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Trust Plunges in the United States While Resilient across the Globe

-- Banks Stuck at the Bottom of Industry Rankings, 2011 Edelman Trust Barometer Finds --

-- CEO Credibility Jumps, New Search for Authority and Expertise --

January 25, 2011, NEW YORK – In a year marred by corporate crises and financial turmoil for European governments, trust in business and government showed marked resilience, according to the 2011 Edelman Trust Barometer. Trust in business saw a two-point global increase, surging in Brazil, rising in Germany, and holding steady in China and India. The United States was the outlier, as trust dropped across all institutions – business, government, NGOs, and media. U.S. trust in business fell by eight points to 46 percent – placing the world’s largest economic power within five points of last-place Russia – and decreased in government by six points to 40 percent, putting the U.S. among the bottom four countries with the least trust in government. In the Trust composite score, an average of a country’s trust in all four institutions, the U.S. also fell to fourth from the bottom, while three years ago, it was in the top four.

“Skepticism has increased as a result of the systemic impact of corporate and government crises, causing a transformation in the framework of trust,” said Richard Edelman, president and CEO, Edelman. “Trust in business may have stabilized globally, but it is different and conditional, premised on what a company does and how it communicates.”

When a company is distrusted at the outset, more than one-half (57 percent) globally will believe negative information about it after hearing the information just once or twice. Only 15 percent will believe positive information about the distrusted company after hearing it one or two times. In key Western nations like the U.S. and the UK, approximately one-quarter (23 and 27 percent, respectively) say they need to hear something six or more times to believe it, twice as many as two years ago. In the U.S., 14 percent need to hear information 10 or more times to believe it.



2011 Edelman Trust Barometer Findings

“Trust has transformed the license to operate for business,” said Edelman. “Company actions must deliver on the expectation for a collaborative approach that benefits society – not just shareholders, transparency about how it makes money, and communication in surround-sound through all forms of media – from mainstream to new to social to owned.”

The most important corporate reputation factors remain quality products, trust, transparency, and employee welfare, while a company’s financial performance is tied at the bottom of ten factors. “More than 75 percent of stakeholders want business to create shareholder value in a way that aligns with society’s interests, even if that means sacrificing shareholder value,” said Mr. Edelman. “Despite the overall steady numbers for business trust, business is not trusted to act alone.” Sixty-one percent globally say that government must regulate corporate activity to ensure business is behaving responsibly (82 percent in each the UK and Ireland).

The Barometer finds a flight to credentialed spokespersons, with academics and technical experts as most credible and a “person like me” and regular employees least credible. CEOs now rank among the top credible spokespeople globally – a striking rise from two years ago when they were in the bottom two. Fifty percent say CEOs are credible spokespeople about a company, a 19-point increase over 2009. By contrast, a “person like me,” dropped four points globally since 2009, falling from the top three – replacing CEOs in the bottom two. In the U.S., a “person like me” declined precipitously since 2006 (68 percent to 31 percent) among 35-64 year olds.

Search engines rank No. 1 as the place people go first for information about a company, followed by online news sources and print/broadcast media. Traditional news, in one form or another, rank as the most trusted sources in major markets like the U.S., the UK, China, and Brazil (business magazines, radio, television, and newspapers, respectively).

“People are behaving like smart consumers when it comes to news and information, turning first to search engines to see what is available on the topic they are interested in, and then seeking out traditional media to confirm or expand on what they learn,” said Neal Flieger, chair, StrategyOne, Edelman’s research firm, which conducted the Barometer. “Information ubiquity has changed the playbook for corporate communications. A company with a message can’t simply be present, but rather omnipresent.”



2011 Edelman Trust Barometer Findings

Trust in most industries is up globally. Technology remains in the No. 1 spot for the third straight year, followed by automotive and telecommunications. In the U.S., the automotive industry (49 percent) earned back half of the trust it lost in 2009 when its scores sank to 32 percent. Financial services is the least trusted sector globally (50 percent), with banks as the second-least trusted (51 percent). In the U.S., trust in banks collapsed, with banks dropping from the No. 3 spot in 2008 (71 percent) to second from the bottom in 2011 (25 percent), tied with financial services. In Ireland, banks scored an all-time Barometer low for least trusted industry (6 percent), while in the UK trust in banks fell to 16 percent, a 30-point drop in three years.

The top four most-trusted headquarter countries for global companies are now Germany, Canada, Sweden, and Switzerland. Trust in U.S.-based MNCs increased globally as well as in China, Brazil, and India. Globally, trust in BRIC-headquartered companies rose, particularly among fellow emerging economies. Trust in companies headquartered in Brazil, for example, doubled in the United Arab Emirates, rising to 65 percent. Russian-headquartered companies are now trusted by 62 percent in Brazil, a 23-point increase over last year. Indian-based companies enjoyed a widespread increase in trust, shooting up by 17 points in Brazil, 15 points in Indonesia, and 13 points in each Japan, Singapore, and the United Arab Emirates. "There has been little image improvement in the West in trust in BRIC-headquartered companies, but the BRIC business strategy to focus on emerging economies appears to be paying off," said Mr. Edelman.

Other key findings of the 2011 Edelman Trust Barometer include:

- To re-earn trust when faced with a crisis, safeguarding customers and employees is the top-ranked action at 92 percent, followed closely by transparent and open communication about the extent of the crisis and honest and frequent communication from the CEO about repair efforts (90 percent each). Both actions outrank protecting the financial stability of the company (83 percent). Justifying what caused the crisis and keeping information private to minimize damage to the company are at the bottom of the list (52 percent and 47 percent, respectively).
- Business is more trusted than government in one-third of the 23 countries surveyed.
- Trust in NGOs was above 50 percent in every country in the Barometer, except Russia.
- In China and India trust in business held steady at 61 percent and 70 percent, respectively. In China, trust in government increased by 14 points to 88 percent. In India, however, less than a majority (44 percent) say they trust government.
- In the last 12 months, 85 percent of respondents report they have bought the products or services of a company they trusted; conversely, 73 percent say they refused to buy products or services from one they did not trust.



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About the Edelman Trust Barometer

The 2011 Edelman Trust Barometer is the firm's 11th annual trust and credibility survey. The survey was produced by research firm StrategyOne and consisted of 30-minute telephone interviews conducted from October 11 – November 28, 2010, with the exception of France and Germany, fielded January 3-13, 2011. The 2011 Edelman Trust Barometer survey sampled 5,075 informed publics in two age groups (25-34 and 35-64) in 23 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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