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Trust in Business Rises Globally, Driven by Jumps In U.S. and Other Western Economies

Recovery Fragile as Majority Expect a Return to “Business as Usual,” 2010 Edelman Trust Barometer Finds

--Findings show change in corporate reputation drivers--

January 26, 2010, NEW YORK – Global trust in business is up modestly but the rebound is fueled by a spike in a handful of Western countries, especially the United States where it jumped 18 points to 54 percent, according to the 2010 Edelman Trust Barometer. Trust in business remains high in three of the four BRIC countries, with Brazil, India, and China above 60 percent. The overall rise is tenuous, however, with nearly 70 percent saying business and financial companies will revert to “business as usual” after the recession. Trust in banks declined dramatically in most Western countries, plummeting 39 points (68 to 29 percent) in the U.S. and 20 points (41 to 21 percent) in the U.K. from 2007-2010*.

“Trust in business has improved, but the patient has a long road to go for a full recovery,” said Richard Edelman, president and CEO, Edelman. “The increase in trust in business belies its fragility. There is concern that short-term actions have been taken only as a result of the crisis and that government will need to remain a watchdog. Companies will have to prove the skeptics wrong and show they can achieve both profit and purpose.”

For the first time, this year’s survey shows that trust and transparency are as important to corporate reputation as the quality of products and services. In the U.S. and in much of Western Europe, those two attributes rank higher than product quality—and far outrank financial returns, which sits at or near the bottom of 10 criteria in all regions. This is in stark contrast to 2006 when financial performance was in third place in a list of 10 attributes shaping trust in the United States*. “We’re seeing a vastly different set of factors driving reputation than we did 10 years ago. Trust is now an essential line of business to be developed and delivered,” said Mr. Edelman.



Academics/experts or industry analysts are the most credible voices for information about a company. But the credibility of CEOs showed notable recovery in many markets, jumping by nine points in the U.S. (to 26 percent) and by 13 points in the U.K. (to 33 percent). Despite this climb, CEOs still rank in the bottom two in the list of trusted spokespeople in the U.S. and Germany. In BRIC countries, where CEOs have always been more trusted, CEO credibility rose by seven points (44 to 51 percent) and is now on par with a “person like me,” which dropped from 57 to 50 percent in two years – with an even more dramatic decline in the U.S. (60 to 39 percent) and the U.K. (51 to 35 percent).*

“CEOs who embrace this new line of business called trust have seen their credibility rise,” said Mr. Edelman. “Stakeholders are beyond placing blame. They are looking for leaders who will deliver performance, communicate frequently and honestly, and consider the role of business in society.”

Reports from industry analysts and articles in business magazines remain the most credible sources of information about a company, at 47 percent and 42 percent, respectively. However, the credibility of mainstream media, including television, newspapers, and radio, is waning. In the U.S., the credibility of television news dropped 20-plus points in two years (from 43 points in 2008 to 20 points in 2010). In the U.K, radio news coverage dropped by 20 points in two years. In the BRIC countries, television news and newspapers declined by more than 15 points each in two years (to 40 and 30 percent, respectively).*

Additional Key Findings Include:

- While Sweden, Canada, and Germany remain the **most trusted countries for global headquarters** (76, 76, and 75%, respectively), the U.S. is now trusted by 61%, up 10 points from last year. China rose by seven points in this category (27 to 34%).
- In all 22 countries, when asked which stakeholder should be most important to a CEO’s business decisions, respondents replied that **“all stakeholders are equally important”** – by as much as a 4:1 margin against individual stakeholders.
- **Trust in business jumps** by 26 points in Italy, 18 points in the U.S., 15 points in the Netherlands, and 14 points in Spain. In Russia, trust in business falls by 10 points (to 42%).
- **Trust in government is stable**, with significant moves in the U.S. (up 16 points to 46%) and in Russia, where trust decreased by 10 points to 38%.
- In 20 countries, corporate or product **advertising continues to be the least credible source** of information at 17%.
- In the U.S., U.K., Germany and the BRIC countries, more than 70% say that actions such as **firing non-performing managers, repaying bailout money, or reducing the pay gap** between senior executives and rank and file workers would restore their trust in the company.

Source: 2010 Edelman Trust Barometer



“Companies need to speak and listen to a different and often wider range of stakeholders than in the past, and if necessary, be ready to change course based on what they hear. More than ever, engagement needs to be tied to action and not just set to broadcast,” said David Brain, president and CEO Edelman Europe, Middle East and Africa. “This means cultivating a wide circle of spokespeople with substantial expertise, participating in conversation in real time, and being open to partner with NGOs for the common good.”

For the third straight year, NGOs are the most trusted institution in eight countries, including the U.S., U.K., Germany, and France. In China, trust in NGOs has surged by 25 points since 2004 (from 31 to 56 percent) – possibly a reflection of growing affluence and the demand for environmental responsibility and public health.*

Technology remains the single most trusted industry sector, with 79 percent saying they trust this sector to do what is right, up from 76 percent in 2009. Banks, however, are third from the bottom, barely above media companies and insurance. In contrast to Western countries, banks are the most trusted sector in China and second to technology in India.

“Technology continues to widen its lead over all other industries,” said Neal Flieger, chair, StrategyOne. “This is an industry that is viewed as focused on the future, with competitively priced products that improve the quality of people’s lives. Banks are overwhelmingly perceived as being guilty of the reverse, with issues on fees, compensation, and credit availability.”

*Among 35-to-64 year-olds in 18 countries. All other data refer to full survey demographic of 25-to-64-year-olds; when tracking the full sample, results reflect 20 countries.

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About the Edelman Trust Barometer

The 2010 Edelman Trust Barometer is the firm’s 10th annual trust and credibility survey. The survey was produced by research firm StrategyOne and consisted of 25-minute telephone interviews using the fielding services of World One from September 29 – December 6, 2009. The 2010 Edelman Trust Barometer survey sampled 4,875 informed publics in two age groups (25-34 and 35-64) in 22 countries. All informed publics met the following criteria: college-educated; household income in the top quartile for their age in their country; read or watch business/news media at least several times a week; follow public policy issues in the news at least several times a week. For more information, visit <http://www.edelman.com/trust> or call 212.704.4530.

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