



**Edelman**  
**TRUST BAROMETER 2006**  
**THE SEVENTH GLOBAL OPINION LEADERS STUDY**

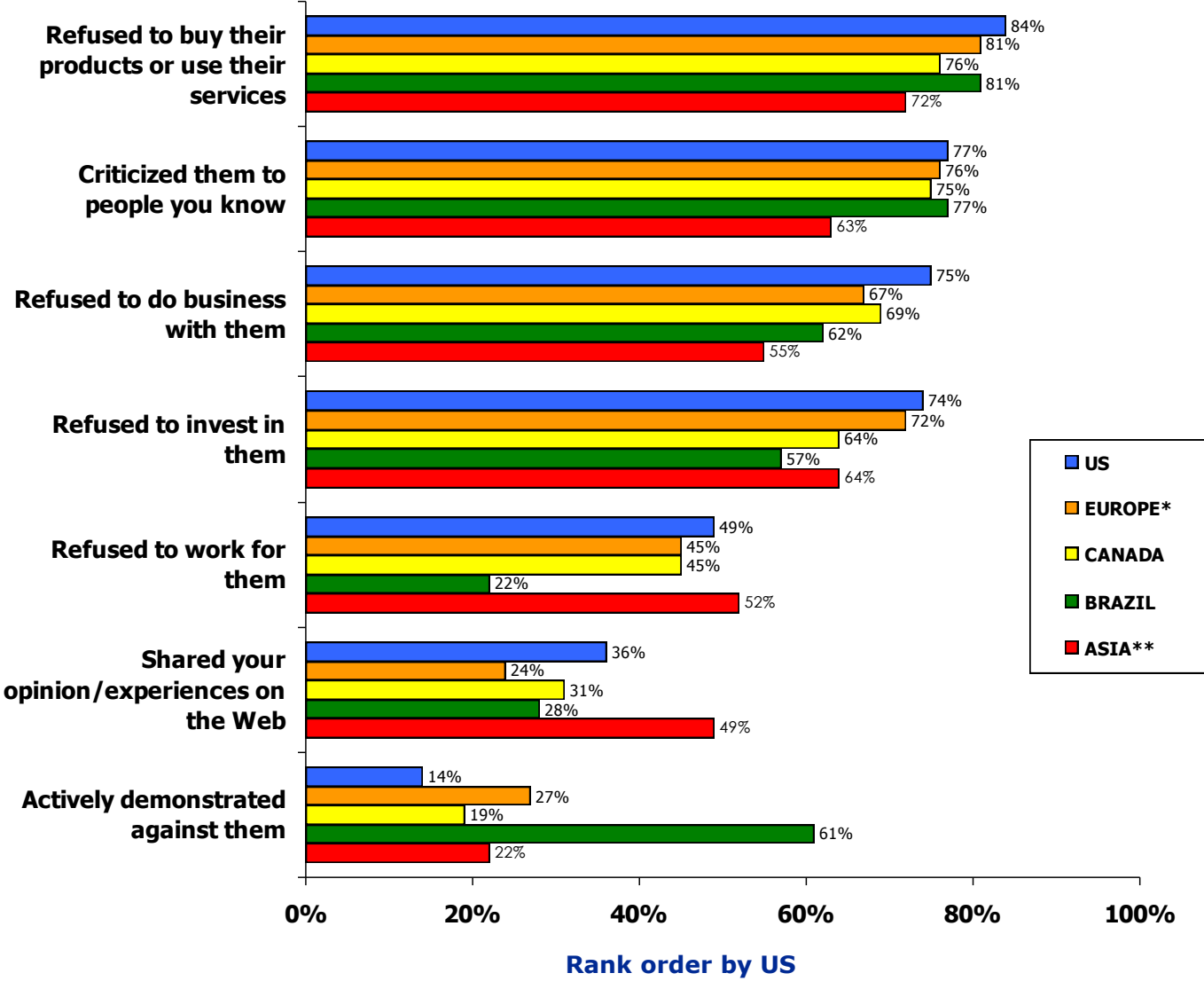
February 2006

- ❑ 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



Source: Edelman Annual Trust Barometer, Jan 06

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

Rank order by US

## 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

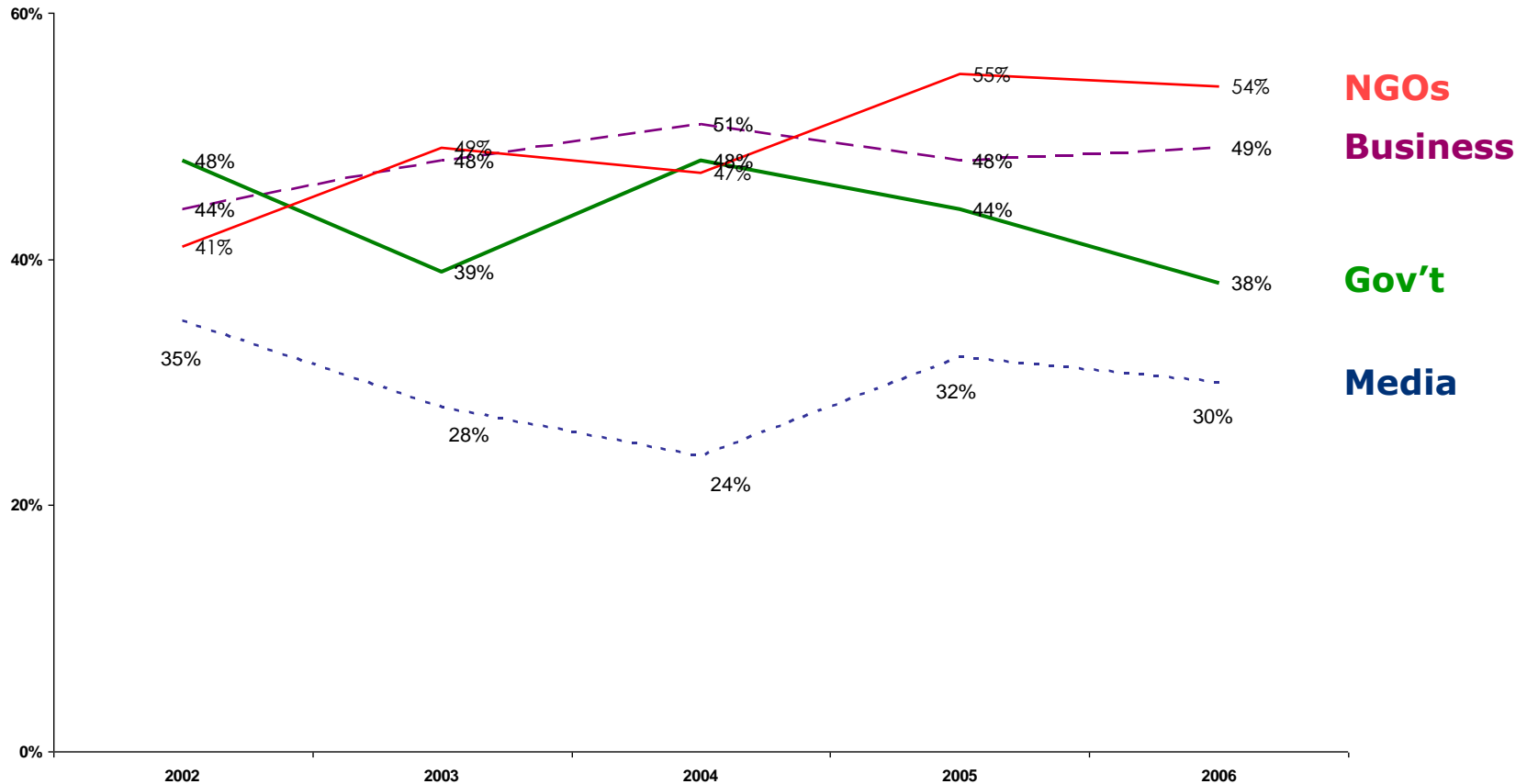
<b>TOP 4 BOX (6-9)</b>	<b>U.S.</b>	<b>EUROPE*</b>	<b>ASIA**</b>	<b>CANADA</b>	<b>BRAZIL</b>
	%	%	%	%	%
NGOs	54	57	48	61	60
Business	49	42	56	57	62
Government	38	33	54	36	21
Media	30	30	56	45	53

Source: Edelman Annual Trust Barometer, Jan 06

\*Europe = UK, France, Germany, Italy and Spain  
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# Five-Year Trend U.S.

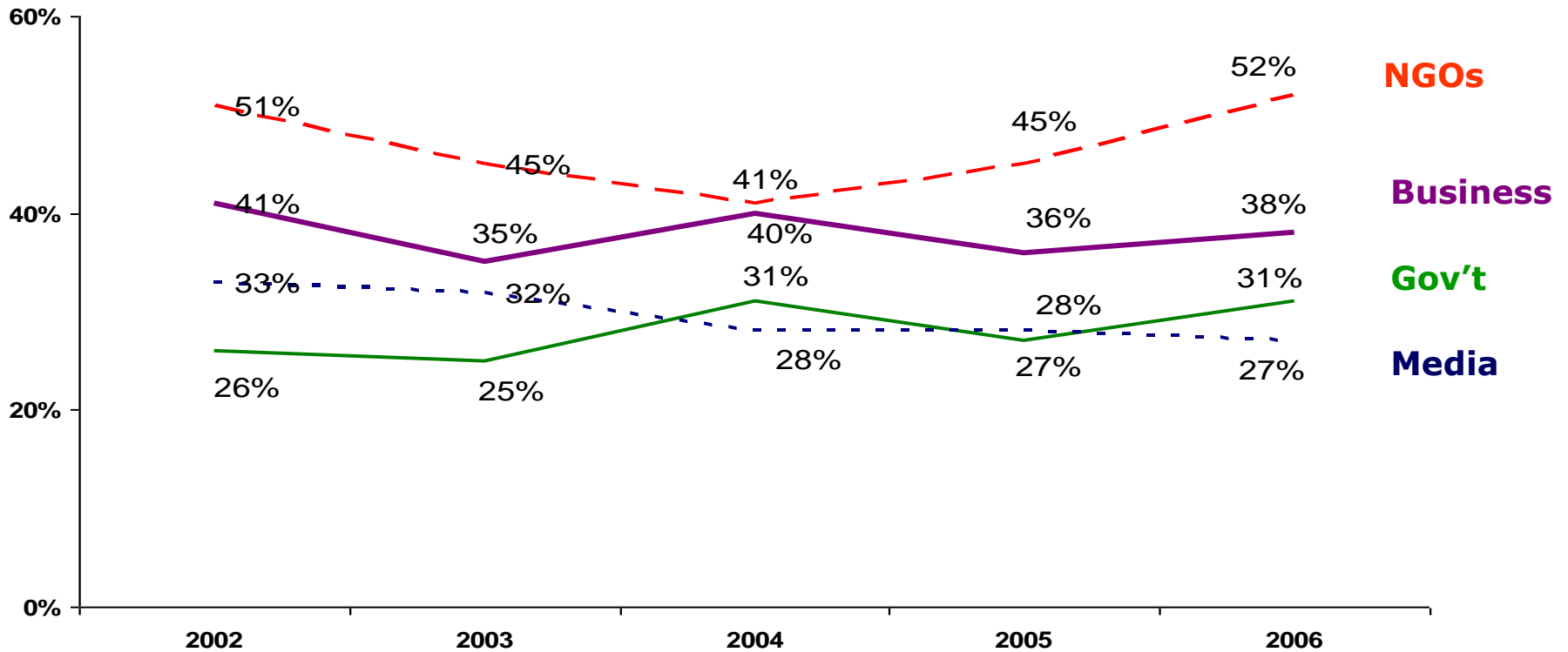
Trust in business and NGOs diverging from media and government



Source: Edelman Annual Trust Barometer, Jan 06

# Five-Year Trend Europe

Trust in Europe is lower



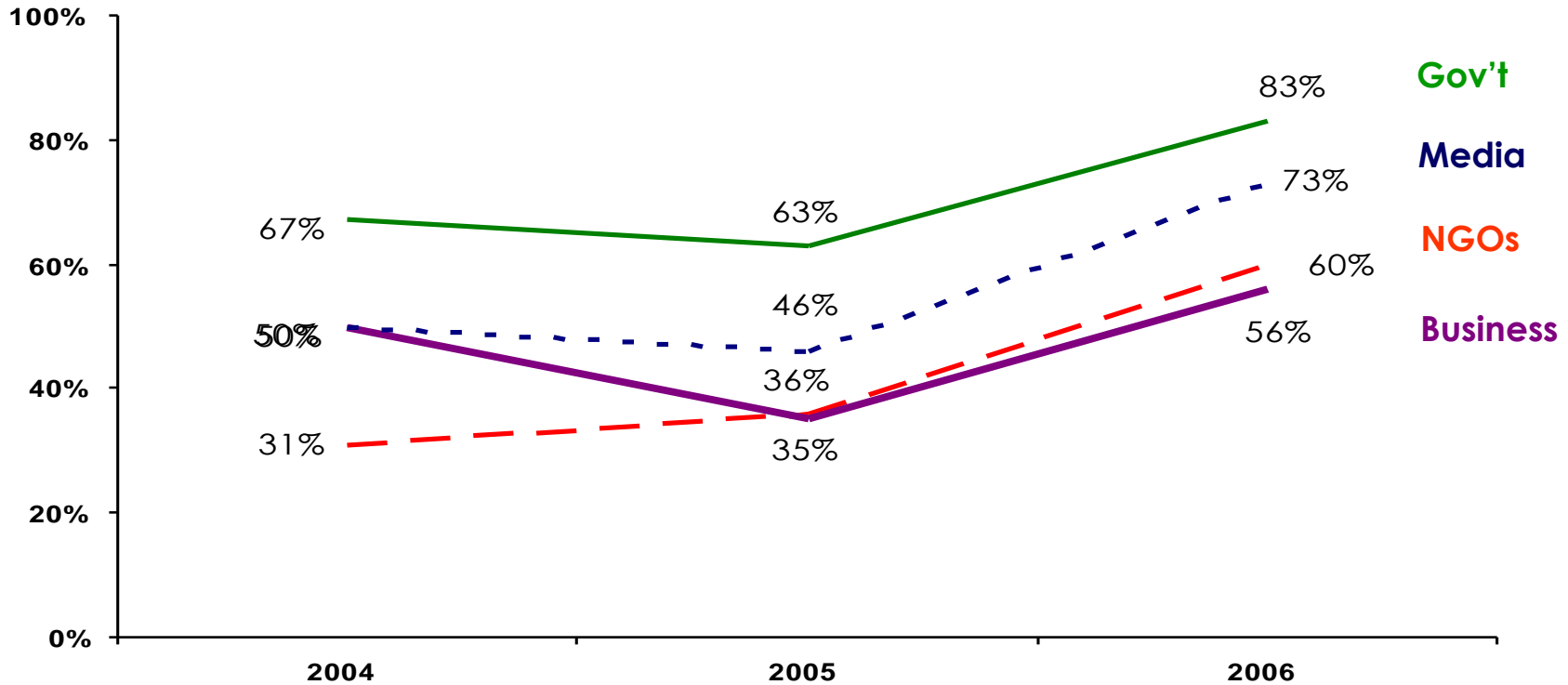
Source: Edelman Annual Trust Barometer, Jan 06

\*Europe= UK, France, and Germany only



# Three-Year Trend China

Chinese Trust in All Institutions Growing Rapidly -  
Business is the lowest



# Trust in NGOs Brands: 2006

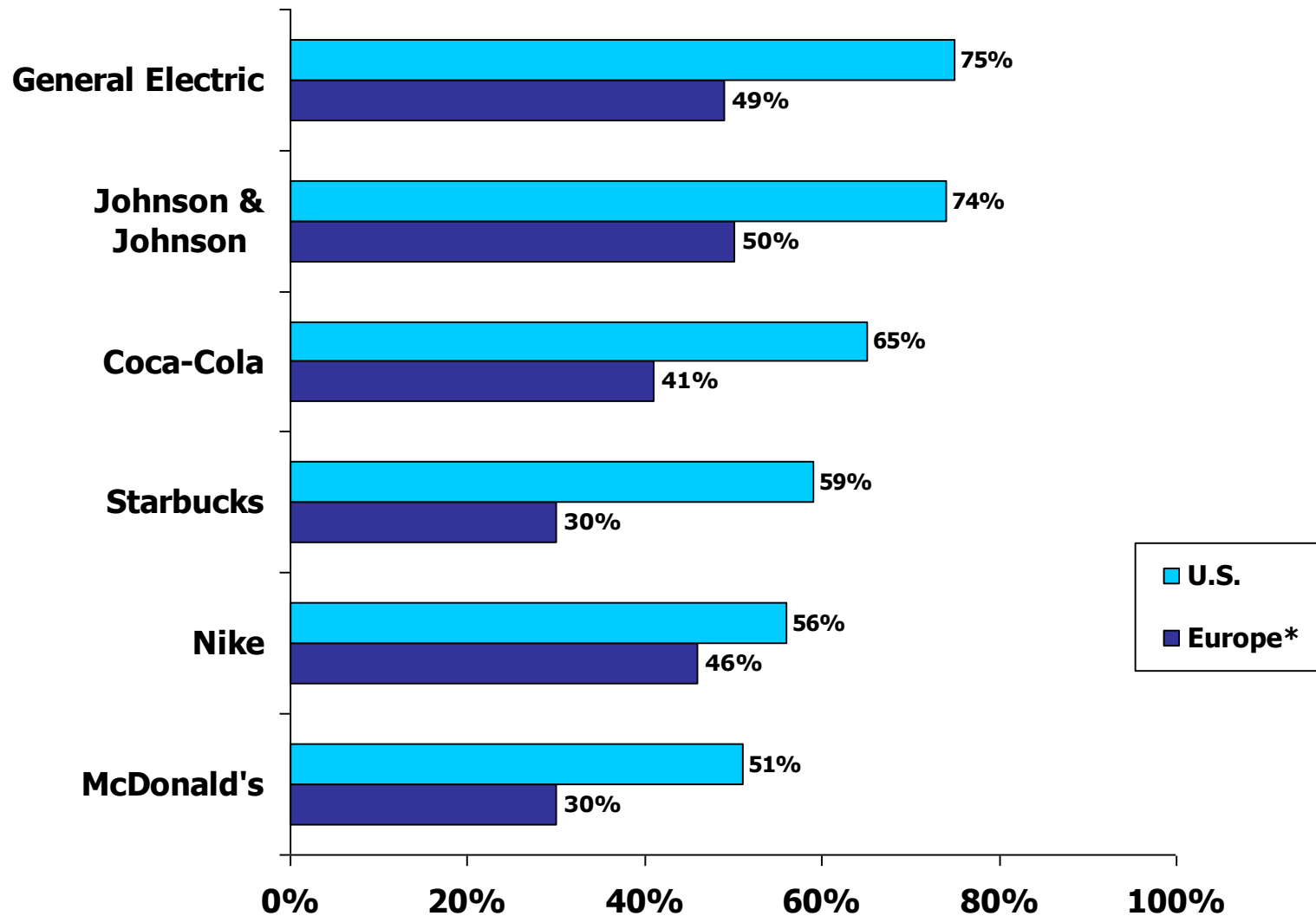
	US	Canada	UK	France	Germany	Italy	Spain	Japan	China	Korea	Brazil
Greenpeace	45	58	67	62	73	73	74	34	78	66	76
World Wildlife Fund	44	58	82	59*	74	85	51*	51	79	45*	47*
Amnesty International	47	59	70	78	79	78	73	29*	58*	55	63

## 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... ?

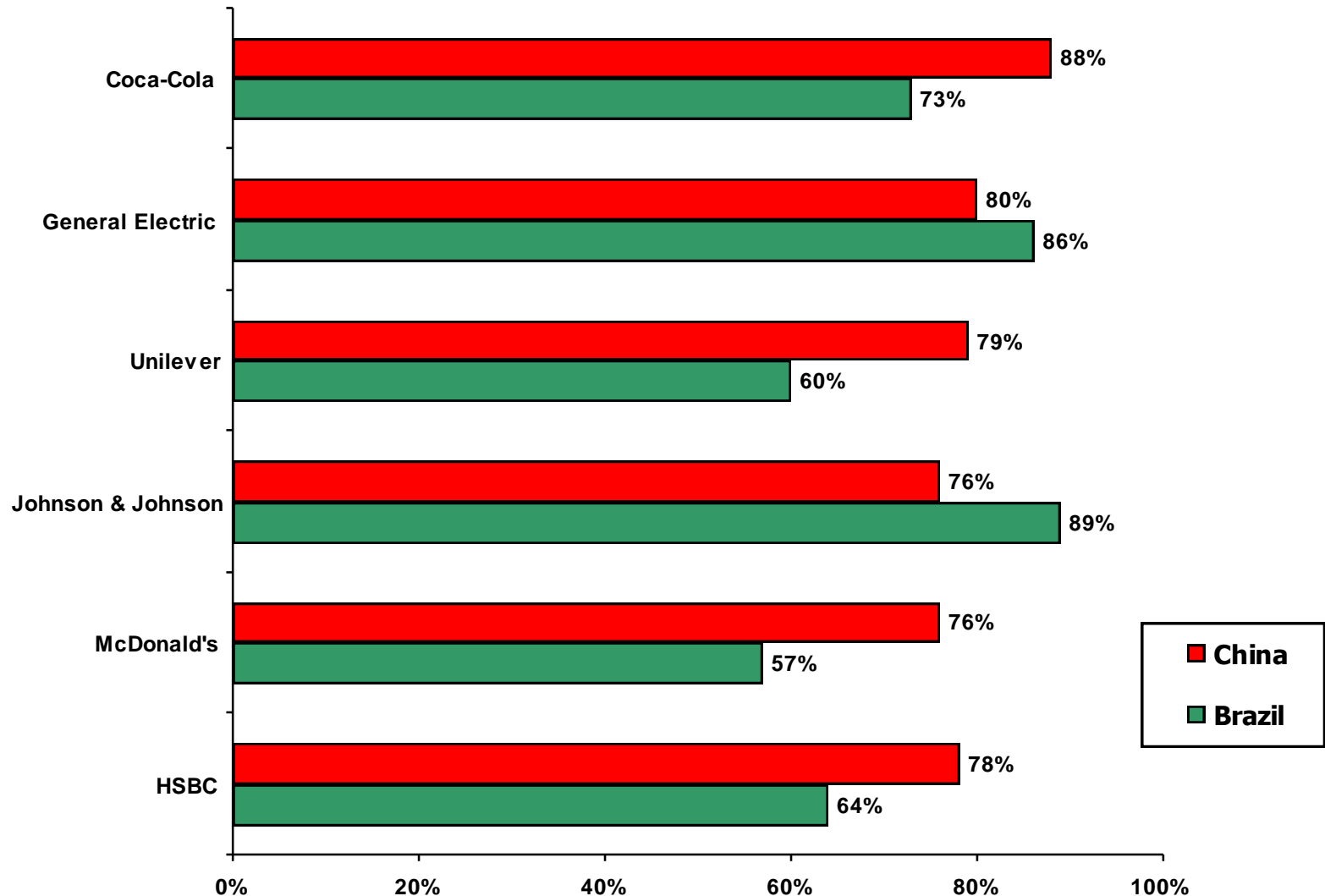


Source: Edelman Annual Trust Barometer, Jan 06

\*Europe = UK, France, and Germany only

# Western Brands Revered in Developing Countries

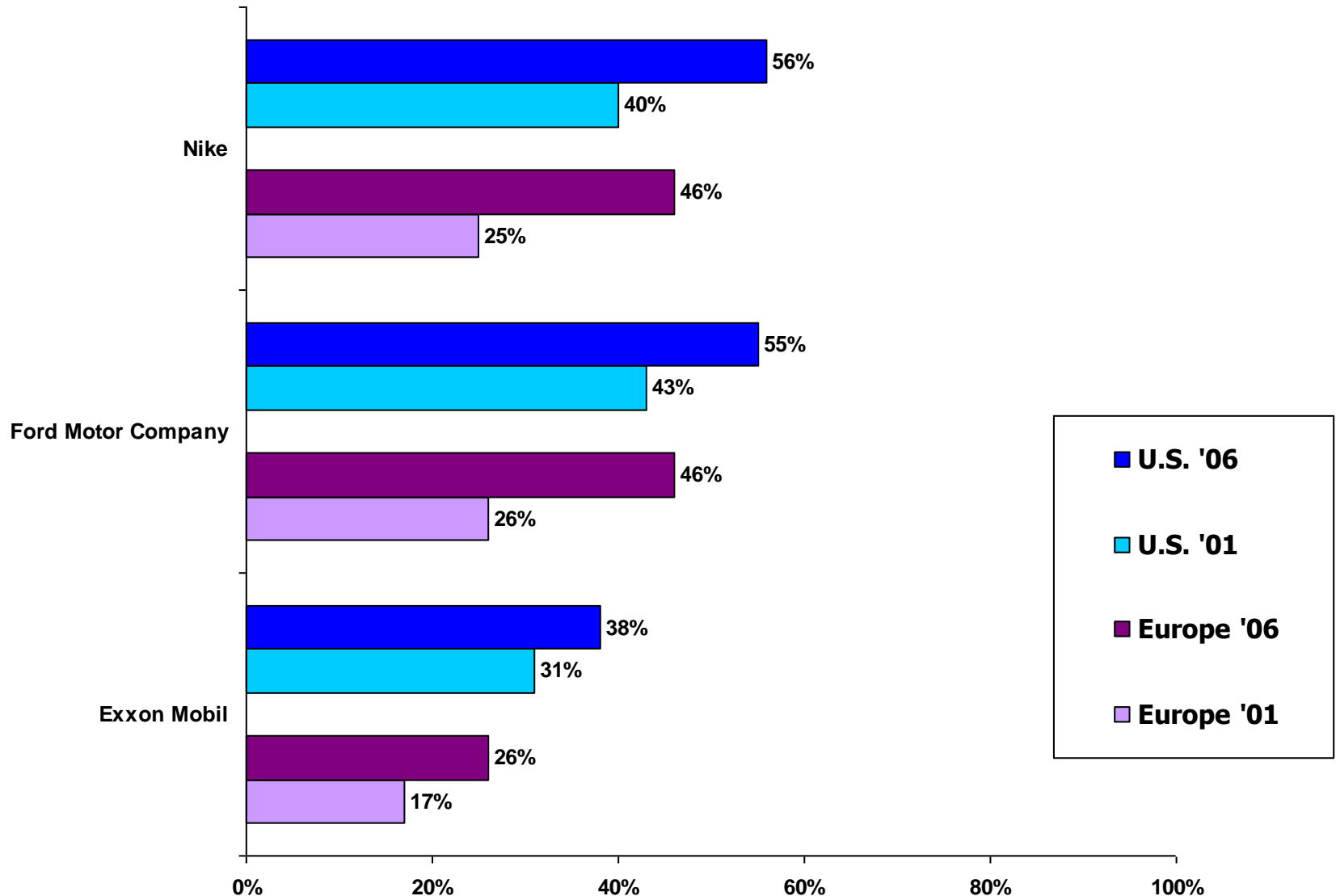
Tell me how much you TRUST each company or organization to do what is right... ?



Source: Edelman Annual Trust Barometer, Jan 06

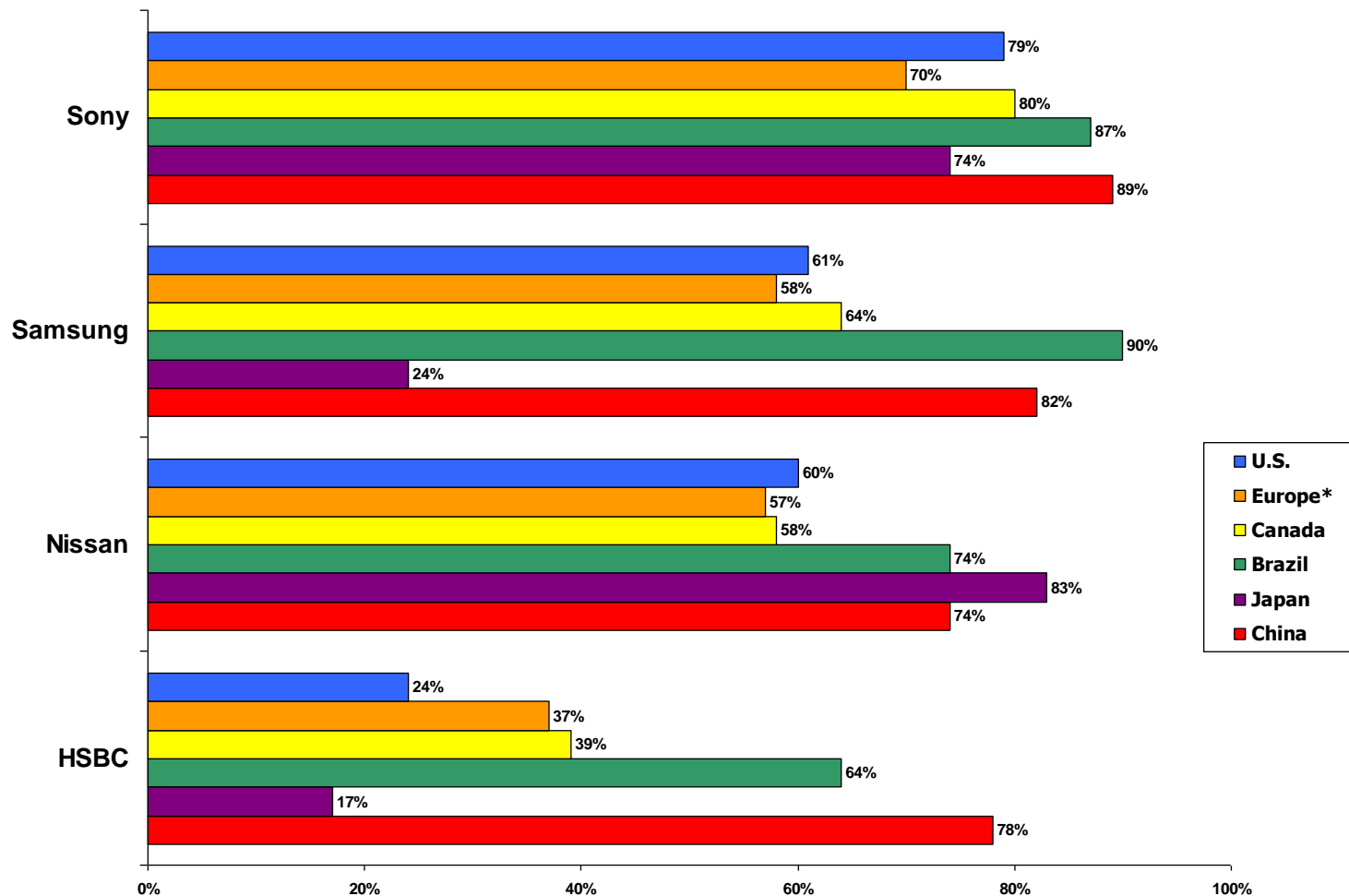
Sorted by Chinese data

# U.S. Companies Can Rally in Europe



# 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... ?

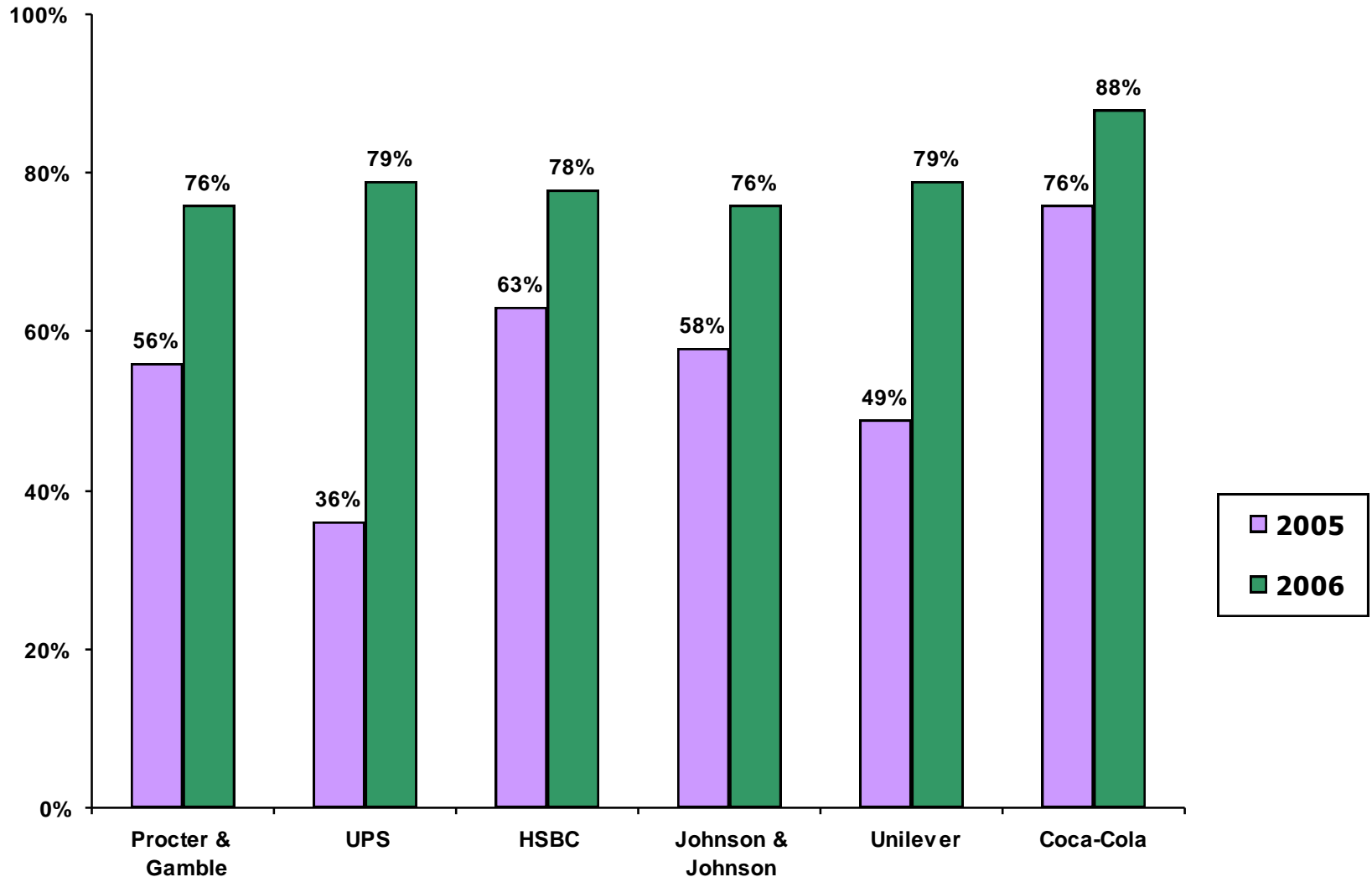


Source: Edelman Annual Trust Barometer, Jan 06

\*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

	Nationality of Respondent:								
TOP 4 BOX (6-9)	US	Canada	UK	France	Germany	Japan	China	Korea	Brazil
HQ Location	%	%	%	%	%	%	%	%	%
Canada	71	81	79	79	71	86	64	82	78
Germany	59	70	66	77	68	91	75	88	87
United Kingdom	70	72	79	63	57	85	69	81	81
Japan	62	70	67	62	66	91	35	61	87
France	39	58	58	73	67	79	71	85	85
United States	70	53	42	55	41	80	68	69	67
South Korea	40	40	37	31	30	30	68	66	51
India	49	41	40	33	25	30	27	28	38
China	31	28	33	30	34	16	68	20	37

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

<b>TOP 4 BOX (6-9)</b>	<b>US</b>	<b>Canada</b>	<b>UK</b>	<b>France</b>	<b>Germany</b>	<b>Italy</b>	<b>Spain</b>	<b>Japan</b>	<b>China</b>	<b>Korea</b>	<b>Brazil</b>
HQ Location	%	%	%	%	%	%	%	%	%	%	%
China	43	35	24	38	28	36	24	65	9	51	33
India	5	13	8	13	20	17	32	11	34	15	25
United States	3	21	13	21	22	11	13	6	1	15	18
Japan	2	5	2	3	1	1	1	1	50	14	1

# Trust by Industry

Highest in Tech and Retail

Lowest in Media & Entertainment and Energy

High



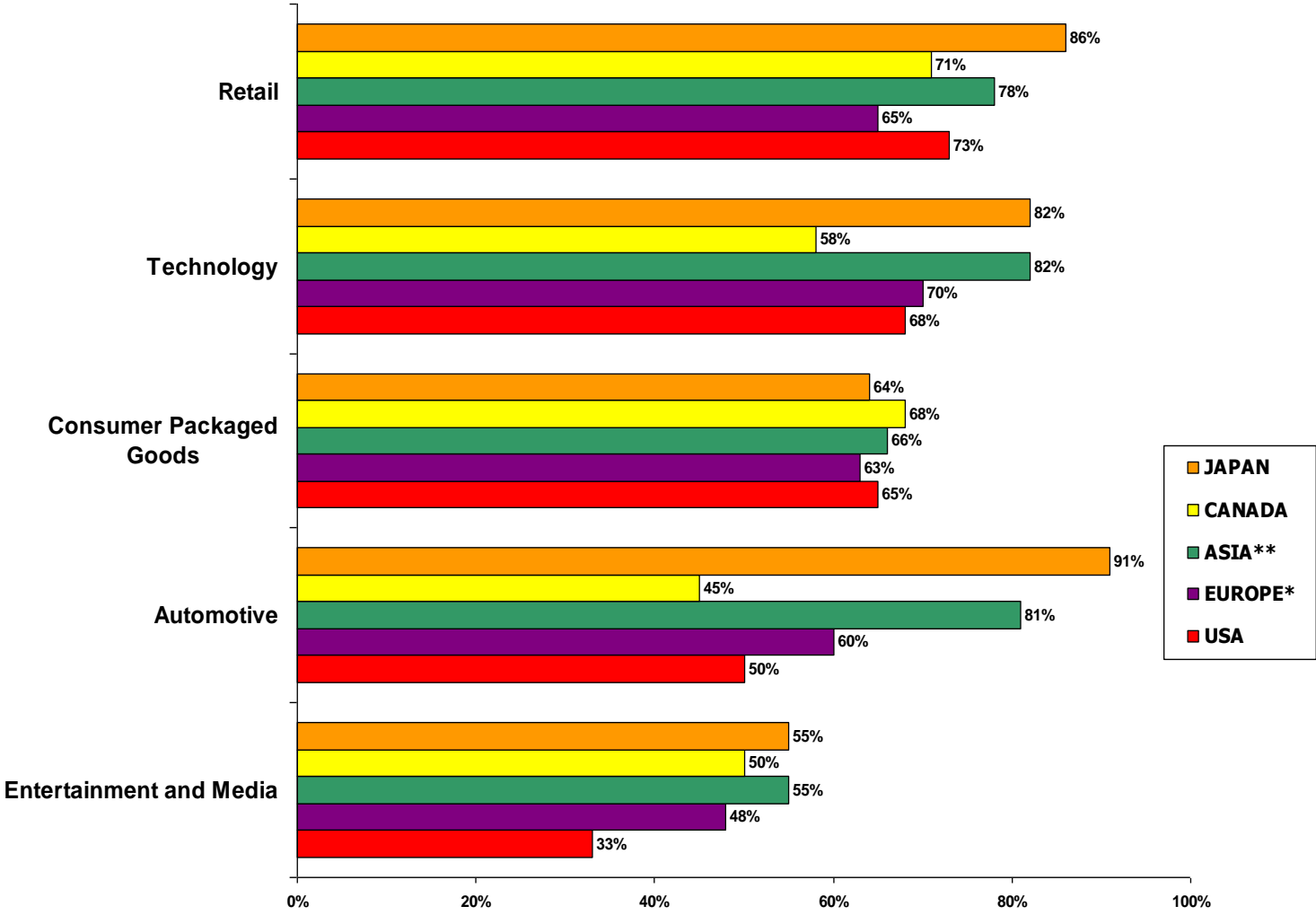
Low

USA	EUROPE*	ASIA**	CANADA	BRAZIL
Retail	Technology	Technology	Retail	Technology
Technology	Retail	Automotive	Consumer Products	Automotive
Consumer Products	Consumer Products	Energy	Professional Services	Consumer Products
Investment/ Insurance	Professional Services	Retail	Pharmaceutical	Retail
Professional Services	Automotive	Telecom	Financial Services	Media/Entertainment
Telecom	Telecom	Pharmaceutical	Technology	Energy
Financial Services	Pharmaceutical	Consumer Products	Telecom	Financial Services
Automotive	Media/Entertainment	Financial Services	Investment/ Insurance	Pharmaceutical
Pharmaceutical	Financial Services	Professional Services	Media/Entertainment	Telecom
Media/Entertainment	Energy	Investment/ Insurance	Automotive	Professional Services
Energy	Investment/ Insurance	Media/ Entertainment	Energy	Investment/ Insurance

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  
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# 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

<b>TOP 4 BOX (6-9)</b>	<b>U.S.</b>	<b>Canada</b>	<b>Europe*</b>	<b>Asia**</b>	<b>Brazil</b>
	%	%	%	%	%
Quality products and services	68	67	85	84	96
Attentiveness to customer needs	67	65	83	80	95
Fair pricing for products and services	61	57	73	81	94
Good employee and labor relations	60	53	76	72	98
Strong financial performance	63	54	67	82	85
Socially responsible activities, such as disaster relief	55	49	71	79	93
A familiar or well-known corporate brand	60	56	65	80	88
Dialogue with all stakeholders	48	48	58	69	86
A visible CEO	45	37	58	66	70
Employee or CEO blogs	27	34	42	61	57

Source: Edelman Annual Trust Barometer, Jan 06

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## Section 3: Trust and Communications

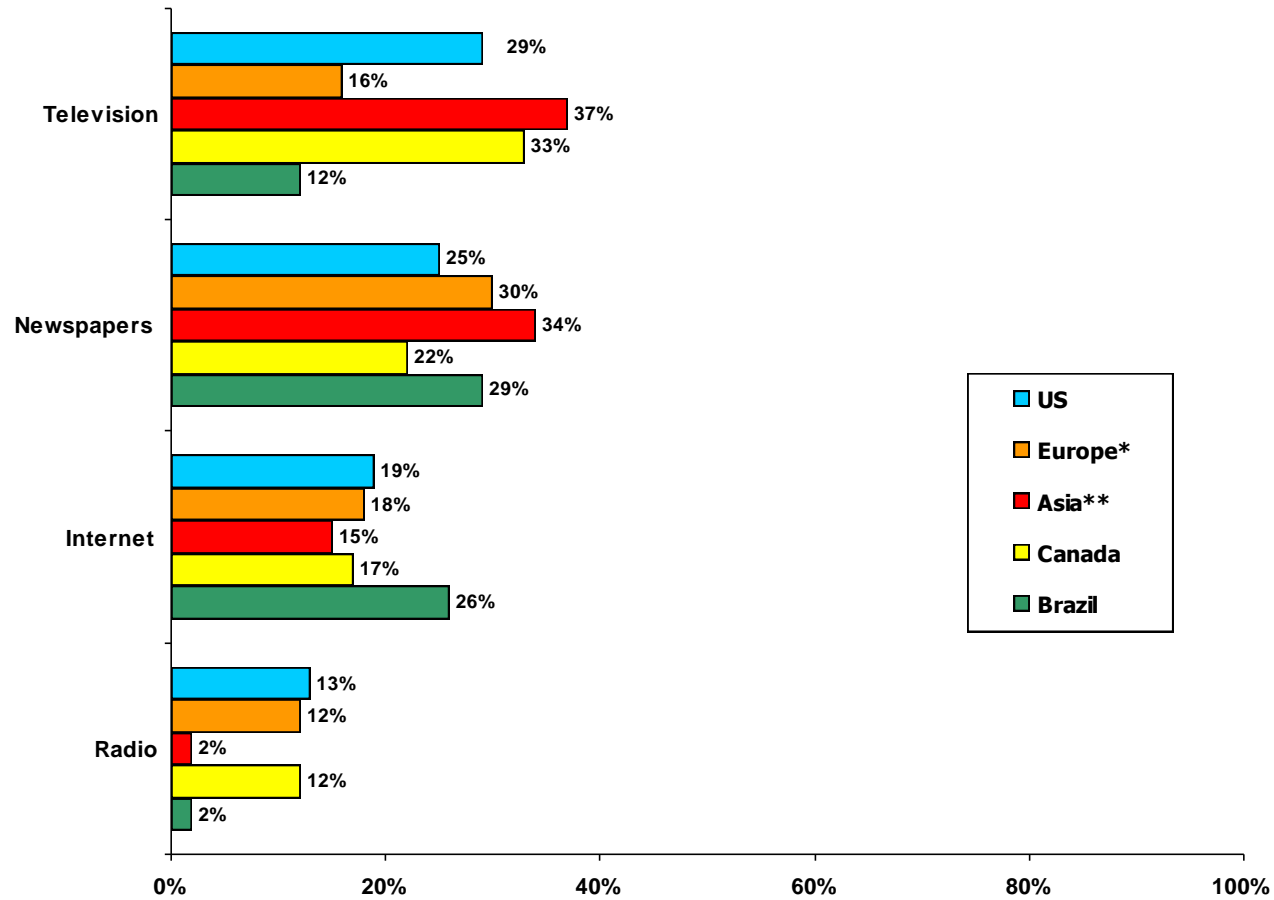
### □ Significant differences:

- 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

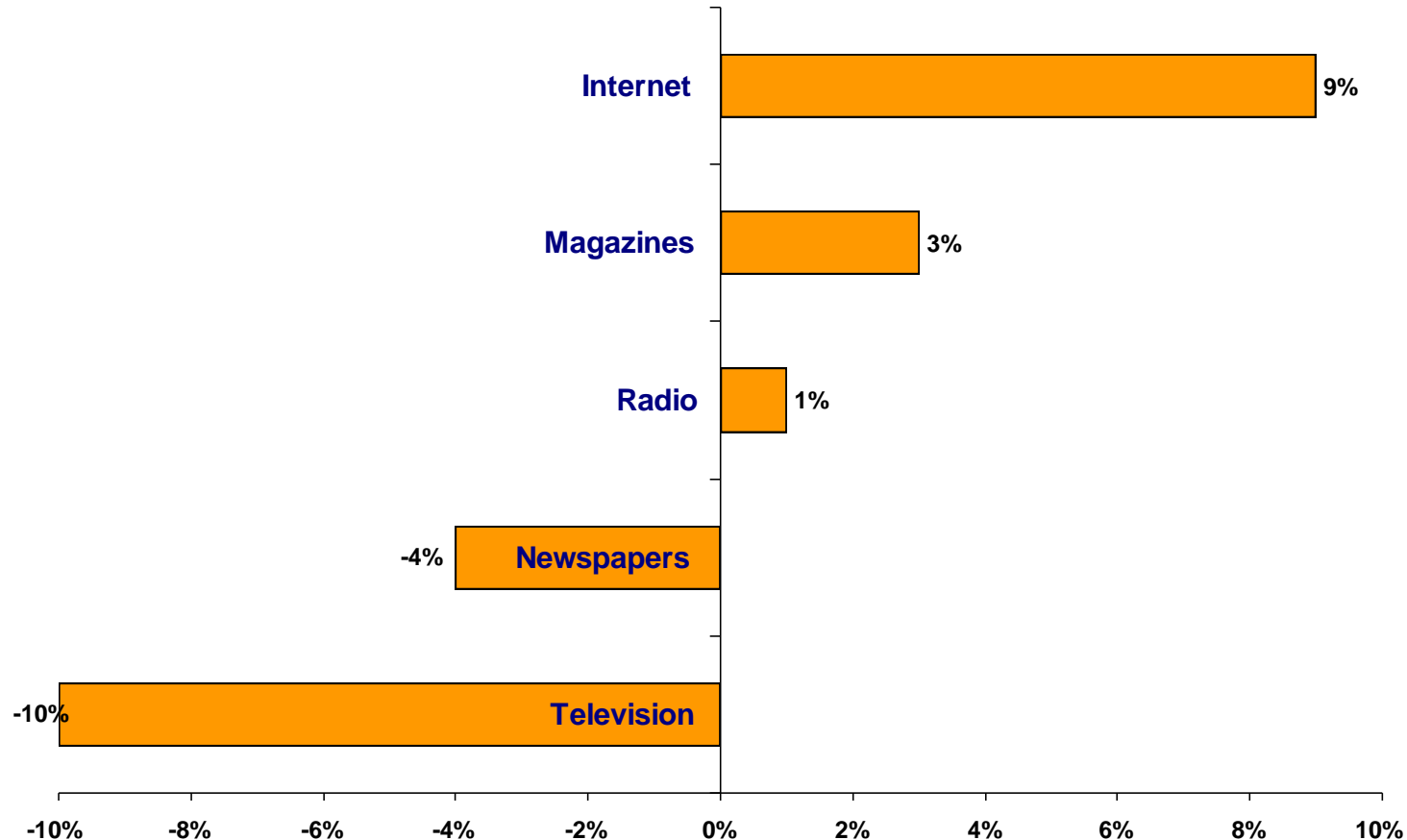


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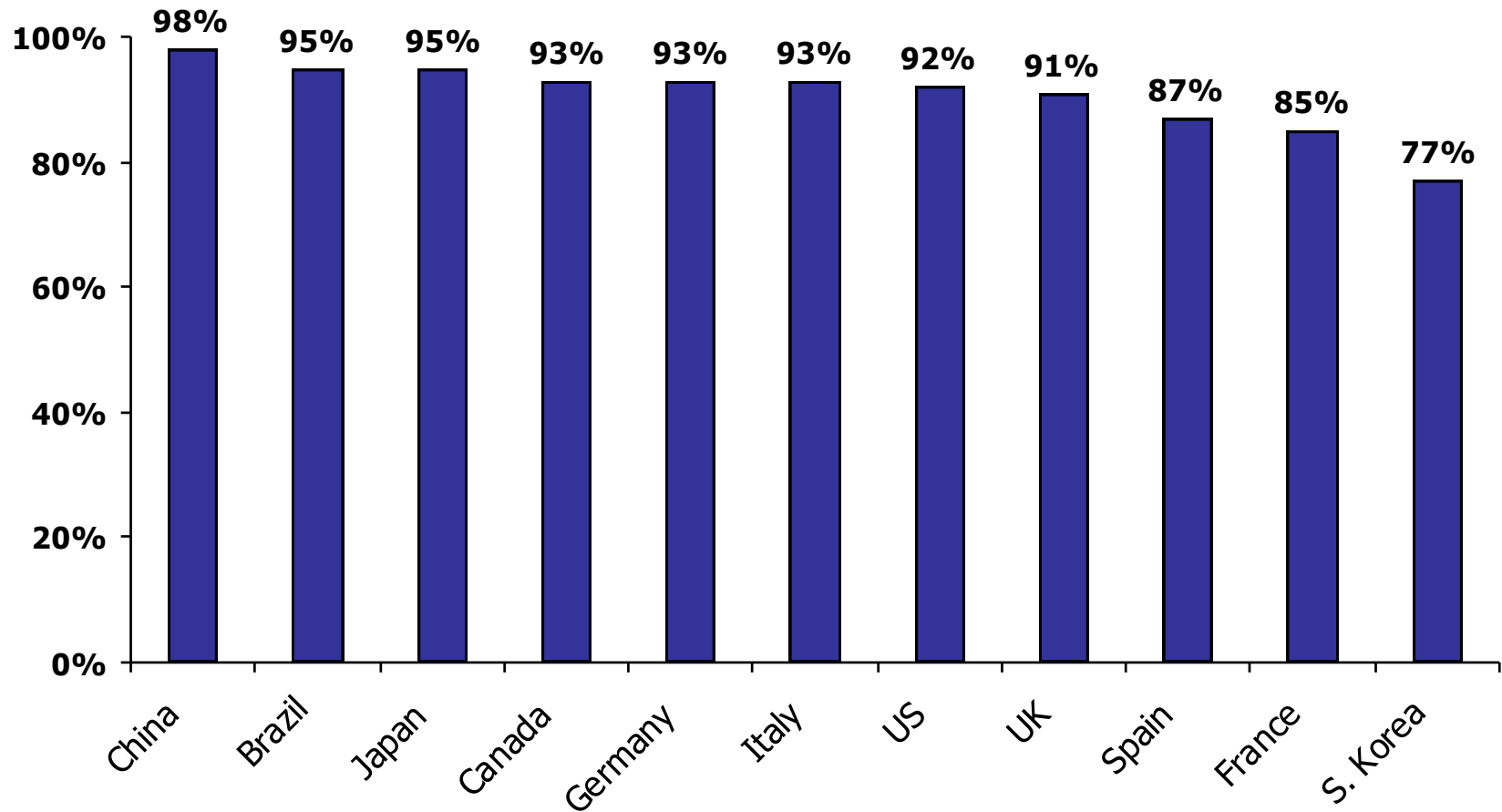
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# First Media Turned to for Trustworthy Information: Changes in U.S. Since 2003

Internet growing strongly at expense of TV, Newspapers



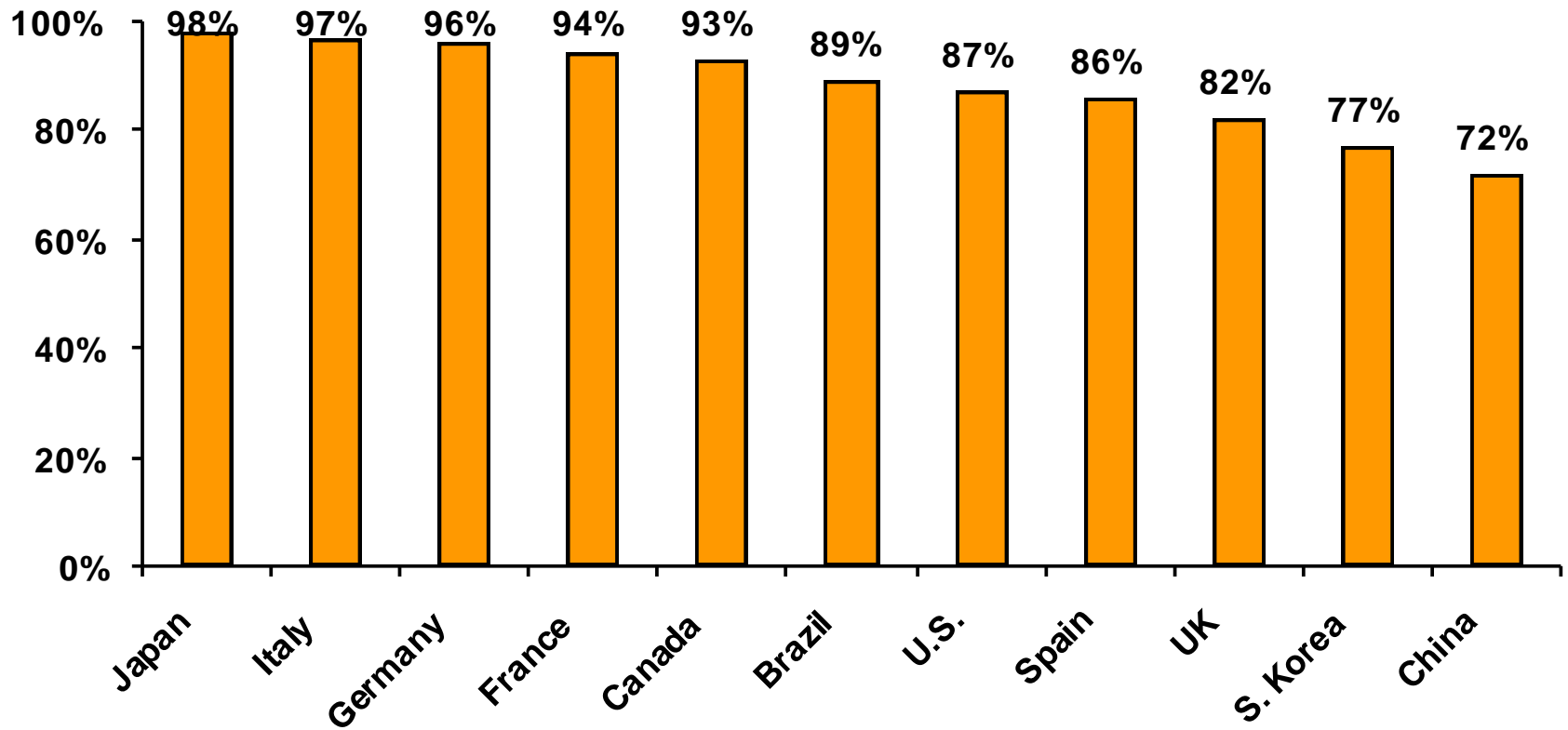
# I am more likely to believe something I see, read or hear from many different sources



Source: Edelman Annual Trust Barometer, Jan 06

Percentage saying "Strongly Agree" or "Agree"

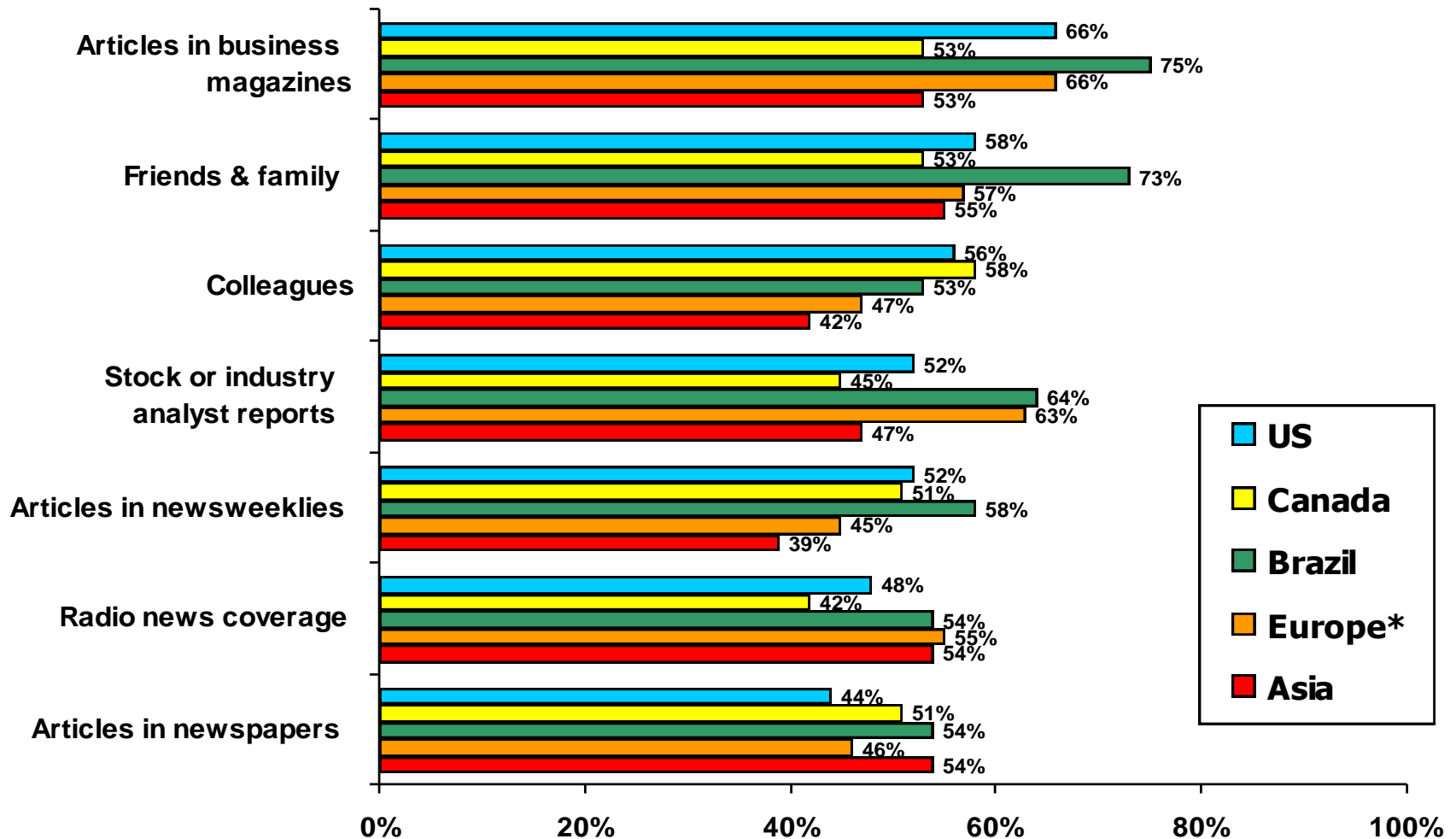
# PR vs. Advertising



*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)*

# 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

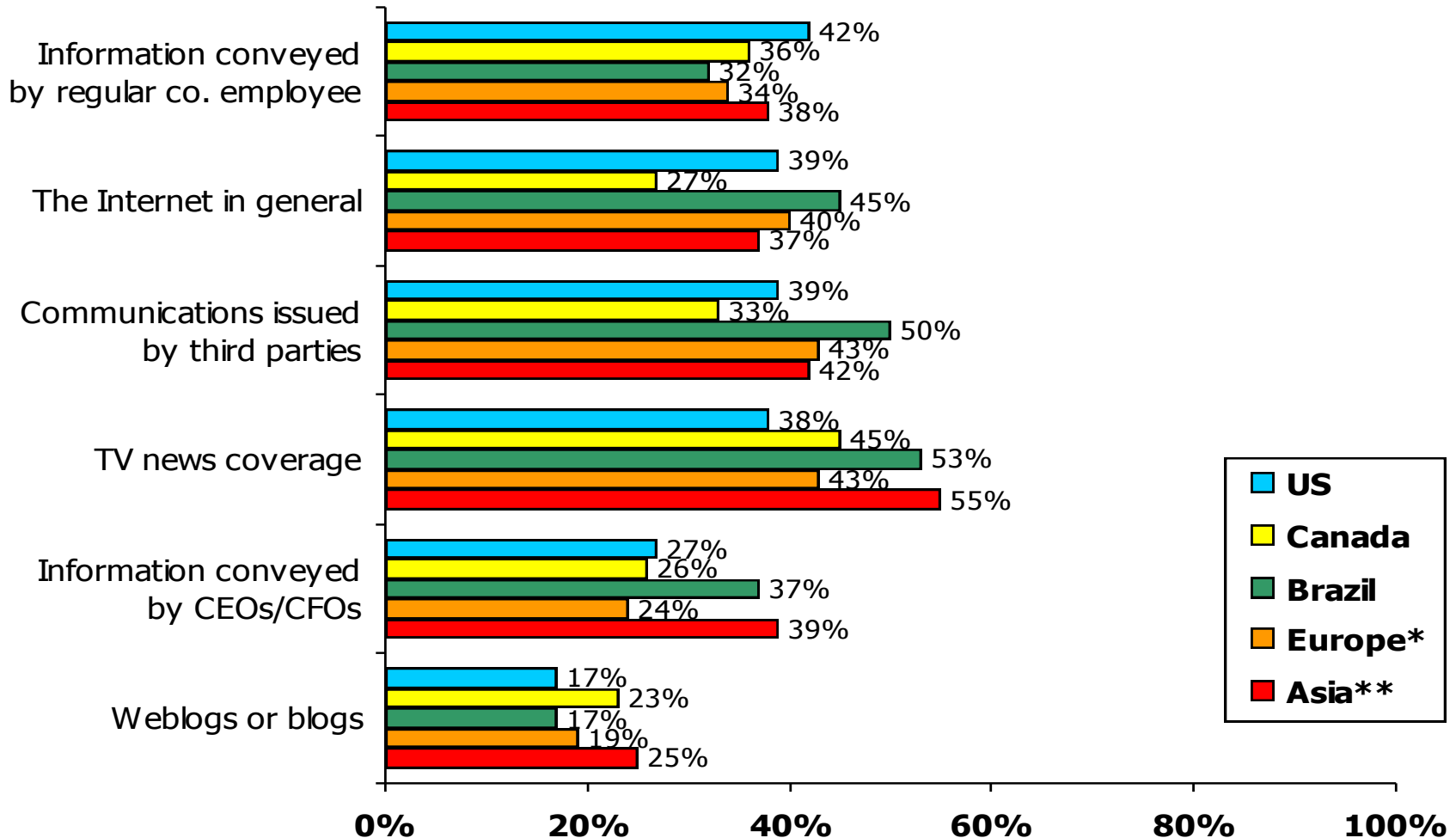
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Rank order by US

Percentage saying "Extremely Credible" or "Very Credible"

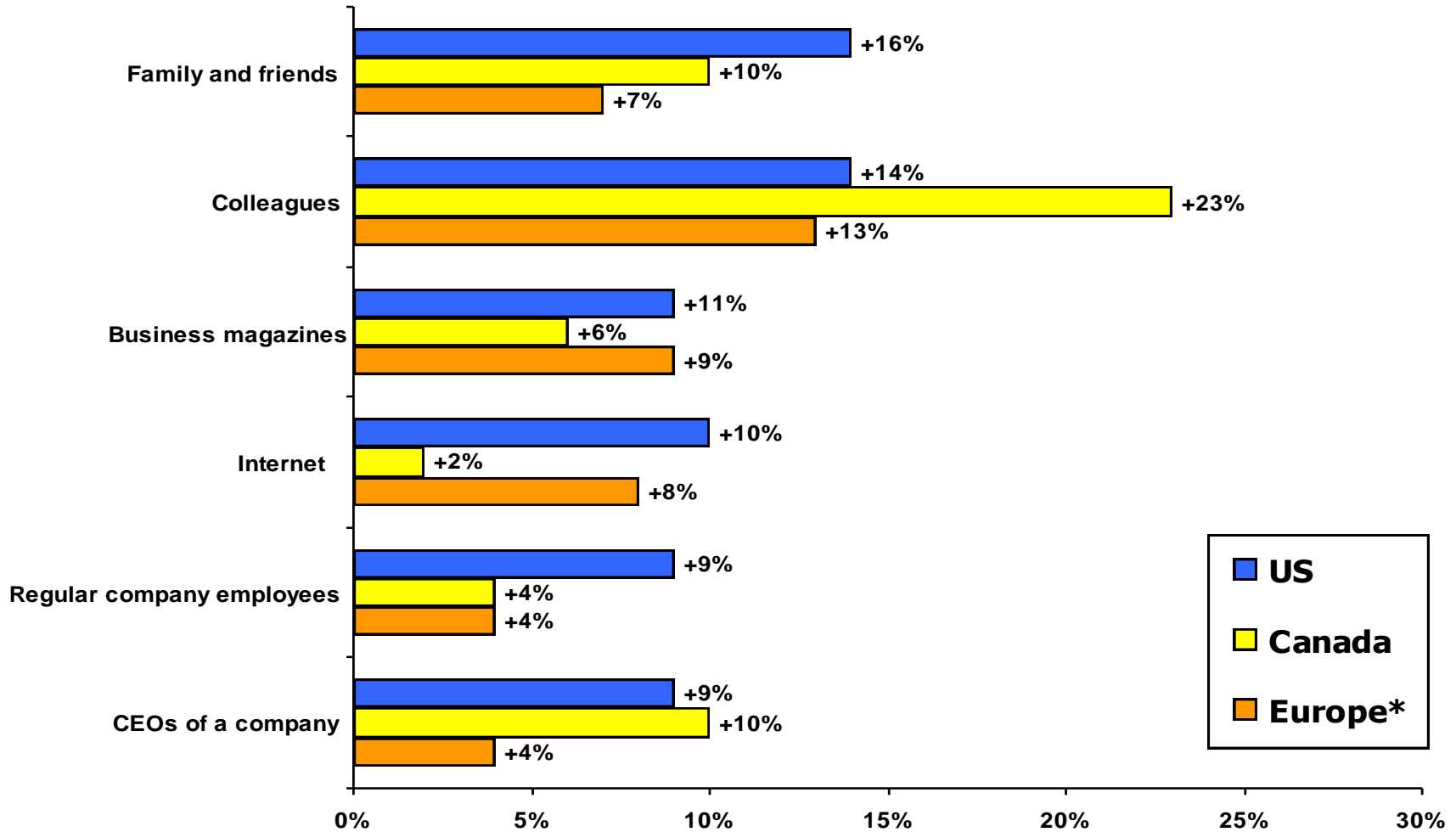
# Credibility of Information Sources Cont'd

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



# Changes in the Last Twelve Months

“Friends & family,” “colleagues” and “Internet” all growing strongly

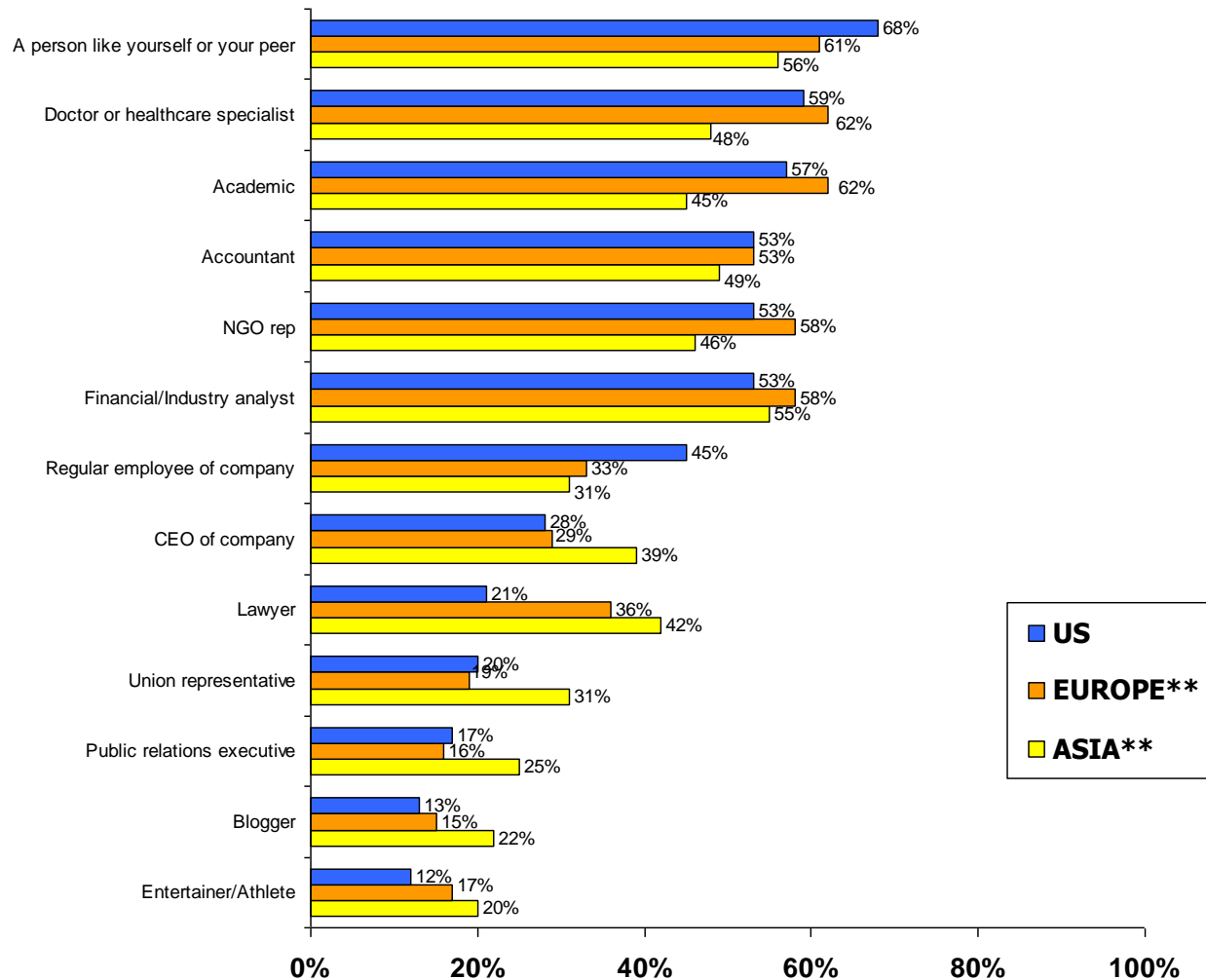


# Credible Spokespersons: “Person Like Yourself” Surpasses Third-Party Experts for First Time

- ❑ 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

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

# 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



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