumer transactions. To utilize this phenomenon, business entities often market their trustworthiness via objective third-party seals to initiate trust with potential patrons (Hu *et al.*, 2003). For example, the logo for the Better Business Bureau (BBB) is ubiquitous on business storefronts and professional Web pages in Colorado. BBB policy restricts display of the BBB seal to only those businesses who are accredited by the BBB (an image of the BBB seal can be found in [Appendix 1](#)). Because the BBB's chief aim is to promote trust between patrons and business owners, research regarding the effectiveness of their third-party seal policy has theoretical and practical value. Therefore, a mixed-method, phenomenological study is justified, and may yield rich and valuable data for BBB leaders to consider regarding their policy for seal dispensation to accredited business members.

To research the data needed for this study, three focus groups explored the relationship between the BBB's third-party seal and consumer trust. In addition, a state-wide consumer survey was conducted in Colorado. This mixture of both methods offered the benefits of both types of inquiry; the quantitative method provided the metaphorical window and the qualitative method provided the metaphorical lantern (Shank, 2002, pp. 10-11). Furthermore, the triangulation of quantitative and qualitative methods provided a unique perspective germane to the issue of logo use and consumer trust (Patton, 2002, pp. 247-248). This mixed-method research delivered insights into the effectiveness of the BBB logo-accreditation policy specific to consumer trust concerning large purchases. Finally, improvement of branding and marketing strategies to millennial consumers and increased utilization of technology are practical recommendations for policy implementation.

Review of the literature

Defining the concept of trust in business

The concept of trust in business can first be understood from a review of emotional intelligence (EI) literature. First, Goleman (1998) provided a useful perspective of trust and self-awareness. He stated that each consumer must make a choice whether to trust another business party or not. Next, Dong and Howard (2006, p. 382) also defined trust in the context of EI as "a firm reliance on the integrity, ability, and character of an organization or business". Furthermore, Pavlou and Dimoka (2006) described trust as a buyer's belief that a transaction with a seller will occur in a manner consistent with the buyer's expectation. Therefore, trust is a complex emotional concept, requiring the consumer to make intuitive choices based on a subjective perspective of a business entity's performance.

Trust can next be understood from business marketing theory as the principal agent that connects consumers to business entities. For example, Heffernan *et al.* (2008, p. 185) stated that trust is widely acknowledged as the "critical component" at the beginning of

a business affiliation, and this must be considered when marketing a new business relationship. In addition, O'Malley and Tynan (1997) explained trust as a condition in which people act with a high level of integrity when first dealing with one another. This initial integrity is critical because customers prefer to patronize businesses run by agents whom they believe are truthful and sincere. Simply put, consumers passionately protect their business interests and want to do business with trustworthy agents. Finally, Morgan and Hunt (1994) defined trust as a confidence that both parties can rely on one another with their business transactions. Customers require steadfastness and earned confidence from businesses to sustain their consumer loyalty. Therefore, in the world of business, trust can be considered the integral adhesive that binds professional relationships together.

The strategy of utilizing third-party seals to inculcate trust

Because trust is considered as a key commercial concept, businesses often look for ways to effectively market their trustworthiness to consumers (Wang *et al.*, 2004). For instance, third-party seals, such as the BBB logo, are often used as an effective message from businesses to consumers to engender trust (Luo and Cook, 2007). Businesses utilize these seal policies to convey that their organization can be trusted to perform their business transactions with integrity (Hu *et al.*, 2010). This process is called transference, in which trust is transferred from a well-known proof source, such as the BBB, to a previously unknown business entity (Doney and Cannon, 1997). Therefore, businesses often use seals in a role to convey their fidelity.

Furthermore, the concept of third-party logo policies to generate trust can be understood in light of the ancient, persuasive concepts of logos (logical persuasion) and pathos (emotional persuasion). For example, when businesses use the BBB logo (both logos and logo originate from the same Greek etymology), they market a basic symbol – the seal – to advance a reasonable point that a specified business is trustworthy. Placing trust in a business is considered a reasonable course of action when that business is recommended by a neutral source (Mshvenieradze, 2013). Moreover, a recommendation from a respected source provides reliable testimony, which lends some strength to the argument of appeal by expert opinion (Walton, 2010). Therefore, the BBB third-party seal policy posits that a business can be considered trustworthy when the BBB endorses that business with the BBB seal.

In addition, pathos is incorporated in the utilization of the BBB logo as a strategy to gain consumer trust. For instance, consumers must overcome their anxieties before they can trust a business. Consumers fear they will be cheated if they conduct their commerce with the wrong agency. They pay attention to noticeable clues, such as the BBB logo, for guidance toward a trusted course of action (Mshvenieradze, 2013). In fact, customers may find comfort from the color of the BBB logo. Specifically, the color blue used for the BBB logo is associated with “the sky and sea, and evokes comfort, faith, conservativeness, understanding, clarity, calm, and trust.” (Feloni, 2014). Thus, seals and logos are used in marketing strategies because they provide persuasive messages to consumers.

Market signaling theory is yet another paradigm that can shed light on how third-party seals stimulate trust (Spence, 1973). Signaling theory describes how job applicants signal their worth to future employers by producing documentation of earned degrees of education. The third-party document conveys assurance that the degree was, indeed, earned. Similarly, businesses can signal their trustworthiness to consumers through the use of an earned

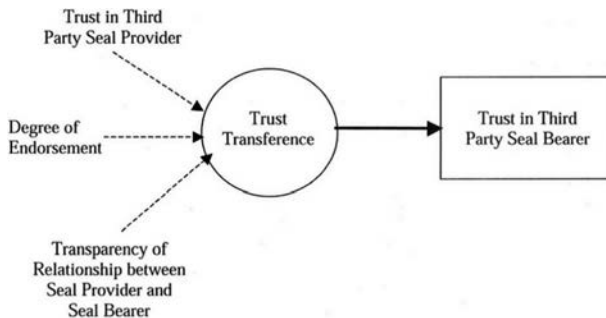
third-party assurance seal (Kimery and McCord, 2006). In both cases, a cost must be counted to validate the signal before it can be transmitted. The signaling recipient can believe the signal giver because the primary price has been paid – either in gaining an education or in establishing a business reputation of excellent standing. This criterion protects the validity of the signal; otherwise, if agents who have not gained credibility can send the signal, it loses its potency (Lee *et al.*, 2005). As a result, businesses who participate in signaling programs must demonstrate that they have earned the right to display the corresponding signal. For instance, those businesses who become cooperating members of self-regulating agencies, such as the BBB, must establish and maintain their integrity and performance to keep the third-party seal (Stoeckl, 2004). A third-party seal signifies trust and assurance to the consumer that the business entity will perform in a trustworthy manner.

Therefore, a review of the literature illumines the connection between trust and third-party seals. First, trust in business is defined from the field of EI as a phenomenon that encompasses the reliability, integrity and loyalty that occurs between buyers and sellers. Trust is then explained from marketing theory as the connection that bonds consumers to businesses. Next, the strategy of persuading trust with a third-party seal incorporates the ancient ideas of logos and pathos. Finally, third-party seal policies create trust by incorporating the contemporary construct of signaling theory. Therefore, third-party seals provide an intriguing means of trust incubation in business, and are worthy of further study in a practical setting.

Theoretical framework

To research the effect of third-party seals as trust agents in business, a theoretical model is needed to frame the study. The theoretical framework used to inform this study was Cook and Luo's (2003) trust transference process (Figure 1).

This model was originally designed by Cook and Luo to explain how cautious online consumers in a burgeoning electronic marketplace might use third-party seal programs to choose between competitive online vendors. According to this theoretical framework, three major elements contribute to trust transference from third-party seal providers to businesses. When all three of these trust transference elements are present and working in concert, a business can earn consumer trust by proxy. First, trusting the third-party seal provider is identified as a key to the transference of trust from the seal bearer to the business. For example, the trust transference process is facilitated when consumers believe that businesses that display the BBB logo are more trustworthy than those who



Source: Reprinted from the Cook and Luo (2003)

Figure 1.
Trust transference
process

are not permitted to display the logo. Second, the degree to which the seal provider endorses a business has an effect on the trust transference process. For instance, the BBB has a rating system in which businesses are graded with a letter grade to quantify the degree to which the BBB endorses that business. Third, the transparency of the relationship between the seal provider and the seal bearer influences the trust transference process. In other words, patrons must believe that the BBB is neutral and unbiased toward the businesses they rate, so that trust can be effectively transferred from the BBB's third-party seal provider to the businesses who market with the BBB seal. Thus, the trust transferal process can be utilized as the theoretical lens from which to study the effectiveness of the BBB seal to impart consumer trust.

Analysis of the BBB as a case study

A closer look at the BBB as a case study can help to scrutinize the effectiveness of the BBB seal policy and whether it attains the goal of signaling trust. The BBB is able to claim great longevity and consistency of purpose as two noteworthy examples of their organizational fidelity. For example, the BBB dates back to 1912 and was initially established to correct abuses in advertising. The genesis of the BBB came at the dawn of volunteer self-regulation in the marketplace, in lieu of government intervention (Lacho and Mitchell, 2010). In addition, the BBB carries a clearly defined goal of propagating trust. For instance, the BBB motto is simple and direct: "Start with Trust". Furthermore, the stated vision of the BBB is "an ethical marketplace where buyers and sellers can trust each other". Moreover, their mission is "to be the leader in advancing marketplace trust". Businesses that wish to maintain their BBB accreditation and display the BBB seal must agree to and abide by the BBB Standards of Trust. However, criticisms exist of the BBB as a balanced gatekeeper and guardian of trust in the marketplace. For example, detractors have long alleged that the practices of the BBB are biased in favor of the business owners. Congressman Rosenthal concluded after a landmark study in 1971: "By every objective standard, BBBs serve as the agents of the business community and reflect all the biases of that community against the consumer movement [...]" (Rosenthal, 1971, as cited in Garrett, 2007, p. 25). Also, some patrons have complained that the BBB favors those BBB businesses who are members over those who are non-members (Garrett, 2006). BBB critics, therefore, conclude that businesses can buy their accreditation, rather than earn it (Pribek, 2013). Because consumers continue to use the BBB more than any other third-party agency, their policy of logo dissemination provides an interesting opportunity for study (Garrett and Toumanoff, 2010). This research attempts to determine the extent to which trust is transferred from businesses to consumers with the BBB third-party seal.

Method

Cook and Luo's trust transference process theory informed the analyses methods of this mixed-method study. For example, content from qualitative interviews were analyzed in light of this theoretical framework and key findings and insights were organized into corresponding categories. Specifically, the focus group transcripts were reviewed in view of the three major elements that contribute to trust transference: trusting the third-party seal provider, the degree to which the seal provider endorses a business and the transparency of the relationship between the seal provider and the seal bearer. In addition, the quantitative portion of this study linked with the second element from the

theoretical framework. Explicitly, the extent to which trust is transferred from a trusted third-party seal to specific seal-bearing industries was analyzed by running a binary logistic regression from the collected survey data. This regression measured the probability that a potential patron will trust a BBB seal bearer once they notice the BBB seal.

This study used a partially mixed concurrent equal-status design. Both phases were completed during the same approximate three-month window. This approach allowed the quantitative and qualitative phases to have approximately equal weight (Leech and Onwuegbuzie, 2007). The mixed-method strategy also provided methodological triangulation and served as a check for internal validity (Ihantola and Kihn, 2011).

Qualitative method

Qualitative sample. The qualitative study used self-selection sampling as a non-probability selection criteria. The sample of qualitative participants comprised 28 total volunteer participants who were broken into three focus groups: two groups of consumers (each group with ten participants) and one group of small business owners (eight participants). The ages of the participants in the groups ranged from 21 to 72 years and had a roughly equal number of men (13) and women (15). The consumer participants were recruited by asking for volunteers on the Southern Colorado BBB Facebook page. The 20 consumer volunteers were asked to choose from one of two available focus group session held on the same day, and none of the volunteers were excluded from participation. The small business owner group participants were recruited from the pool of 3,275 active Southern Colorado BBB members by email listserv invitation. Eight business owners volunteered for one available session and none were excluded from participation. The discussion guide for the focus groups can be found in [Appendix 2](#).

Qualitative design. The qualitative portion of this study used phenomenology to discover more about the potential importance of the BBB logo and the impact it has among consumers (Creswell, 2012). Focus group members were able to discuss and interact regarding their experience and to relate their internal perspective. Moustakas (1994, p. 45) explained this process as “capturing consisting of both what was experienced and how it was experienced by the participant”. Furthermore, Husserl (1970, p. 61) asserted that “Ultimately, all genuine, and, in particular, all scientific knowledge, rests on inner evidence: as far as evidence extends, the concept of knowledge extends also”. Both consumer and business owner groups were interviewed to identify patterns of convergence between perspectives (Mays and Pope, 1995). Finally, document analysis was incorporated into the study to contextualize the history of BBB and to illumine their logo policy.

Qualitative procedure. The primary qualitative method used for data collection in this study was a typical case, criterion-based sampling method by interviewing two focus groups of ten consumers and one focus group of eight small business owners. The standardized, open-ended interview questions were compiled as a class exercise and conducted by students from the University of Colorado, Colorado Springs, under the supervision of their Marketing Research course instructor. The groups were conducted during a two-day period at the BBB office in Colorado Springs and the data were shared for the purpose of this research. Focus group interviews were approximately 1.5 hours in duration, and were digitally recorded and transcribed verbatim (Carlson, 2010). Text

and margin notes were used to create files for data analysis and formed the study's initial codes which were created using NVivo analysis software. Descriptions of the essence of the educational follower's EI phenomenon was derived by classifying significant statements and by grouping those statements into meaning units. The units or nodes were then classified into theme clusters that correspond with Table I. These phenomenological data are further discussed in the results section.

The secondary qualitative method used was document analysis. The written BBBOnLine Seal policy (see Appendix 3) and BBB Accredited Business Agreement (Appendix 4) were closely reviewed as rich sources of data (Patton, 2002). Moreover, an infographic document comprising archived BBB advertisements (Appendix 5) provided a valuable research record. This record offered relevant insight into the historical purpose of the BBB (Hill, 1993). This document review phase provided illumination into the material culture of the BBB and its policies (Hodder, 2000).

Constructs	Major findings
Construct 1: Trust in seal provider	Consumers communicated a mixture of trust (older consumers) on non-trust (younger consumers) of the BBB as a seal provider Consumers rely most heavily on the BBB seal and rating in times of large purchases and home service jobs Business owners perceive the BBB as the most reliable and credible seal provider for their organization
Construct 2: Degree of endorsement	Most consumers prefer to first contact a business with a higher BBB rating Younger consumers would utilize the ratings system more frequently if the information were easier to access via their smartphone Business owners care greatly about their BBB rating and consider a high BBB grade to be a badge of honor
Construct 3: Transparency of relationship	Most consumers believed that reporting a business to the BBB created a positive "cause and effect" A few consumers reported skepticism of whether business earn or purchase their BBB grade All of the business owners reported that their relationship with the BBB motivates them to keep their integrity and maintain customer satisfaction
Construct 4: Future recommendations	Consumers recommended that the BBB make immediate efforts to establish their internet presence Consumers suggested that the BBB use effective marketing to showcase all of their available services Business owners provided no future recommendations

Table I.
Key constructs and associated major findings

surveys conducted across the state of Colorado. Survey Monkey was used as the survey medium and Facebook was used to distribute the survey link. Fourteen different Colorado counties had survey participants contribute results to the collected data. Of the 165 total participants, 60 were from Northern Colorado and 105 were from Southern Colorado. Of the 165 total survey participants, 151 were considered selected cases and included in the analysis (91.5 per cent). SPSS was used to run the binary logistic regression. Partially completed surveys with missing data (14 cases at 8.5 per cent) were automatically eliminated with a listwise deletion (Robitzsch and Rupp, 2009).

Results

Analysis of qualitative data

Three sets of focus group transcripts were collected and transcribed. From these transcripts, three different themes were identified that fit within this study's theoretical framework (Cook and Luo, 2003). These were used to create three thematic clusters:

- (1) trust in seal provider;
- (2) degree of endorsement; and
- (3) transparency of relationship.

A fourth theme cluster was created for ideas taken from the interviews that are relevant to future recommendations regarding the BBB accreditation and seal dispensation policy. From the three transcripts, 192 significant statements were identified and classified within the four groupings and major findings as identified in [Table I](#).

First, an analysis of the qualitative interviews resulted in several key insights. These insights and their importance will be further analyzed for practical value in the discussion section:

- The BBB and its logo have not fully lost their credibility as a proof source, with some exceptions, such as a “pay for play” or “rubber stamp” mentality. Marketing opportunities exist to communicate the venerable nature and continued relevance of the BBB, in contrast to the use of online consumer reviews – which can be much less reliable due to fabricated reviews (Short, 2013).
- The Millennial generation (people under 30 years old) rarely looks for the BBB logo. This age group uses BBB services significantly less than prior generations (Fager, 2013).
- Most of the people interviewed were unaware of the services that the BBB currently offers, such as the ability to complain about businesses, arbitration services and the Dynamic Seal Program (Council of Better Business Bureaus, 2014).
- Many of the consumers interviewed stated that they are more likely to look for the BBB seal with big ticket purchases, such as with cars and houses, and with services performed at their home – because of the higher level of risk and vulnerability (Garrett, 2004).
- The BBB has a significant opportunity to increase their online services and offerings attached to the BBB logo. The utility of the BBB software application (app) should be upgraded to become useful to an increasingly Internet-savvy population (Bell and Patterson, 2011).

Second, the study of the BBB seal policy and application documents provided further illumination into the accreditation and seal dispensation policy of the BBB. For example, the Authorization to Use BBB*OnLine* Seal policy document (Appendix 3) was analyzed as data (Bowen, 2009) and reviewed for substantive content (Sogunro, 1997). The overarching theme of the policy document involved the disbursement and regulation of the BBB seal (Fereday and Muir-Cochrane, 2006). For instance, this document artifact demonstrates that only businesses that qualify and are approved by the BBB accreditation process are permitted to bear the seal online. Another key detail found is that accredited businesses are not allowed to use additional language, such as “endorsed by the BBB”. Finally, the policy document articulates that businesses must hyperlink the online seal in accordance with the Dynamic Seal Program. This link must go directly to a confirmation page, with the BBB business review regarding the accredited business.

In addition, the BBB Accredited Business Agreement (Appendix 4) explains the scope and restrictions of using the seal as outlined by the BBB. For example, only the logo sizes provided by the BBB can be used in conjunction with advertising purposes (e.g. 1/8 inches tall). Furthermore, the application provides a detailed list of requirements that directly corresponds with the eight standards of trust. The main idea that can be mined from these documents is that the BBB accreditation and seal dispensation policy is specific and stringent, and seal use is only permitted among accredited members.

Third, an analysis of an infographic document (Appendix 5) led to further enlightenment regarding the historical mission and message of the BBB and how that compares to present time. For example, the document included an old BBB advertisement that warned of door-to-door salesmen and “bait and switch” tactics. The ad showed a slick salesman and a weary housewife, and it listed door-to-door sales as one of the top industries for complaints – with 1,432,228 complaints in 1915. It can be noted that the vacuum sales advertisement shows a significant shift of where business is conducted from then until now. For instance, whereas promoting trust among door-to-door transactions was a crucial role of the BBB a hundred years ago, the current rise of ecommerce has required the BBB to transform itself into a bastion of trust online (Abbass and Ibrahim, 2011).

In another section of the historical document, an advertisement from 1945 is shown in which a con artist with an enticing coupon unsuccessfully tries to convince a passerby to purchase questionable merchandise. The lower segment of the message shows how the BBB protects military service members from swindlers. Also, noteworthy is the ad slogan listed for the 1945 BBB ad, “Before you invest, investigate!” Both historical advertisements provide interesting confirmation of the consistency and longevity regarding the goals of the BBB.

Analysis of quantitative data

Binary logistic regression was performed on the data from the fully completed surveys ($n = 151$) to determine which independent variables were predictors of consumer trust. Prediction success overall was 78 per cent (86 per cent sensitivity and 59 per cent specificity) with a cut value of 0.50 (Table II). With sensitivity, the model correctly identified 86 per cent of those cases that were predicted as yes (to trust), and who also

said yes. With specificity, 59 per cent of cases that said no (to trust) were also correctly predicted to say no. (Tabachnick and Fidell, 2001).

A test of the full model against a constant only model was statistically significant, indicating that two of the predictors (Auto and Real Estate) reliably distinguished between logo noticers and non-logo noticers (Table III).

The model demonstrated significance only for those who noticed the logo in Auto ($p = 0.008$) and Real Estate ($p = 0.003$).

The $\text{Exp}(B)$ values indicate that those people who notice the BBB logo when considering auto and boat purchases are 17 times more likely to trust that business than if they do not notice the logo.

From the B value, or log odds, the probability can be calculated at 95 per cent that someone who notices the BBB logo will trust a business in the auto and boat sales industry. This probability is calculated for someone who has a bachelor's degree (coded as "4" from an ordinal scale), does not currently own a home (coded as "0" on a dichotomous scale), lives in Northern Colorado (coded as "0" on a dichotomous scale) and is between 26 and 45 years of age (coded as "1" on an ordinal scale). Beginning with a formula of:

$$\text{Log}(p/1 - p) = b_0 + b_1(x1) + b_2(x2) + b_3(x3) + b_4(x4) + b_5(x5) + b_6 + (x6) + b_7(x7)$$

Then, substituting the estimates and actual variable names:

$$\text{Log}(p/1 - p) = -0.604 + 0.404(0) + 2.852(\text{Auto}) + 1.544(0) + 0.526(1) + 0.060(4) - 0.282(0) - 0.160(0)$$

Table II.
Classification table

Observed	TrustCat		Percentage Correct (%)
	0.00 No	1.00 Yes	
<i>Step 1</i>			
TrustCat			
0.00 No	26	18	59.1
1.00 Yes	15	92	86.0
Overall %			78.1

Table III.
Variables in the equation

Step 1	B	SE	Wald	Df	Significance	Exp(B)
HVACLogoNotice	0.404	0.531	0.578	1	0.447	1.497
AutoLogoNotice	2.852	1.075	7.041	1	0.008	17.330
RealtorLogoNotice	1.544	0.525	8.645	1	0.003	4.684
AgeGroupReCat	0.526	0.396	1.766	1	0.184	1.693
Education	0.060	0.195	0.096	1	0.757	1.062
HomeCat	-0.282	0.539	0.273	1	0.601	0.754
CountyCat	-0.160	0.438	0.134	1	0.714	0.852
Constant	-0.604	0.709	0.727	1	0.394	0.546

After computing for auto:

$$-0.604 + 0.526 + 0.060(4) + 2.852 = 3.014$$

Using the probability formula:

$$\begin{aligned} \text{odds} &= \text{prob}/(1 - \text{prob}) \\ 3.014 \log \text{ odds} &= 0.953 \text{Auto probability} \end{aligned}$$

For the Real Estate industry, the $\text{Exp}(B)$ values indicate that people who notice the BBB logo (same criteria as above) when considering real estate purchases are roughly 4.7 times more likely to trust that realtor than if they do not notice the logo.

The log odds for real estate indicate that those who notice the BBB logo have an 85 per cent probability of trusting that realtor.

Beginning with a formula of:

$$\begin{aligned} \text{Log}(p/1 - p) &= b_0 + b_1(x_1) + b_2(x_2) + b_3(x_3) + b_4(x_4) + b_5(x_5) + b_6 \\ &+ (x_6) + b_7(x_7) \end{aligned}$$

Then, substituting the estimates and actual variable names:

$$\begin{aligned} \text{Log}(p/1 - p) &= -0.604 + 0.404(\text{HVAC}) + 2.852(\text{Auto}) + 1.544(\text{Realtor}) \\ &+ 0.526(\text{Age}) + 0.060(\text{Education}) - 0.282(\text{Home}) - 0.160 \\ &(\text{County}) \end{aligned}$$

After computing for real estate:

$$\begin{aligned} \text{Log}(p/1 - p) &= -0.604 + 0.404(0) + 2.852(0) + 1.544(\text{Real Estate}) \\ &+ 0.526(1) + 0.060(4) - 0.282(0) - 0.160(0) \end{aligned}$$

The following results are calculated:

$$0.604 + 0.060(4) + 0.526 + 1.544 = 1.706$$

Then, using the probability formula:

$$\begin{aligned} \text{odds} &= \text{prob}/(1 - \text{prob}) \\ 1.706 \log \text{ odds} &= 0.846 \text{Realtor probability} \end{aligned}$$

The model demonstrated a fair to moderate goodness of fit with a Nagelkerke score of 0.39 within a range of 0.00 to 1.00 (Nagelkerke, 1991). The two assumptions addressed were linearity of the logit and multicollinearity. Linearity of the logit was considered but not tested because no continuous independent variables were present in the model. Multicollinearity was checked among the independent variables and VIF statistics ranged from 1.03 to 1.84. With VIF statistics, a cutoff score of 5.00 was used to identify problems and none were greater than 5.00 (Tabachnick and Fidell, 2001).

Discussion

The central question posed in this research was: To what extent does the BBB policy of providing a third-party seal inculcate trust from consumers to BBB accredited business members? A set of qualitative group interviews were held to discover the potential importance of the BBB logo and the impact it has among consumers. Additionally, a quantitative investigation examined how much trust this policy stimulates from consumers to businesses using binary logistic regression.

Implications of the qualitative data

The phenomenological research uncovered four major themes from the qualitative interviews. These themes were classified into four general categories:

- (1) trust in seal provider;
- (2) degree of endorsement;
- (3) transparency of relationship; and
- (4) future recommendations.

The themes correspond with the trust transference process by [Cook and Luo \(2003\)](#).

Trust in seal provider. The consumer interviews demonstrated a mixture of opinions regarding the value of the BBB as an impartial evaluator of trust. Most of the comments indicate a general trust of the BBB, but a few consumer participants articulated their impression of the BBB as a “pay for play” organization. In other words, some people felt that if a business pays their dues, they receive BBB accreditation – and this process may not be a reliable metric of trust. However, none of those with the “pay for play” opinion were aware of the written BBB standards, or that accreditation can be revoked per written policy. By the end of both consumer focus groups, most of the detractors’ opinions seemed to sway considerably to a positive view, once the other group members shared their understanding and experiences of the BBB. Finally, both consumer groups indicated that they trust the BBB seal most when they face great risk, such as when a service is performed to their home or when they purchase a high-priced item, such as a house or automobile.

Another key finding from the consumer focus group was that millennial consumers rarely look for the BBB logo as a source or proof of business trust ([Fok et al., 2012](#)). This appears to stem from two reasons. First, the BBB has not created an Internet presence with social media to compete with online reviews and Angie’s List. However, the intrinsic value of the BBB (e.g. their venerable history and noble vision and mission) may provide an opportunity for the BBB to improve their logo brand identification ([Park et al., 2013](#)) and logo brand equity ([Mourad et al., 2011](#)). To reach those consumers who grew up using the Internet, the brand perception of the BBB logo must be replaced from that of an “old school” establishment to a memorable meme of trust and utility.

Second, the BBB lags behind in establishing their position with millennials because they have been slow to develop an agile Web site and functional online applications. However, the BBB is showing preliminary signs of improving their Internet agility. For example, the BBB of eastern Massachusetts recently announced the launch of a new app that allows BBB-accredited plumbers and electricians to connect with regional customers ([Castellanos, 2014](#)). Another idea highly recommended by the consumer focus groups is the development of a quick response (QR) code application that will

facilitate quick transactions regarding business reviews that are available on a Web site. Therefore, upgrading the BBB's technology can increase access to their services and better meet the expectations of their consumers.

Degree of endorsement. Most of those interviewed indicated that the BBB rating system has value, but only if the consumer is aware of the rating. If presented with the opportunity to choose between two businesses, the general consensus of those interviewed indicated that they would choose the business with the higher rating if all other factors were equal. For instance, a consumer stated: "I would probably call an A+ plus rating first, over one that just had BBB, because A+ is rated by the consumers, by the people". Further, many participants shared stories in which they wish they had checked a company's accreditation and rating before they used their service. In one example, an interview participant recalled how he was forced to remove three tons of poorly laid concrete because he used a non-BBB accredited business. However, one criticism of the BBB grading system is how it relates to their overall accreditation process. In other words, a business can have a poor BBB grade but still retain their BBB accreditation. This train of thought indicated that people might not look up the BBB grade of a business, even if they know the business has BBB accreditation. According to the participants, one reason was the inconvenience in accessing the rating system. The aforementioned QR system might provide the needed medium to assist this information to be more easily and consistently accessed by the consumer. Finally, the business owner group provided an interesting implication by communicating how hard they each work to retain a high rating from the BBB. If consumers are made aware that the BBB rating system creates a direct effect on customer service, it may increase the effect the BBB logo has on trust.

Transparency of relationship between seal provider and seal bearer. Some consumers indicated that they felt that the BBB gives a rubber stamp approval for those companies that pay their BBB dues. However, the majority of consumers indicated that the BBB provides a fair and unbiased assessment of businesses. This majority also stated that the BBB's vision and mission contribute toward trust in the marketplace between consumers and business owners. The business owner group shined additional light on the matter by sharing their perception of their business relationship with the BBB. For example, the participants repeatedly stated how the seal and rating must be earned, and the BBB holds them accountable for how they treat their customers. One consumer reported, "My perception is that if a company doesn't meet the compliance standards of the BBB, then they have to take the BBB sticker off their store". Finally, an interesting point was taken by the business owners who stated that they only use BBB-accredited businesses for their personal and business transactions. This appears to be an indirect endorsement of the veracity of the BBB's mission and corresponding logo. In other words, business parties that have been accredited by the BBB still look for the BBB logo from those with whom they choose to do business.

Future recommendations. The first major recommendation that came from the qualitative feedback was to market all of the services the BBB offers in a more effective way. Most of those consumers who participated were unaware of the breadth of services that the BBB provides, such as arbitration services for dispute resolution between consumers and businesses. Arbitration is performed by an impartial attorney employed by the BBB at low or no cost to the business or consumer (Lacho and Mitchell, 2010). Another example of a little-known service the BBB provides is the Dynamic Seal

program, a new online function of the BBB third-party seal in which a consumer can click on the online BBB logo attached to a business Web site and be hyperlinked directly to that business's BBB review. Other BBB programs that need additional exposure include the online reliability seal, business reviews, the BBB military line and the BBB auto line. Because there will be a growing number of online consumers who obtain their information on the Internet, the BBB would do well to market their little-known services online.

The second major recommendation that arose from the focus groups involved the access of BBB reviews. As mentioned earlier, one group became animated when they considered how the use of a QR "rate me" code might allow them to look up ratings of businesses quickly. For instance, one consumer stated: "If they had an internet application, like an Android or Apple product, where I could review a business [...]". This potential feature would allow consumers to rate their business experiences in real time. If the BBB can find a way to combine a "rate me" feature with their strong complaint vetting process, the qualitative data suggest they might overtake their online rating competitors, such as online reviews and Angie's List (O'Malley, 2014).

Implications of the quantitative data

The quantitative findings of the study showed a statistically significant, positive interaction between consumers noticing the BBB logo and trusting the industries of auto and boat sales and real estate sales. People who notice the BBB logo when considering real estate purchases are roughly 4.7 times more likely to trust that realtor than if they do not notice the logo. The log odds for real estate indicate that those who notice the BBB logo have an 85 per cent probability of trusting that realtor. With respect to auto and boat sales, people who notice the BBB logo when considering an auto or boat purchase are 17 times more likely to trust that business if they notice the BBB logo. The probability can be calculated at 95 per cent that someone who notices the BBB logo will trust a business in the auto and boat sales industry. Thus, the quantitative findings indicate a statistically significant and practically important correlation between a consumer noticing the BBB logo and trusting businesses in real estate sales and auto and boat sales.

The first practical implication from these findings involves the parallel results between the quantitative and qualitative results regarding the BBB logo and large purchases, such as with cars and houses. The triangulated data appear to confirm that consumers may feel a higher need for a trust seal when purchases involve higher risks, such as for high-cost transactions. First, this may provide excellent practical justification for those in the auto and boat sales and real estate sales industries to gain or maintain BBB accreditation. A second practical implication is that consumers may feel a greater need for protection from fraud in large-expense industries, such as real estate sales and auto and boat sales. The BBB can use this as an opportunity to provide value by educating consumers of risks involved with these types of transactions (Garrett, 2004). Thus, the quantitative results support an important association between noticing the BBB logo and trusting large-ticket transactions.

In contrast, while the interview results demonstrated that consumers prefer for businesses who perform home service work to be accredited by the BBB, the quantitative results for the HVAC service industry indicated no significance between noticing the BBB logo and trusting HVAC businesses. This lack of statistical

significance for HVAC service work contradicted the expectations set by the qualitative interviews and the general observation that people tend to be cautious when granting access to their homes (e.g. use of locks, security systems, etc.). However, future studies might find a stronger correlation by studying other service work industries for the home – such as with the previously mentioned home concrete industry. The consumer focus groups also indicated several other types of home service work, for which they value trust when choosing a business to hire: cabinet building, carpet installation and garage door installation. Similarly, the business owner interviews indicate that those businesses that work inside the consumers' homes find that having the BBB logo has proven to be a critical element when gaining the customers initial trust. Additional study may be warranted regarding the extent to which the BBB logo stimulates trust for those industries that involve service work on homes.

Implications of the study on policy

The results of this study provide several implications for policy:

- The BBB's policy of dispensing their seal to accredited businesses to inculcate trust appears to be supported by the data. With some exceptions, consumers are more likely to trust businesses who display the third-party seal of the BBB.
- The BBB is less relevant to the Millennial generation than it was to previous generations. The BBB should revise their marketing policy to gain the trust of those under 30.
- The BBB should improve their branding policy to incorporate their history, mission and standards of trust to re-establish credibility.
- The written BBB seal policy should be communicated to consumers, specifically the BBB's written requirement that businesses adhere to the standards to retain the BBB seal.
- The BBB's ability to validate consumer reviews should be highlighted in their marketing efforts, in contrast to their competitors' methods of review validation.
- The BBB should promote their wide array of services offered, such as arbitration and the Dynamic Seal program.
- The BBB should explore ways to use technology through social media and Internet applications to increase access and awareness of their services.
- Other seal policies designed to promote trust may be noteworthy in future research considerations. For example, to what extent does the FDA symbol create trust among consumers? Also, to what extent does the Christian Ichthus stimulate trust among Christian versus non-Christian patrons?

Limitations

Qualitative limitation

One known limitation of the present study was that the qualitative focus groups were held on the premises of the BBB. To limit bias, no employees from the BBB were present during the interviews and the participant's confidentiality was assured prior to the group sessions. Future research may consider a neutral venue when conducting focus groups.

Quantitative limitation

A second limitation of the study was the discrepancy of perception that appeared between the qualitative and quantitative data regarding home service industries. One possible explanation for why these results differed may be related to how HVAC is licensed and credentialed by Colorado. The HVAC credential may create less need for an endorsement from the BBB, whereas a less monitored industry (e.g. concrete labor) has a greater need for non-government third-party endorsement. This discrepancy prevents a definite conclusion from this study regarding the ability of the BBB seal to inculcate trust between consumers and home service industries. However, the discrepancy can be addressed in future studies by exploring the effect of the BBB logo on consumer trust with several different home service industries.

A third limitation was the use of snowball sampling to collect survey participants. This non-random method bears the risk of selection bias, as the participants referred people whom they know to complete the survey. However, the selection criteria required only that the participants be residents and consumers in Colorado. This criterion was enforced with the first question of the survey by asking participants if they currently live in Colorado. Results from non-Colorado residents were excluded from analysis.

A fourth limitation was a lack of available data in the regression model regarding the gender and occupations of the survey participants. The inability of the regression model to include gender and occupation prevented the ability to check the significance of these independent variables. These omitted variables are recommended for inclusion in future research of this type.

Conclusion

This research strived to determine the extent to which the BBB third-party seal policy inculcates trust among consumers who use BBB-accredited businesses in Colorado. Both the qualitative and quantitative results demonstrated that the BBB logo retains potency as a proof source of trust in the marketplace. With some exceptions, the BBB remains a respected entity among patrons and business owners. However, the study revealed a diminishing element of perceived relevance among millennial consumers. For the BBB to remain important in the future, they must learn to appropriately market their brand to younger consumers in social media settings. In addition, the research indicates that consumers expect organizations, such as the BBB, to increase access to their services through application technology. By adapting to the needs and expectations of the current generation, the BBB may remain a valued source in building trust between buyers and sellers in the years to come.

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Further reading

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Figure A1.

Appendix 2. Discussion guide

Construct 1: Trust in seal provider

- (1) To what extent does seeing the Better Business Bureau logo attached to a business give you a reason to trust that business more?
- (2) Has your perception of the Better Business Bureau changed over time, and if so, how?
- (3) How and why did you first become affiliated with the Better Business Bureau? (business owner group only)

Construct 2: Degree of endorsement

- (4) To what extent does seeing the Better Business Bureau logo attached to a business give you a reason to trust that business more?
- (5) In what ways has the Better Business Bureau ratings system been helpful to you?
- (6) Why might it be important to you to maintain a high rating? (business owner group only)

Construct 3: Transparency of relationship

- (7) How might experiencing a significant "cause and effect" after filing a complaint with the Better Business Bureau encourage you to continue to utilize the BBB?
- (8) What perceptions of the Better Business Bureau might you share for the Better Business Bureau to consider when marketing their logo services?
- (9) What is your perception of the Better Business Bureau and their relationships with business owners? (business owner group only)

Construct 4: Future recommendations

- (10) What is the best way for the Better Business Bureau to reach other people?
- (11) In what industry would you use the Better Business Bureau the most, or where would you like to see them?



**Authorization to Use BBBOnLine Seal
Better Business Bureau® of Southern Colorado, Inc.**

BBB administers BBBOnLine, a national program open to qualified businesses and designed to foster and support honest commerce on the Internet and to increase consumer confidence in companies doing business on the Internet.

BBB grants BBB ACCREDITED BUSINESS (BBBAB) a non-exclusive, non-assignable and non-transferable license to use the BBB name and seals, only as prescribed below. BBBAB understands that, if BBBAB is merged, acquired or consolidated with another company, BBBAB must inform the BBB, and the new company must qualify for BBB Accredited Business designation. BBBAB agrees that the BBB name and seals/logos may not be otherwise used, copied, reproduced, or altered in any manner. Nothing in this Agreement, or in BBBAB use of these marks will give BBBAB any right whatsoever in them or in ones similar beyond the right granted in this Agreement.

BBBAB may display the Seal, which will be provided in various sizes to the BBBAB, anywhere on its World Wide Web site at its primary Internet domain name. In addition, BBBAB may display this Seal on other World Wide Web sites where BBBAB advertises so long as BBBAB provides BBB in writing the uniform resource locator(s) (URL) that provides a complete path to the document(s) or page(s) where BBBAB will display the Seal. If the URL changes, BBBAB must inform BBB in writing and BBBAB must include the URL of the site that will no longer display the Seal, if appropriate. Any online explanations of BBBOnLine must receive prior approval of the Council of Better Business Bureaus, Inc. (the Council). The Council, owner of the Seal, will electronically transfer the Seal to BBBAB for BBBAB's placement on its website. BBBAB understands that the Seal must be hyperlinked to a BBBAB confirmation page and to other pertinent information about BBBAB.

BBBAB may not use additional language such as "proud Accredited Business of the BBB," "approved/endorsed by the BBB," "in good standing with the BBB," etc.

Signature: _____ Date: _____
 Name of company representative: _____
 Title: _____
 Company name (BBBAB): _____
 Street address: _____
 City: _____ State: _____ Zip: _____
 Website: _____
 Email address: _____

25 North Wahsatch Avenue, Colorado Springs, CO 80903 • (719) 636-5076 • fax: (719) 636-1956 • email: info@bbbsc.org • web: bbb.org

BBB Accredited Business Agreement

(“you”) apply for accreditation by the Better Business Bureau of Southern Colorado (BBB) and agree to abide by the terms and conditions set forth below. You understand that this agreement is not effective until accepted by BBB.

You agree you will notify BBB if you merge, get acquired or consolidate with another business, and acknowledge that any resulting new business must re-qualify for BBB accreditation.

1. Compliance with BBB Code of Business Practices (BBB Accreditation Standards)

You agree you have read and understand the BBB Code of Business Practices (the Code) www.bbb.org/us/bbb-accreditation-standards and certify that you meet the standards set out in the Code. You agree to comply with the Code, as it may be amended from time to time by BBB.

2. Authorization to Use BBB Trademarks

a. General authorization. During the term of this agreement, BBB grants you a nonexclusive, non-assignable and nontransferable license to advertise your BBB accreditation and use BBB trademarks only as set out in this agreement. You agree that BBB trademarks may not be otherwise used, copied, reproduced, or altered in any manner.

b. Use of Accreditation Plaques and Decals. You may display the BBB accreditation plaque and decal at your place of business and at trade shows. You may also display the decal on your business-owned vehicles.

c. Use of BBB Seal. You may, within the scope of permission granted below, advertise your BBB accreditation by using the BBB Accredited Business seal (the seal), as it may be modified by BBB. BBB will provide the seal in various sizes to you. You must receive prior written permission to use another size, and approval will not be granted unless the new size meets minimum height requirement for “BBB” of 1/8 inches tall. Nothing in this agreement or in your use of the seal or BBB name will give you any right whatsoever in the BBB name or seal, or in similar names or seals, beyond the right granted in this agreement.

d. Advertising BBB rating. You may, within the scope of permission granted below, advertise your BBB rating. Upon learning of a change in your BBB rating, you must immediately correct any advertising that includes the rating. You are encouraged to include the seal in conjunction with advertising your BBB rating.

e. Scope of Permission.**i. Offline advertising media.**

You may state “BBB Accredited Business” or you may display the seal in the following media: newspapers, periodicals, billboards, posters, direct mail, fliers, yellow pages or other directory advertising, telephone, TV or radio spots, business cards, stationery, invoices, facsimile cover sheets and other business documents, if all your physical locations are within this BBB’s service area, you may advertise your accreditation wherever you do business. If you have physical locations in other BBBs’ service areas, your advertising rights are restricted to this BBB’s service area unless permitted by agreement(s) with other BBBs. You may advertise your BBB rating wherever you are permitted to display the seal in offline advertising media except that you may not advertise your BBB rating in yellow pages or any other directory that cannot be immediately revised if your BBB rating changes.

ii. Online advertising

You may also display the seal to identify your BBB accreditation on your website and on websites where you advertise so long as (1) you include the words “Click for Review” adjacent to or below the seal (instructions will be provided) and (2) the seal hyperlinks to your BBB Business Review. You may advertise your BBB rating on your website and on websites where you advertise as long as the advertising can be immediately revised if your BBB rating changes.

iii. Email signatures

You may also display the seal, with a hyperlink to your BBB Business Review, as part of your signature block in business emails.

3. Termination/Suspension

a. By BBB. BBB may suspend and/or terminate this agreement at any time if you violate the terms of this agreement or if the trademarks licensed herein are invalidated or cancelled. If this agreement is suspended or terminated, you agree to immediately cease using the seal and/or BBB trademarks. If suspended, you may request review of the suspension under applicable procedures set forth in our Bylaws. Unless the suspension is set aside following a review, suspension will become final and this agreement will be terminated.

b. By You. You may terminate this agreement on thirty (30) days written notice to BBB.

c. Following termination, you agree to immediately: stop using BBB trademarks in all media; destroy any materials bearing BBB trademarks; remove BBB plaque and decals from display; return BBB plaque and decals to BBB; and remove all online identification or affiliation with BBB.

4. Fees

You agree to pay fees (if applicable) as set by the BBB of Southern Colorado’s board. All fees shall be deemed fully earned once paid and are only refundable if your application is not accepted. In that event, you will receive a refund less \$60 of all monies paid.

5. Term

The term of this agreement begins when accepted by BBB and continues unless terminated by either party or you fail to pay required fees.

6. Indemnification

You agree to indemnify and hold BBB and the Council of Better Business Bureaus, Inc. (as trademark owner on behalf of the BBB system) (CBBB) including their employees/officers/directors harmless against any loss, damage or expense (whether direct, indirect or consequential), including reasonable attorney’s fees, arising out of any misuse of BBB trademarks, or of any violation of the terms and conditions of this agreement. You also agree to indemnify and hold BBB and CBBB harmless against any loss, damage or expense, including reasonable attorney’s fees, with respect to all third party claims of any kind, including product liability, arising in connection with your BBB accreditation or participation in a related BBB program.

7. Limitation of Liability

You agree you will not sue BBB and/or CBBB, including their employees/officers/directors, for monetary damages on any matter concerning this agreement. BBB makes no representations, warranties, or covenants of any kind, either expressed or implied, regarding title to or ownership of any rights in any marks, validity of any marks, the right to license any marks or non-infringement of the rights of others in any marks.

8. Relationship of Parties

a. You are not and will not represent yourself as an agent, representative, partner, subsidiary, joint venture, or employee of BBB, nor can you represent that you have any authority to bind or obligate BBB in any manner or in any thing. You shall not challenge the rights of BBB and/or CBBB in and to their trademarks, or take any action inconsistent with such rights.

b. Nothing in this agreement or in your use of BBB trademarks shall confer any endorsement or approval of your products or services. Your use of these marks is intended only to convey BBB accreditation and a commitment to abide by the Code, and you agree to only use BBB marks in such a manner.

Revised October 2013

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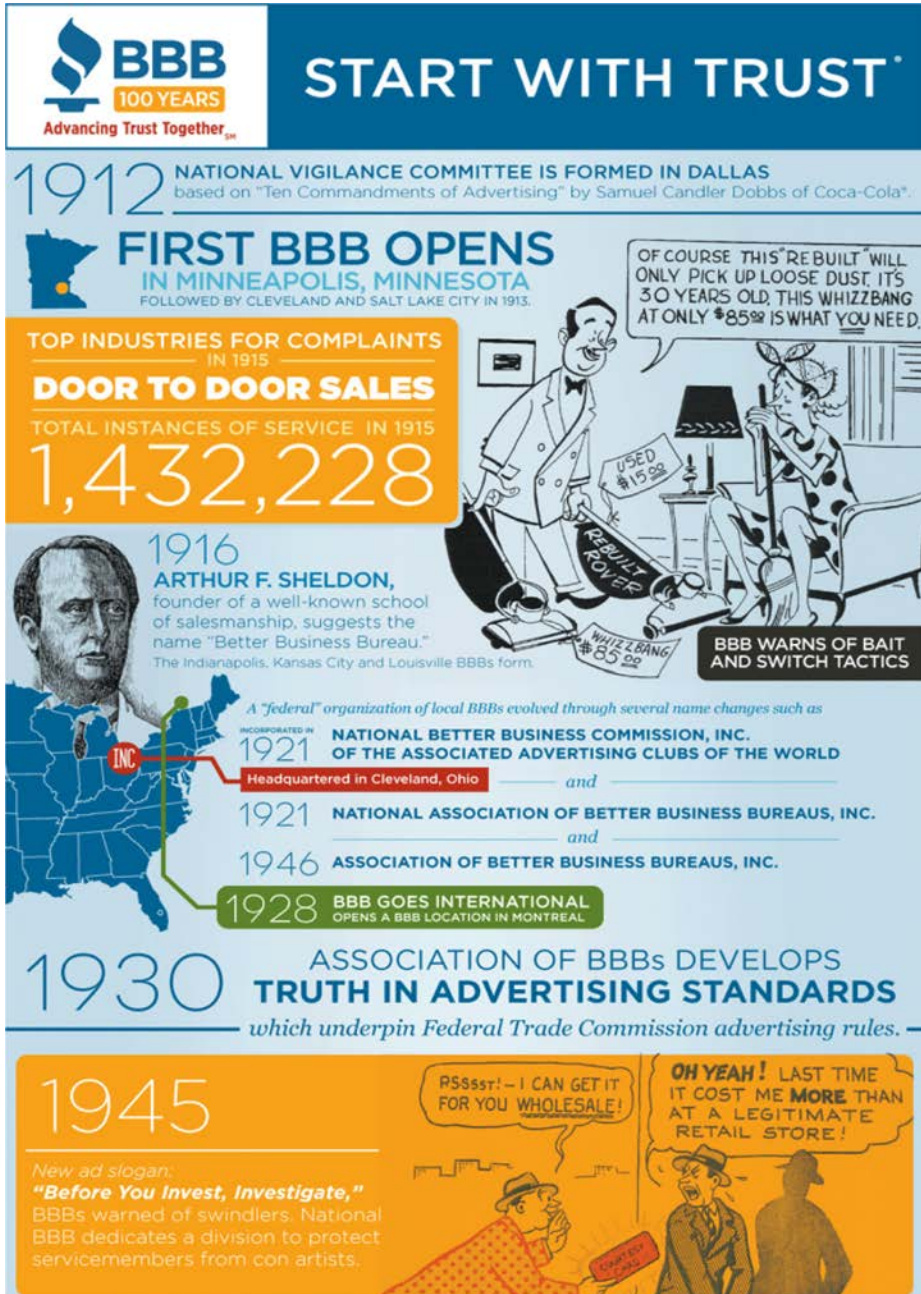


Figure A2.

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