The Fourth Edelman Survey on Trust & Credibility

Presented by
Richard Edelman

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Davos
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Edelman conducted its fourth semi-annual trust and credibility survey.

Research carried out among 850 opinion leaders: 400 in the United States and 450 in Europe – 150 each in the United Kingdom, France and Germany.

- College educated
- Ages 35 to 64
- Above $75K (or equivalent) household income
- Reported a significant interest and engagement in the media, economic and policy affairs.


- The margin of error is ±4.9% for the U.S. sample and ±4.6% for the European sample.
The United States and Europe have diverging views on trust.

In the United States, despite corporate scandals and recession, trust in business has gone up, while trust in government has declined from its 9/11 peak.

In Europe, trust in business has dropped.

In both regions, NGOs are now the most trusted institutions.

Consistent with last year, major corporations are the most trusted brands in the United States, while in Europe the most trusted brands continue to be NGOs.

- Opinion leaders in both regions exhibit highest levels of trust in the company they work for, particularly in the United States.

Trust varies significantly by industry sector.

- In the United States and Europe, consumer goods sectors are most trusted while the retail financial sector is least credible.
- Certain major U.S. brands are significantly less trusted in Europe.

Opinion leaders find third-party authorities most trustworthy, especially academics and doctors.

- Stories in the media are more credible than advertising by a margin of eight to one.
Semi-annual tracking data show that despite corporate scandals of 2002, trust in business has increased in the United States, but eroded in Europe.

- In the United States, trust in government has slipped from its post-9/11 high, and remains low in Europe.
- NGOs are growing in influence and authority. They are ranked equal to business in the United States, but in Europe outrank business, government, and media.
- Media maintains some strength, but is off its 9/11 high.

Opinion leaders report highest levels of trust in the company they work for.

- Credibility declines as companies are perceived as more global.
Now I would like you to tell me how much you TRUST each to do what is right. Please use a 9-point scale where one means that you “DO NOT TRUST THEM AT ALL” and nine means that you “TRUST THEM A GREAT DEAL”. [TOP FOUR BOXES SHOWN]
European Trust in Institutions (Tracked 2001-2003)

Now I would like you to tell me how much you TRUST each to do what is right. Please use a 9-point scale where one means that you “DO NOT TRUST THEM AT ALL” and nine means that you “TRUST THEM A GREAT DEAL”. [TOP FOUR BOXES SHOWN]
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Now I would like you to tell me how much you TRUST each to do what is right. Please use a 9-point scale where one means that you “DO NOT TRUST THEM AT ALL” and nine means that you “TRUST THEM A GREAT DEAL” [TOP FOUR BOXES SHOWN]
Across all regions, technology, consumer durables, and consumer packaged goods sectors command high levels of trust.

However…

- In the United States, scandals and criminal investigations have contributed to making energy, telecommunications, and professional services (including accounting) the least trusted industries.
- In Europe, investment/insurance and retail financial services sectors are least credible, while healthcare and airlines enjoy high trust.
Now I would like you to tell me how much you TRUST each to do what is right. Please use a 9-point scale where one means that you “DO NOT TRUST THEM AT ALL” and nine means that you “TRUST THEM A GREAT DEAL”.

Rank order by US data
In the United States, mega-brands like Microsoft and Ford command higher levels of trust than NGOs like Greenpeace.

- But, U.S. tracking data show that NGOs are gaining in the ranks.

The most trusted brands in Europe are NGOs, but the gap is closing between the least trusted NGO and the strongest corporate brand.

Certain U.S. consumer brands (notably McDonalds and Coca-Cola) are less trusted in European markets.

- However, major European brands (e.g. Deutsche Bank) maintain comparable trust levels in the United States and in Europe.
Brand Evaluator – US 2003

Johnson & Johnson 69%
Coca-Cola 66%
Microsoft 59%
Ford Motor 56%

McDonalds 55%
Bayer 54%
Pfizer 52%
World Wildlife Fund 49%
Merck 47%
Nike 47%
Amnesty 47%
Greenpeace 45%
Dow Chemical 41%
Citicorp 40%
BASF 36%
Monsanto 36%
ExxonMobil 35%
Deutsche Bank 30%
Royal Dutch/Shell 29%
Unilever* 25%
Oxfam* 16%
HSBC* 13%

* “Never Heard Of %” over 15
**Brand Evaluator – Europe 2003**

- **Amnesty International**: 62%
- **World Wildlife Fund**: 62%
- **Greenpeace**: 51%
- **Oxfam**: 49%
- **Microsoft**: 47%
- **Bayer**: 42%
- **Ford Motor Company**: 38%
- **Coca-Cola**: 37%
- **BASF**: 36%
- **Unilever**: 34%
- **Johnson & Johnson**: 34%
- **Nike**: 34%
- **Royal Dutch/Shell**: 32%
- **Deutsche Bank**: 30%
- **ExxonMobil**: 28%
- **Merck***: 27%
- **HSBC***: 25%
- **McDonalds**: 22%
- **Pfizer***: 21%
- **Dow Chemical***: 16%
- **Citicorp***: 14%
- **Monsanto***: 12%

*“Never Heard Of %” over 15*

- Microsoft
- Ford Motor Company
- Nike
- ExxonMobil
- Monsanto
- World Wildlife Fund
- Amnesty International
- Greenpeace

* “Never Heard Of %” over 15
Europe Trust : NGO/Brand Highlights (Tracked 2001-2003)

- Amnesty International
- World Wildlife Fund
- Greenpeace
- Microsoft
- Ford Motor Company
- Nike
- ExxonMobil
- Monsanto*

* “Never Heard Of %” over 15
A corporation's reputation plays a large role in forming my opinion of their products and services.

I am willing to PAY MORE money for goods and services from a company who consistently engages in philanthropic activities.

I am willing to PAY MORE money for goods and services from a company with a well-regarded labor and environmental record.

9 out of 10 people agree

8 out of 10 people agree

8 out of 10 people agree

6 out of 10 people agree

6 out of 10 people agree

Europe  US

Percentage saying they “Agree” or “Strongly Agree”
Overall, advertising is not seen as a source of credible information about a company.

Earned media is significantly more trusted than paid media to deliver information about a company.

- Print has high credibility across the board, particularly business magazines.
- Radio and TV news are significantly more trusted in Europe than in the United States.
Advertising vs. Articles in Media

Please tell me which statement you agree with more.

I believe information that I get from articles or news stories more than I believe information that I get from advertisements

I believe information that I get from advertisements more than I believe information that I get from articles or news stories

<table>
<thead>
<tr>
<th>Region</th>
<th>Agree More with Articles/News Stories</th>
<th>Agree More with Advertisements</th>
<th>Neither</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>86%</td>
<td>12%</td>
<td>1%</td>
</tr>
<tr>
<td>Europe</td>
<td>83%</td>
<td>9%</td>
<td>7%</td>
</tr>
</tbody>
</table>

I believe information that I get from articles or news stories more than I believe information that I get from advertisements

I believe information that I get from advertisements more than I believe information that I get from articles or news stories

Neither
If you were to see an advertisement three times from three different sources and you were to see a news story three times in three different sources, which one would you believe more? The three advertisements or the three news stories?

**US**
- 95% believe The 3 advertisements
- 3% believe The 3 news stories
- 2% believe Neither

**Europe**
- 88% believe The 3 advertisements
- 5% believe The 3 news stories
- 7% believe Neither
In general, how credible do you feel each of the following sources is for information about a company? Is information about a company that you get from (INSERT SOURCE) extremely credible, very credible, somewhat credible, or not credible at all?

Types of Media Coverage

- Corporate advertising: 4% in US, 17% in Europe
- Product or service advertising: 5% in US, 20% in Europe
- TV news coverage: 20% in US, 45% in Europe
- Radio news coverage: 32% in US, 58% in Europe
- Articles in newspapers: 35% in US, 37% in Europe
- Articles in news weeklies: 44% in US, 45% in Europe
- Articles in business magazines: 49% in US, 52% in Europe

Rank order by US data:

- Corporate advertising: 4%
- Product or service advertising: 5%
- TV news coverage: 20%
- Radio news coverage: 32%
- Articles in newspapers: 35%
- Articles in news weeklies: 44%
- Articles in business magazines: 49%
In general, how credible do you feel each of the following sources is for information about a company? Is information about a company that you get from (INSERT SOURCE) extremely credible, very credible, somewhat credible, or not credible at all?

- Articles in business magazines
- Articles in newspapers /news weeklies (asked in 2002)
- Articles in news weeklies
- Articles in newspapers
- Radio news coverage
- TV news coverage
- Corporate/product advertising (asked in 2002)
- Product or service advertising
- Corporate advertising

Percentage saying source is “Extremely” or “Very Credible”

Winter 2003

Summer 2002

Edelman
In general, how credible do you feel each of the following sources is for information about a company? Is information about a company that you get from (INSERT SOURCE) extremely credible, very credible, somewhat credible, or not credible at all?

- **Radio news coverage**: 58% (Winter 2003), 34% (Summer 2002)
- **Articles in business magazines**: 52% (Winter 2003), 43% (Summer 2002)
- **TV news coverage**: 45% (Winter 2003), 31% (Summer 2002)
- **Articles in news weeklies**: 44% (Winter 2003)
- **Articles in newspapers**: 37% (Winter 2003)
- **Articles in newspapers/news weeklies (asked in 2002)**: 33% (Winter 2003)
- **Product or service advertising**: 20% (Winter 2003)
- **Corporate advertising**: 17% (Winter 2003)
- **Corporate/product advertising (asked in 2002)**: 8% (Winter 2003)
Experts, outside authorities, and those who are seen as having no vested interest in the company, are among the most trusted spokespersons.

- Across all regions, this includes academics, doctors, and representatives of NGOs.

Those perceived to be in the pay of companies are the least credible spokespersons.

- Across all regions, this includes corporate public relations representatives, entertainers/athletes, and union reps.

Multiple stories in the media generate higher levels of trust than single sources.

Primary players in the “web of trust” are friends, family and independents.

- In the United States, opinion leaders are twice as likely to trust a regular employee than a CEO to give them credible information about a company.
Credibility of Information Spokespersons

In general, when forming an opinion of a company, if you received information from (INSERT PERSON) about this company, how credible would the information be? Would it be extremely credible, very credible, somewhat credible, or not credible at all?

<table>
<thead>
<tr>
<th>Role</th>
<th>US</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic</td>
<td>43%</td>
<td>46%</td>
</tr>
<tr>
<td>Doctor or healthcare specialists</td>
<td>37%</td>
<td>54%</td>
</tr>
<tr>
<td>NGO rep</td>
<td>32%</td>
<td>43%</td>
</tr>
<tr>
<td>President/Prime Minister/Chancellor</td>
<td>25%</td>
<td>32%</td>
</tr>
<tr>
<td>Regular employee of company</td>
<td>26%</td>
<td>40%</td>
</tr>
<tr>
<td>Religious leader</td>
<td>18%</td>
<td>23%</td>
</tr>
<tr>
<td>Banker</td>
<td>23%</td>
<td>31%</td>
</tr>
<tr>
<td>Average person, like yourself</td>
<td>22%</td>
<td>33%</td>
</tr>
<tr>
<td>CEO of company</td>
<td>14%</td>
<td>28%</td>
</tr>
<tr>
<td>Lawyer</td>
<td>13%</td>
<td>48%</td>
</tr>
<tr>
<td>Broadcaster</td>
<td>13%</td>
<td>40%</td>
</tr>
<tr>
<td>Legislator /parliamentarian</td>
<td>10%</td>
<td>26%</td>
</tr>
<tr>
<td>Union rep</td>
<td>8%</td>
<td>19%</td>
</tr>
<tr>
<td>Company's PR rep</td>
<td>7%</td>
<td>14%</td>
</tr>
<tr>
<td>Entertainer/Athlete</td>
<td>1%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Rank order by US data

Percentage saying source is “Extremely” or “Very Credible”
Credibility of Communications Sources

In general, how credible do you feel each of the following sources is for information about a company? Is information about a company that you get from (INSERT SOURCE) extremely credible, very credible, somewhat credible, or not credible at all?

Percentage saying source is “Extremely” or “Very Credible”

- Colleagues: 40% (US), 38% (Europe)
- Friends & family: 51% (US), 35% (Europe)
- Stock or industry analyst reports: 42% (US), 26% (Europe)
- Communications issued by third parties: 33% (US), 25% (Europe)
- Information conveyed by regular employee: 34% (US), 25% (Europe)
- The Internet in general: 35% (US), 19% (Europe)
- Communications issued by company: 32% (US), 19% (Europe)
- A company Web site: 27% (US), 13% (Europe)
- Information conveyed by CEOs/CFOs: 26% (US), 11% (Europe)

Rank order by US data
I usually don’t believe something the first time I see, read or hear it; I am more likely to believe something I see, read or hear from many different sources.

I am skeptical about the truthfulness of communications if I only see, read or hear it one time.
Business retains enough credibility in the United States to take a leadership role.

There is a clarion call to European business to step up to fill a trust vacuum in the region.

Business must:

- Interact with multiple stakeholders (NGOs, employees) and go outside traditional constituencies, (e.g. Wall Street, regulators).
- Work on these relationships every day – not sporadically.
- Not try to “buy the dialogue” through paid media, but rather engage in it through sustained transparency and a commitment to shared values.
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