Seventh Annual Trust Survey

1,950 opinion leaders in 11 countries high income, significant interest in media, economic and policy affairs

- 400 in the U.S.
- 200 in China
- 150 each in the UK, France, Germany, Italy, Spain, Brazil, Canada, Japan, South Korea

25-minute phone interviews conducted in October ‘05
Trust Matters

- Trust drives business tangibles – sales, investors, talent
- Underpins corporate reputation, “most-admired” and license to operate
- 80% -- will not purchase services or products
- 70% -- will criticize to people “they know”
  -- 1/3 will use the web to do it (60% in S. Korea)
- 50% refuse to work at firm without trust
The Importance of Trust

- Refused to buy their products or use their services
- Criticized them to people you know
- Refused to do business with them
- Refused to invest in them
- Refused to work for them
- Shared your opinion/experiences on the Web
- Actively demonstrated against them

Rank order by US

Source: Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, Germany, Italy and Spain
**Asia = China, Japan, S. Korea
Section 1: The State of Trust

- Trust in institutions is highest in China and Brazil, followed by the U.S., lowest in France and Germany
- NGOs are now the most trusted institution in nearly every market
- Business trust rebounding
- Trust in Government and Media is low and going lower in U.S. and EU
- U.S. five year trend: Divergence between trust in business and NGOs (up) vs. government and media (down)
**Trust in Institutions: 2006**

- NGOs and business are most trusted institutions
- Media and government are least trusted

<table>
<thead>
<tr>
<th>TOP 4 BOX (6-9)</th>
<th>U.S.</th>
<th>EUROPE*</th>
<th>ASIA**</th>
<th>CANADA</th>
<th>BRAZIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGOs</td>
<td>54%</td>
<td>57%</td>
<td>48%</td>
<td>61%</td>
<td>60%</td>
</tr>
<tr>
<td>Business</td>
<td>49%</td>
<td>42%</td>
<td>56%</td>
<td>57%</td>
<td>62%</td>
</tr>
<tr>
<td>Government</td>
<td>38%</td>
<td>33%</td>
<td>54%</td>
<td>36%</td>
<td>21%</td>
</tr>
<tr>
<td>Media</td>
<td>30%</td>
<td>30%</td>
<td>56%</td>
<td>45%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Source: Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, Germany, Italy and Spain
**Asia = Japan, China and South Korea
Five-Year Trend U.S.

Trust in business and NGOs diverging from media and government

Source: Edelman Annual Trust Barometer, Jan 06
Five-Year Trend Europe

Trust in Europe is lower

Source: Edelman Annual Trust Barometer, Jan 06

*Europe= UK, France, and Germany only
Chinese Trust in All Institutions Growing Rapidly - Business is the lowest

Source: Edelman Annual Trust Barometer, Jan 06
## Trust in NGOs Brands: 2006

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>Canada</th>
<th>UK</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Spain</th>
<th>Japan</th>
<th>China</th>
<th>Korea</th>
<th>Brazil</th>
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<tr>
<td><strong>Greenpeace</strong></td>
<td>45</td>
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<td>73</td>
<td>74</td>
<td>34</td>
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<td>66</td>
<td>76</td>
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<tr>
<td><strong>World Wildlife Fund</strong></td>
<td>44</td>
<td>58</td>
<td>82</td>
<td>59*</td>
<td>74</td>
<td>85</td>
<td>51*</td>
<td>51</td>
<td>79</td>
<td>45*</td>
<td>47*</td>
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<tr>
<td><strong>Amnesty International</strong></td>
<td>47</td>
<td>59</td>
<td>70</td>
<td>78</td>
<td>79</td>
<td>78</td>
<td>73</td>
<td>29*</td>
<td>58*</td>
<td>55</td>
<td>63</td>
</tr>
</tbody>
</table>
Trust by Country of Origin

- U.S. companies have a Trust Deficit in Europe
- Non-US companies face no such deficit, with sole exception of Japanese in China
- Western brands are revered in China and Brazil
- German and Canadian companies most trusted
Trust Discount for U.S. Brands
Tell me how much you TRUST each company or organization to do what is right...?

General Electric: 75%
Johnson & Johnson: 74%
Coca-Cola: 65%
Starbucks: 59%
Nike: 56%
McDonald’s: 51%

Source: Edelman Annual Trust Barometer, Jan 06
*Europe = UK, France, and Germany only
Western Brands Revered in Developing Countries

Tell me how much you TRUST each company or organization to do what is right…?

Sorted by Chinese data

Source: Edelman Annual Trust Barometer, Jan 06

[Bar chart showing trust levels of various companies in China and Brazil]
U.S. Companies Can Rally in Europe

- **Exxon Mobil**
  - U.S. '06: 56%
  - U.S. '01: 46%
  - Europe '06: 31%
  - Europe '01: 26%

- **Ford Motor Company**
  - U.S. '06: 55%
  - U.S. '01: 43%
  - Europe '06: 46%
  - Europe '01: 25%

- **Nike**
  - U.S. '06: 56%
  - U.S. '01: 40%
  - Europe '06: 26%
  - Europe '01: 25%
No Cross-Border Deficit for Non-U.S. based Companies

Tell me how much you TRUST each company or organization to do what is right…?

Source: Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, and Germany only
Western Brands in China
Improved Dramatically in Last Twelve Months

Source: Edelman Annual Trust Barometer, Jan 06

Sorted by Chinese data
Section 2: What Drives Trust?

- 1. Country of origin
- 2. Industry
- 3. Company specific behaviors
# Trust in Companies HQ’ed in Foreign Countries

- German and Canadian companies are most trusted
- Companies from South Korea, India and China face trust deficits

<table>
<thead>
<tr>
<th>Nationality of Respondent:</th>
<th>US</th>
<th>Canada</th>
<th>UK</th>
<th>France</th>
<th>Germany</th>
<th>Japan</th>
<th>China</th>
<th>Korea</th>
<th>Brazil</th>
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<tbody>
<tr>
<td><strong>TOP 4 BOX (6-9)</strong></td>
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<td>HQ Location</td>
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<tr>
<td>Canada</td>
<td>71</td>
<td>81</td>
<td>79</td>
<td>79</td>
<td>71</td>
<td>86</td>
<td>64</td>
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<td>Germany</td>
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<td>66</td>
<td>77</td>
<td>68</td>
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<td>United Kingdom</td>
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<td>69</td>
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<tr>
<td>Japan</td>
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<td>South Korea</td>
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<td>51</td>
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<tr>
<td>India</td>
<td>49</td>
<td>41</td>
<td>40</td>
<td>33</td>
<td>25</td>
<td>30</td>
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<tr>
<td>China</td>
<td>31</td>
<td>28</td>
<td>33</td>
<td>30</td>
<td>34</td>
<td>16</td>
<td>68</td>
<td>20</td>
<td>37</td>
</tr>
</tbody>
</table>

Now I would like to focus on global companies headquartered in specific countries. Please tell me how much you TRUST global companies headquartered in the following countries to do what is right. Use the same 9-point scale where one means that you do not trust them at all and nine means that you trust them a great deal.

Source: Edelman Annual Trust Barometer, Jan 06
Foreign Companies Acquiring Domestic Firms

- Significant concerns about companies headquartered in China and India in most markets
- China has deep reservations about Japanese firms
- U.S. firms also face some skepticism

<table>
<thead>
<tr>
<th>TOP 4 BOX (6-9)</th>
<th>US (%</th>
<th>Canada</th>
<th>UK</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Spain</th>
<th>Japan</th>
<th>China</th>
<th>Korea</th>
<th>Brazil</th>
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<tbody>
<tr>
<td>HQ Location</td>
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<td></td>
<td></td>
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<tr>
<td>China</td>
<td>43</td>
<td>35</td>
<td>24</td>
<td>38</td>
<td>28</td>
<td>36</td>
<td>24</td>
<td>65</td>
<td>9</td>
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<td>India</td>
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<td>United States</td>
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<td>11</td>
<td>13</td>
<td>6</td>
<td>1</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Japan</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>50</td>
<td>14</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Edelman Annual Trust Barometer, Jan 06
# Trust by Industry

Highest in Tech and Retail  
Lowest in Media & Entertainment and Energy

<table>
<thead>
<tr>
<th>USA</th>
<th>EUROPE*</th>
<th>ASIA**</th>
<th>CANADA</th>
<th>BRAZIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>Technology</td>
<td>Technology</td>
<td>Retail</td>
<td>Technology</td>
</tr>
<tr>
<td>Technology</td>
<td>Retail</td>
<td>Automotive</td>
<td>Consumer Products</td>
<td>Automotive</td>
</tr>
<tr>
<td>Consumer Products</td>
<td>Consumer Products</td>
<td>Energy</td>
<td>Professional Services</td>
<td>Consumer Products</td>
</tr>
<tr>
<td>Investment/Insurance</td>
<td>Professional Services</td>
<td>Retail</td>
<td>Pharmaceutical</td>
<td>Retail</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Automotive</td>
<td>Telecom</td>
<td>Financial Services</td>
<td>Media/Entertainment</td>
</tr>
<tr>
<td>Telecom</td>
<td>Telecom</td>
<td>Pharmaceutical</td>
<td>Technology</td>
<td>Energy</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Pharmaceutical</td>
<td>Consumer Products</td>
<td>Investment/Insurance</td>
<td>Pharmaceutical</td>
</tr>
<tr>
<td>Automotive</td>
<td>Media/Entertainment</td>
<td>Financial Services</td>
<td>Investment/Insurance</td>
<td>Pharmaceutical</td>
</tr>
<tr>
<td>Pharmaceutical</td>
<td>Financial Services</td>
<td>Professional Services</td>
<td>Media/Entertainment</td>
<td>Telecom</td>
</tr>
<tr>
<td>Media/Entertainment</td>
<td>Energy</td>
<td>Investment/Insurance</td>
<td>Automotive</td>
<td>Professional Services</td>
</tr>
</tbody>
</table>

Source: Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, Germany, Italy and Spain  
**Asia = China, Japan, Korea
Trust by Industry

Source: Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, Germany, Italy and Spain
**Asia = Japan, China, S. Korea
What Is Driving The Industry Differences In Trust?

- **Technology**: perception of value in declining process
  - Technology is about the future – constant innovation
  - No pressing issue such as pollution (oil co’s); obesity (food, fast food, soft drinks); drug pricing (health)
  - Seen as great employer
  - Charismatic global CEOs (futurists) -- Gates; Ellison; Jobs; Bezos

- **Retail**: High customer service/consumer interaction

- **Consumer Products** are also highly trusted, except in Asia

- **Financial Services**: Low trust in Europe, Asia and Brazil – scandals

- **Pharmaceutical**: Low in the U.S. and Brazil; high in Canada; middle in Europe and Asia

- **Media and Entertainment**: Trust is low, possibly because the product consists of information and image, so the burden of proof is higher.
## Business Tangibles Drive Trust

- Significant differences by market

<table>
<thead>
<tr>
<th>TOP 4 BOX (6-9)</th>
<th>U.S.</th>
<th>Canada</th>
<th>Europe*</th>
<th>Asia**</th>
<th>Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality products and services</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Attentiveness to customer needs</td>
<td>68</td>
<td>67</td>
<td>85</td>
<td>84</td>
<td>96</td>
</tr>
<tr>
<td>Fair pricing for products and services</td>
<td>67</td>
<td>65</td>
<td>83</td>
<td>80</td>
<td>95</td>
</tr>
<tr>
<td>Good employee and labor relations</td>
<td>61</td>
<td>57</td>
<td>73</td>
<td>81</td>
<td>94</td>
</tr>
<tr>
<td>Strong financial performance</td>
<td>60</td>
<td>53</td>
<td>76</td>
<td>72</td>
<td>98</td>
</tr>
<tr>
<td>Socially responsible activities, such as disaster relief</td>
<td>63</td>
<td>54</td>
<td>67</td>
<td>82</td>
<td>85</td>
</tr>
<tr>
<td>A familiar or well-known corporate brand</td>
<td>55</td>
<td>49</td>
<td>71</td>
<td>79</td>
<td>93</td>
</tr>
<tr>
<td>Dialogue with all stakeholders</td>
<td>60</td>
<td>56</td>
<td>65</td>
<td>80</td>
<td>88</td>
</tr>
<tr>
<td>A visible CEO</td>
<td>48</td>
<td>48</td>
<td>58</td>
<td>69</td>
<td>86</td>
</tr>
<tr>
<td>Employee or CEO blogs</td>
<td>27</td>
<td>34</td>
<td>42</td>
<td>61</td>
<td>57</td>
</tr>
</tbody>
</table>

*Europe = UK, France, Germany, Italy, Spain
**Asia = China, Japan, S. Korea

Source: Edelman Annual Trust Barometer, Jan 06
Section 3: Trust and Communications

- Significant differences:
  - TV turned to first vs. Newspapers in U.S.
  - Credible sources of information about a company
  - Most credible spokesperson is now “person like myself”
  - The credibility of PR over advertising by 9 to 1
First Media Turned To for Trustworthy Information

- TV is #1, but declined in favor of Internet
- Newspapers--steady and important, particularly in Asia
- Internet passes radio

Source: Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, Germany, Italy and Spain
** Asia = Japan, China and S. Korea
First Media Turned to for Trustworthy Information: Changes in U.S. Since 2003
Internet growing strongly at expense of TV, Newspapers

- **Television**: -10%
- **Newspapers**: -4%
- **Radio**: 1%
- **Magazines**: 3%
- **Internet**: 9%

Percentage point change 2004-2006 in those saying “Extremely Credible” or “Very Credible”

Source: Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, and Germany*
I am more likely to believe something I see, read or hear from many different sources

Source: Edelman Annual Trust Barometer, Jan 06

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>98%</td>
</tr>
<tr>
<td>Brazil</td>
<td>95%</td>
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<tr>
<td>Japan</td>
<td>95%</td>
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<tr>
<td>Canada</td>
<td>93%</td>
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<td>Germany</td>
<td>93%</td>
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<td>Italy</td>
<td>93%</td>
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<td>US</td>
<td>92%</td>
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<td>UK</td>
<td>91%</td>
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<td>Spain</td>
<td>87%</td>
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<tr>
<td>France</td>
<td>85%</td>
</tr>
<tr>
<td>S. Korea</td>
<td>77%</td>
</tr>
</tbody>
</table>

Source: Edelman Annual Trust Barometer, Jan 06

Percentage saying “Strongly Agree” or “Agree”
I believe information that I get from articles or news stories more than I believe information that I get from advertisements.  (Strongly agree/somewhat agree)

Source: Edelman Annual Trust Barometer, Jan 06
Credibility of Information Sources

- Business magazines are most trusted, but friends & family now # 2 and gaining
- Colleagues are significantly more trusted than CEO/CFOs
- Radio is very credible in many markets

Source: Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, Germany, Italy and Spain
** Asia = Japan, China and S. Korea
Credibility of Information Sources Cont’d

- “Internet in general” surpasses TV news coverage
- CEOs/CFOs face credibility issues, except in Brazil and China
- Blogs beginning to register as credible source

**Source:** Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, Germany, Italy and Spain
**Asia = Japan, China and S. Korea*
Changes in the Last Twelve Months
“Friends & family,” “colleagues” and “Internet” all growing strongly

- Family and friends: +16% (US), +10% (Canada), +10% (Europe*)
- Colleagues: +14% (US), +13% (Canada), +23% (Europe*)
- Business magazines: +11% (US), +9% (Canada), +9% (Europe*)
- Internet: +10% (US), +8% (Canada), +2% (Europe*)
- Regular company employees: +9% (US), +4% (Canada), +4% (Europe*)
- CEOs of a company: +9% (US), +10% (Canada), +4% (Europe*)

*Europe = UK, France, and Germany

Source: Edelman Annual Trust Barometer, Jan 06
Percentage point change 2004-2006 in those saying “Extremely Credible” or “Very Credible”
Credible Spokespersons: “Person Like Yourself” Surpasses Third-Party Experts for First Time

- Credibility of “person like yourself” (similarly “regular employees” and “friends & family”) skyrocketed in last four years
- Followed by independent experts like “doctors” and academics as most trusted
- CEOs are not as credible; nor are PR people!
Credibility of Spokespersons 2006

Percentage saying “Extremely Credible” or “Very Credible”

Source: Edelman Annual Trust Barometer, Jan 06

*Europe = UK, France, Germany, Italy and Spain
** Asia = Japan, China and S. Korea

Rank order by US
### “Person Like Yourself” Since 2003

<table>
<thead>
<tr>
<th>TOP 4 BOX (6-9)</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tr>
<td>%</td>
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<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>US</td>
<td>22</td>
<td>51</td>
<td>56</td>
<td>68</td>
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<tr>
<td>Europe</td>
<td>33</td>
<td>51</td>
<td>53</td>
<td>56</td>
</tr>
<tr>
<td>China</td>
<td>NA</td>
<td>59</td>
<td>44</td>
<td>54</td>
</tr>
</tbody>
</table>

Source: Edelman Annual Trust Barometer, Jan 06

* Europe = UK, France, Germany
New Approach to Communications

- Moving from top-down to peer-to-peer engagement
- Localize approach to communications
- Communicate continuously and through broad array of channels
- Employees, core consumers, critics such as NGOs are best advocates
- Give up control of message in favor of credibility through dialogue
- Acknowledge the tangible business impact of trust