



Edelman Trust Barometer

2007



About the Annual Edelman Trust Barometer

The 2007 Edelman Trust Barometer is our largest study of credibility and trust to date. What began as a survey of 1,300 people in five countries has grown steadily; this year's Barometer reached 3,100 people in 18 countries around the world. It's the first truly global survey on trust that we've fielded, and, as far as we know, the only one of its kind.

The people interviewed in the 2007 survey:

- are college-educated
- are 35 to 64 years of age
- report a household income in the top quartile of their country
- report a significant interest in and engagement with the media, and economic and policy affairs.

They were surveyed as follows: 400 people in the United States, 300 in China, and 150 in each in Brazil, Canada, France, Germany, India, Ireland, Italy, Japan, Mexico, the Netherlands, Poland, Russia, South Korea, Spain, Sweden, and the United Kingdom. The 30-minute telephone interviews were conducted in October-November 2006.

"Developed countries" refers to Canada, France, Germany, Ireland, Italy, Japan, Netherlands, South Korea, Spain, Sweden, United Kingdom, and the United States. "Developing countries" refers to Brazil, China, India, Poland, Mexico, and Russia.

Margin of Error

The margin of error is $\pm 1.8\%$ globally; $\pm 4.9\%$ for the U.S. sample; $\pm 5.7\%$ for the China sample; and $\pm 8.0\%$ for other countries in the study. The margin of error for developed countries is $\pm 2.2\%$; for developing countries, $\pm 3.0\%$.

Disclosure

At the time the 2007 Trust Barometer was compiled, Edelman had a client relationship with the following companies or brands mentioned in this brochure: Avent, Axe, GE, Dove, and Starbucks.

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On the cover (l. to r.): Robert Nardelli, who resigned as CEO of Home Depot; cover of *Time* magazine, which named "You" the 2006 Person of the Year; Chen Jiulin, former CEO of China Aviation Oil (CAO), who pled guilty to charges related to a financial scandal that left CAO near bankruptcy; "Seinfeld" star Michael Richards on stage at the Laugh Factory in Los Angeles, California, where his racist rant was captured on a cell phone.

Tales of Trust and Globalization



Leslie H. Gelb

Beware of theories. In the Cold War, a popular theory held that the United States and the Soviet Union were becoming more and more like each other, and that they would soon reach a point where they looked enough alike to make peace. Well, it turned out that they never came within continents of being twins, and

when the same old inefficient Soviet economy started to tank, Russian leaders revolted against themselves in order to make their economy more like ours.

There is a somewhat similar theory afoot about how globalization will be the great societal and economic equalizer between rich and poor nations. The idea is that the more trade, investment, and the information revolution grew and put their claws into developing countries (China, India, Brazil, Mexico), the more these countries would look and act like the developed countries. And everyone will live happily ever after.

But the reverse may be happening. For years now, we know that while the poorer economies are generally growing, the gap between rich and poor nations is also widening. And the 2007 Edelman Trust Barometer adds another dimension to this divergence. It shows developed and developing worlds could be going in very different directions, at least in this phase. The single biggest indicator is the split regarding trust in business between the two worlds, with most developing nations far more trusting in business than their richer brethren. The explanation seems to be that opinion leaders in poorer states believe business is doing more to make better lives for them than do their counterparts in developed countries. As much as rich opinion leaders complain about the performance of government (and the survey shows this distrust goes on), government performance is generally far worse in less advanced societies.

This is a big responsibility for businesses based in the developing world and those doing business there. Opinion leaders have doled out their trust to companies in the hope that they will treat the people/consumers

better than their governments do. It's also an opportunity for business to plow some profits back into those societies and build that trust. NGOs, stars of the Edelman survey for six years, have for the first time seen trust in them decline.

Business and free marketers have something else going for them in southern-tier states (African and Latin American nations, in particular). Again, the theory is that these new countries will reject free markets and opt for government control of the economy. Mostly, they've done the reverse. One of the biggest areas where the northerners could help them progress is in agriculture, but that's precisely the place where Europeans and Americans are least likely to make new trade concessions.

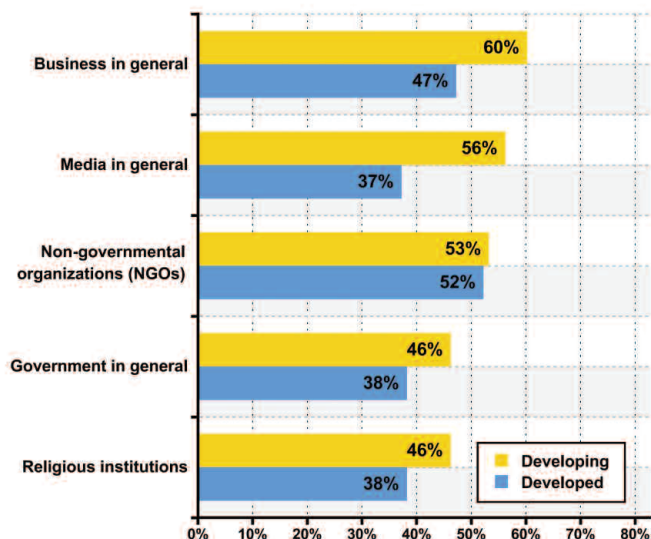
The Trust Barometer doesn't tell us much about how U.S. foreign policy continues to affect the sale of U.S. products abroad. But the bet is there probably still is negative carryover. The national identifications that seem to benefit exports most are Sweden, Germany, and Canada.

The spillovers of business into politics and vice versa are surely there. But for now, both rich and poor nations want to go in the same direction—toward greater prosperity—but they're doing so with different notions of trust, and we don't know where this split will take us.

Leslie H. Gelb is counselor to Edelman and president emeritus of the Council on Foreign Relations.

Developing World More Trusting of Institutions

How much do you trust each institution to do what is right?



The Sweet Spot



Richard Edelman

An individual captures an event on a cell phone—the execution of Saddam Hussein, a racist rant by a “Seinfeld” actor, two Bank of America employees singing a reworked U2 song to celebrate an acquisition—and sends shock waves through the worlds of politics, culture, and business. The way the

news of these events was generated and disseminated confirms that the traditional communications paradigm has evolved into something much more complex.

The vertical axis—the top-down, one-way dissemination by an authoritative voice of precise, controlled messages—has been firmly intersected by a horizontal axis of a continuous, messy, powerful peer-to-peer conversation.

On the vertical axis, companies first speak to elites (investors, regulators, top media), then to the mass audience through advertising. On the horizontal, companies engage in a place where the everyday experiences of employees and customers trumps academic credentials, where passion matters as much as analysis.

It’s at the nexus of these vertical and horizontal axes that companies will find the sweet spot of communications and earn themselves sustainable trust.

We no longer live in a binary world, in which people rely on either mainstream or new media. It’s a world of and, not or, according to Michael Wolf, president and chief operating officer of MTV Networks. The editorial voice is no longer a solo authority figure soliciting wisdom from the crowd, but rather one drawing from expert opinion and mass experience. We now rely on the opinion of others in deciding what to watch or read: consider the 10 top videos of the day on Yahoo or the top user-selected news stories on Digg.

The consumption of media continues to increase (now 3,500 hours yearly in the United States) but the mix is shifting, with advertising-supported media shrinking and subscription media growing at 9

percent. Stories move easily between online and mainstream media.

These changes pose real challenges to corporations. A widening information divide looms, with the haves and have-nots separated by financial resources and access to broadband. We are dividing into silos, seeking deeper knowledge in specific sectors, but showing less interest in accountable news that serves the public interest.

Some of us are opting out altogether: 25 percent of U.S. high school graduates do not consume any news media at all, according to Richard Lambert of the *Financial Times*. Rik Kirkland, contributing editor at *Fortune* magazine, sees a decline in context, as the appetite for mainstream news shrinks and Web reporting relies on the short and punchy.

News moves across borders through communities of interest, with trust now bestowed on those who think like me and share my interests, not on those who share physical attributes like gender or ethnicity.

“...the traditional communications paradigm has evolved into something much more complex.”

Companies must recognize this new environment as an opportunity to change the way they do business. Continuous, transparent—and even passionate—communications is central to success. “Leading firms are opening up pertinent information to all these groups (investors, employees, customers, partners, media) because they reap significant benefits from doing so...transparency is a powerful new force for

¹ Veronis-Suhler, Inc

business success,” writes Don Tapscott in his new book “Wikinomics.” Bob Nardelli, who recently resigned from Home Depot, told Alan Murray in *The Wall Street Journal* that he likened the challenges of leading a public company to competitive ice-skating where a bunch of judges shout out their scores from the sideline—far less comfortable than football, in which, he said, you always know the score.

How to proceed in this fast evolving world? The Edelman

Trust Barometer 2007 offers important insights about how to combine the top-down and peer-to-peer communications models:

Observation #1—ROLE OF CEO AS SPOKESPERSON HAS CHANGED

The chief executive is an important but not solo carrier of the message. Our data show the CEO of “your own company” commands more trust than does an average CEO. But a “person like me,” a company employee, and an independent expert like a financial analyst all rank higher than a CEO

as trusted spokespeople. The smart company will use the CEO to inform investors, elite media, and other traditional stakeholders, while at the same time it will arm its employees and customers with information to discuss issues with their peers.

Observation #2—INSIDE-OUT WORKS BEST

Proper treatment of employees is the new “green” in corporate social responsibility. This is especially urgent in developed nations. The new social compact is that employees expect to be informed and involved. Listening is the No. 1 way to build trust in your employee base.

Observation #3—PR IS LOCAL

Articles in business magazines and industry analyst reports continue to be the most credible sources of information in most markets. But in key markets like China, the most credible source is television, while in Japan it's newspapers. Conversation with friends and peers ranks as high as business magazines in most markets, further confirming the need for vertical and horizontal strategies.

Observation #4—GENERATE WORD OF MOUTH

A “person like me” is not based on standard demographics like gender, race, or religion, but rather on shared interests, professions, and political beliefs. The key to effective horizontal communications is to identify groups of people who think alike and facilitate the exchange of substantive information among them.

Observation #5—DON'T BE SHY

Our tracking data show that in most markets, business is more trusted than government and media, with levels comparable to non-governmental organizations. Business's credibility has rebounded from a low in 2003, while government's and media's have declined. The expectation for corporations is that they'll do more than give shareholders a financial return. To earn and sustain stakeholders' trust, corporations are expected to be part of the solutions to poverty, global warming, and human rights issues.

“Every company is a media company because there are stories to be told,” says Andrew Heyward, former president of CBS News. We have found that the most powerful programs for clients, such as the Dove Campaign for Real Beauty, GE ecomagination, or Starbucks “Voices Behind the Bean” campaign, understand the interplay of financial gain, public spirit, and employee/consumer involvement—and tell the human stories that resonate and motivate.

In a world lacking trust, it is essential that companies connect with stakeholders by embracing powerful ideas and going beyond legal compliance or baseline expectations. Smart companies engage in the dialogue; they listen and learn. By not standing apart, by operating on both axes, they sacrifice some measure of control. But in return they gain credibility. A company that recognizes and taps the power of this new model can significantly change its competitive landscape.

Richard Edelman is president and chief executive officer of Edelman.

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The State of Trust: Business Is Back



Michael Deaver

The big story in this year's Edelman Trust Barometer, the firm's largest-ever study on credibility and trust, is that trust in business is higher than in media or government across the globe. In 16 of the 18 countries surveyed, people say that companies are having more of a positive impact on society than a negative one.

Why the higher marks for business? I suspect it's because of strong economic growth, the repercussions for executive wrongdoing, and the hope that business is playing a major role in solving the world's societal and environmental problems. This appears to be particularly so in the United States, where 53 percent report trusting business—an all-time high for our survey, and a recovery from 2002, when, in the wake of the Enron and WorldCom scandals, only 44 percent registered trust in business.

Trust in business may also be on the rise because more and more, public companies are functioning as political institutions. Not only do their futures depend on the support of the public—shareholders, unions, investors, NGOs, customers—but with the general decline in trust in government, business is now relied upon to address societal issues like climate change and clean water supplies. Business is stepping in where government does not, and the 2007 Trust Barometer numbers reflect this.

In France, Germany, and the United Kingdom trust in business is lower than in the United States, and for the most part, the lowest among the countries of the European Union. In France, where people are anxious about jobs and living standards, the numbers seem to reflect that life isn't getting better, visibly or quickly enough. It's worth noting that the United States, the United Kingdom, and France are gearing up for national elections. With trust in government so low in all three markets, it will be interesting to see how voters respond, in turnout and leadership choices, and to watch the subsequent interplay between more-trusted business and less-trusted government and media.

Bright spots pop up throughout Europe, however, as evidenced by high numbers for Sweden and the Netherlands, which, coincidentally, recently went through elections that brought in new governments. And despite the fact that in Germany, where Angela

Merkel faces many challenges in her second year as chancellor, and trust in business is at only 31 percent (the second-lowest it's been since we started tracking data), German-based companies along with those headquartered in Sweden and Canada are the most trusted in the markets sampled.

The 2007 survey marks a break in what have been similar patterns of trust between the United States and its staunchest European ally, the United Kingdom. The war in Iraq likely is a factor, but as my colleague David Brain points out (page 18), it might be a knee-jerk reaction to link the drift from America to the war in Iraq. While clearly unpopular in Europe, the trend shows the drift started before the U.S.-led invasion.

From where I sit in Washington, the low trust numbers for our government reflect the mood of the country when this survey was fielded, around the time of our November mid-term elections, clearly a watershed event. To the south, in Latin America, represented by Brazil and Mexico, trust in business—and media—is relatively high, while trust in government is tenuous. Only in three of the Asian countries of our survey—China, Japan, and India—do we see numbers that are generally above 50 percent for government, media, business, and NGOs.

In Brazil, Russia, India—three of the four fast-growing developing nations known as the “BRIC” countries—business is trusted more than government, media, or NGOs. In China (the fourth BRIC country), trust in business is third to government and media. Russia is the only BRIC country where less than half of the respondents (39%) trust business. Yet, that's higher than those who say they trust government (32%) or media (35%).

Across the globe, trust in business is higher than in media or government.

We've long looked at the role of corporate social responsibility. In recent years, a company's social responsibility efforts have emerged as a major driver of stakeholder trust. This year's Barometer confirms that around the world, CSR efforts are crucial to building a company's reputation. In nearly every country surveyed, "fair treatment of employees" is viewed as the most or second-most important activity for a socially responsible company to engage in.

In 2005, we observed the rising influence of one's peers, and last year homed in on "a person like me." Not only do we still trust our fellow man, but now we know more about this trusted kinship. "A person like me" thinks and values the same things as I do. Around the world, people say that when "a person like me" tells me information about a company, I'm likely to believe it. Pam Talbot, our U.S. president and longtime consumer marketer, has some pointers for companies that want to access these candid conversations and engage themselves in people's lives (page 6). And for the first time, we've explored how companies can tap into people's distinct "trust personalities" to drive opinion and action (TrustHolders, page 14).

This year also marks a first for distinguishing between the CEO of your company and CEOs as figureheads. Not surprisingly, people tend to put more stock in what their own CEO says than a CEO in general—but still, CEOs, whether they are an employee's own or a theoretical figure of authority, have work to do to earn people's trust. See Matt

Harrington's commentary (page 10) for more about the CEO as spokesperson.

We asked about religious institutions for the first time this year too. Trust in them is often higher than trust in government and media. As business steps up to take on pressing global problems, this trust brings a new moral voice into the current of business communication. We found it curious that trust in religious institutions in the Netherlands (57%) is higher than in any other country, including traditionally religious Italy (48%) and Spain (40%). And in the United States, where hot-button issues like stem cell research have been hugely affected by religious beliefs, trust in religion (55%) inches out trust in business (53%).

As for industries, technology continues to be the most—and only—globally trusted sector, winning the high trust of 79 percent of Asians, 80 percent of Latin Americans, 72 percent of E.U. respondents, and 75 percent of North Americans. Our global tech practice leader, Bob Angus, attributes the industry's consistently high trust scores to its forward-looking, problem-solving profile (page 25) and its movement into "green" tech, another example of business leading—and gaining trust—where government has not.

Michael Deaver is vice chairman of Edelman and director of corporate affairs for the firm's Washington, D.C. office.

Government Least Trusted in 11 Countries, Business Most in 7

How much do you trust each institution to do what is right?

	United States	United Kingdom	France	Germany	Italy	Spain	Netherlands	Sweden	Ireland	Poland	Russia	China	Japan	South Korea	India	Mexico	Brazil	Canada
Government in general	38	16	26	24	32	40	66	57	37	17	32	78	53	26	41	47	28	34
Media in general	43	19	27	29	33	49	55	29	37	46	35	68	41	44	55	61	62	34
Business in general	53	44	28	31	42	51	60	56	50	45	39	67	52	46	67	71	65	45
Non-governmental organizations (NGOs)	57	41	60	39	62	57	61	29	48	49	27	56	55	46	52	71	57	55
Religious institutions	55	27	26	36	48	40	57	21	29	44	31	50	17	39	41	54	55	36

Responses 6-9 only on 1-9 scale; 1= "I do not trust them at all"; 9= "I trust them a great deal"

Highest ranked Lowest ranked

The Power of You and Me-dia



Pam Talbot

Q: What's the right balance for a company to strike between traditional news sources and new media?

Talbot: Companies should modify their approaches based on where in the world they're doing business, in what sector, and among which stakeholders. All of

these factors contribute to where on the vertical and horizontal axes of communications a company should direct its communications. Invariably, it will be a mix between traditional sources like business magazines, newspapers, radio, and television, and peer-generated information like online and offline conversations and blogs. Our findings reveal some curious preferences. For example, in Europe, 65 percent of Spanish respondents say newspapers are highly credible, whereas only 20 percent of French say the same.

Q: Time magazine named "You" as the 2006 Person of the Year. How can companies incorporate the "a person like me" phenomenon into their communications strategies?

Talbot: By looking and listening. People are giving their views on products and services—what's wrong and right about them—in almost every category. Marketers should jump on these candid conversations to shape their products and the communications about them. By listening, companies can get an early warning signal if something is going off track—either with a

product or about the way it's being communicated. For example, when one company we work with was expanding its audience, it discovered, simply by listening, that this approach was alienating its core users. In turn, the company was able to modify its communications immediately and effectively.

Q: How critical is it for companies to act quickly?

Talbot: To stay relevant, marketers need to be nimble and primed to make swift shifts. Thanks to camera phones, blogs, Web sites, and media sites that post information from consumers, marketers can quickly motivate influencers to act, and in turn, those influencers can be more effective than ever before. An event that once reached only dozens of interested people can now be set up for general participation and for sharing among specific groups of people who trust one another.

Q: The trends of cherry-picking information and customizing products have not yet peaked. Do you see consumers demanding more and more of this type of personal selection?

Talbot: As long as we have a reasonably good economy, this trend will continue and get more intense. It's part of the drive toward self-expression, a desire to be heard and seen and appreciated, and, again, it's driven by technology. So everything from medical care that reflects your genes to jeans that are cut just for you, from foods designed to meet your personal nutritional needs to cars that are designed to express your sense of self to phone services with the

2007 Trust Barometer Findings

- In the European Union, North America, and Latin America, **"a person like me" is considered the most credible deliverer of information about a company.** In Asia, "a person like me" is second to physicians.
- In 11 of 18 countries, **business magazines are the most or second-most trusted source of information** about a company. In 14 countries, stock or industry research is either the most credible or second-most credible source of information about a company.
- In many countries, **a conversation with a friend or peer is as trusted a source of information about a company as an article in a newspaper or TV news coverage.** However, newspapers, TV, and radio remain more credible than new media sources like blogs or a company's own Web site.

Vertical Communications: Top-Down Sources Still Valued

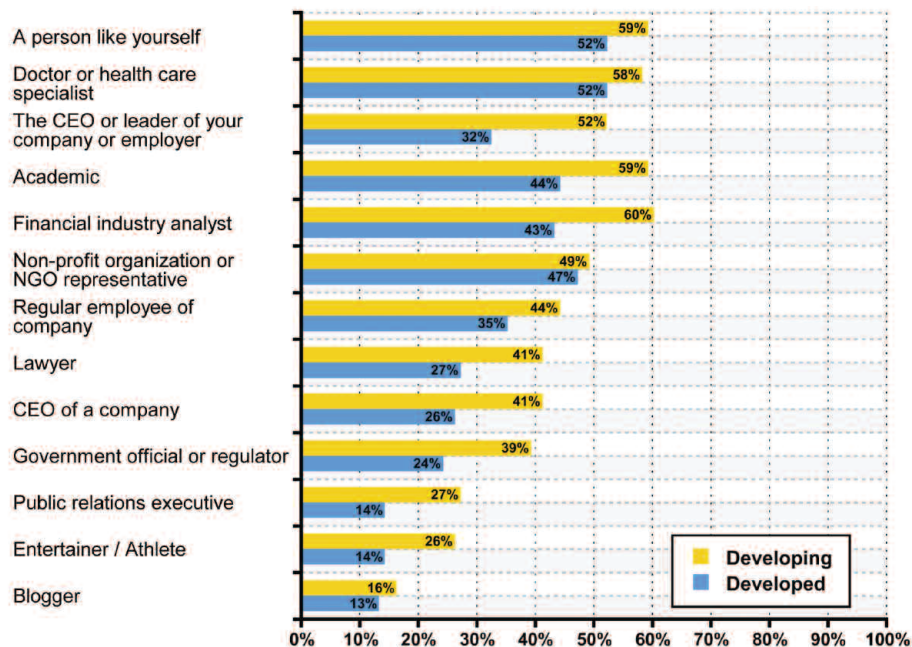
How credible do you feel each of the following sources is for information about a company?

	United States	United Kingdom	France	Germany	Italy	Spain	Netherlands	Sweden	Ireland	Poland	Russia	China	Japan	South Korea	India	Mexico	Brazil	Canada
Stock or industry analyst reports	2	1	1		3	2	3	1	1	1	1			1	2	1	3	2
Articles in business magazines	1	2	2	1	1	1		2	3	3	2			3	1	2	1	
Television news coverage				2			1		2			1	2	3	3			
News coverage on the radio	3	3		3			1	3				2	3	3				3
Articles in newspapers						3							1	2				

Ranking out of 11 sources

Horizontal Communications: "Person Like Me" Highly Influential

If you heard information from each of these sources, how credible would the information be?



plan that's just right for you—these are just too good for consumers to give up, at least for now. If we can have it our way, we will—and with an increasingly broad spectrum of products and services.

Q: What are some good examples of community building?

Talbot: On the light-hearted side, I think of how our client Axe, the body deodorant spray for men, goes out of its way to create rich, engaging experiences for its users. One tactic was to create a presence on MySpace.com to extend its ad campaign about people who make men lose their cool and the girl. On a different note, Avent, the makers of baby feeding accessories, sponsors an online community called the Sisterhood Six. The site is led by six women in all stages of motherhood, including authors and medical professionals. They exchange information about infant feeding and other parenting issues. The brand does not influence the content on the site, but benefits implicitly by the influence of this savvy group of moms.

Q: What can companies do to help build communities?

They can give their important stakeholders special insight and information early—even first—to increase their sense of belonging. Give them access, stimulate conversation (even debate), and provide opportunities for real experiences that are so good they simply must be shared.

Q: Is there a mantra every brand marketer should adopt around the rising power of “people like me”?

Talbot: Mutual benefits. Different groups value different things, so marketers need to adjust their interactions accordingly. Mutual benefits imply trust, which in turn implies transparency and honesty. Once that bond is broken, it's hard to rebuild. That's the insight behind our new TrustHolders™ research segmentation.

As with all relationships, commitment matters. Providing information and experiences of value—and that value can be pure fun—matters.

Pam Talbot is president and chief executive officer of Edelman in the United States.

Thanks to camera phones, blogs, Web sites, and media sites that post information from consumers, marketers can quickly motivate influencers to act.

Who Is a Person Like Me?

In this year's Trust Barometer, respondents indicated greater trust in information about a company delivered by a person who shares their interests and values, but not necessarily their gender or ethnicity.

“There was a time when we defined “people like me” in a general sense, and, quite often, they were our neighbors and people in our social circle, but now they're people who, first and foremost, share our interests. Without exception, that holds true in all the countries we surveyed,” says Talbot. **“With the rise of social media—blogs and Web sites devoted to every topic imaginable—we can find people in all parts of the world with kindred interests, even in the most specialized fields. So instead of putting our trust in a few people we know well, we tend to have webs of acquaintances.”**

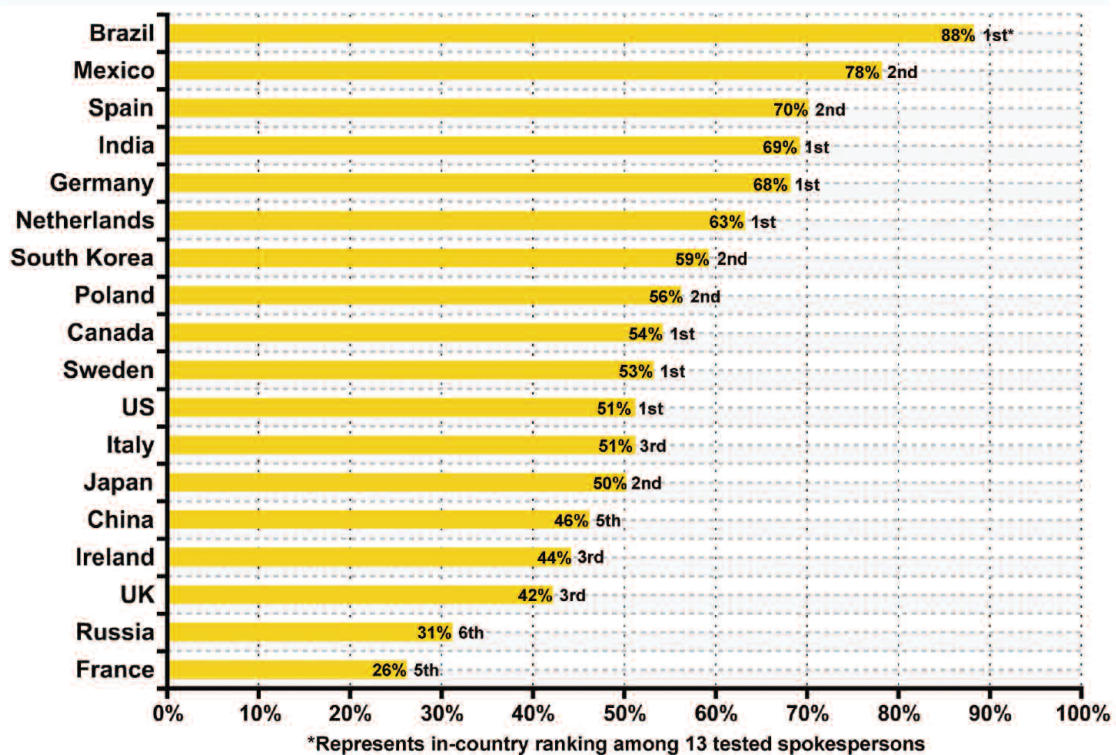
“Person Like Me” Shares My Interests

Which three of the following characteristics are most likely to increase your trust in someone sharing information about a company? Are you most likely to trust the person if he/she...

	United States	United Kingdom	France	Germany	Italy	Spain	Netherlands	Sweden	Ireland	Poland	Russia	China	Japan	South Korea	India	Mexico	Brazil	Canada
Shares common interests with you	1	1	1	1	1	1	1	2	1	1	1	1	1	1	2	1	1	1
Is the same profession as you	4	2	2	4	2	4	3	3	3	2	2	2	2	2	1	4	4	4
Holds similar political beliefs to you	2	4	3	2	3	2	2	1	4	4	4	3	3	3	4	4	2	3
Is from your local community	3	3	4	3	3	3	4	4	2	3	3	5	6	5	5	3	3	2
Is the same nationality as you	6	5	5	6	5	5	5	5	5	5	6	4	3	4	3	2	4	5
Is the same gender as you	7	6	7	7	6	6	6	8	6	6	5	6	8	7	6	6	7	8
Is the same religion as you	5	7	6	8	7	7	8	6	8	7	7	8	7	8	7	7	6	6
Is the same race /ethnicity as you	8	8	7	5	8	8	7	6	7	7	8	7	5	6	8	7	8	7

“Person Like Me” Highly Credible in Most Markets

When forming an opinion of a company, if you heard information from a person like yourself, how credible would it be?



The Credible CEO



Matthew
Harrington

Q: How do you explain the gap in trust that employees have in their CEO and in a CEO in general?

Harrington: It's a function of human nature. Employees look to their own CEO as a reflection of their own career prospects and commitment to their company. They are personally invested in the individual's leadership, provided the leader is modeling good behavior, listening to employees, and treating them ethically. Absent that personal investment, there's a general skepticism of "other CEOs."

Q: What's a CEO to take from these findings?

Harrington: The CEO has a role in communications but it's not for surround-sound, 24-hour-a-day play. The CEO needs to carefully weigh when—and in what form—he or she is going to engage. And what his key messages are. CEOs should continue to talk with elites, such as investors and regulators, but also provide critical information to employees and enthusiastic consumers who spur the peer-to-peer discussion. Just as critical is the CEO's ability to listen to these audiences. Third parties with credentials, such as academics and physicians, play a vital role too.

Q: Are there times a CEO might sit it out?

Harrington: Look at how successfully Mark Hurd at Hewlett-Packard largely absented himself from the spying scandal that brought down Patricia Dunn. He was able to focus on the needs of the

business and not be overly drawn in to the crisis. In certain crises, for example, a regional or operational manager might be the first to speak. As more is learned—and of course in the case of loss of life or toll on the environment—the CEO must become engaged.

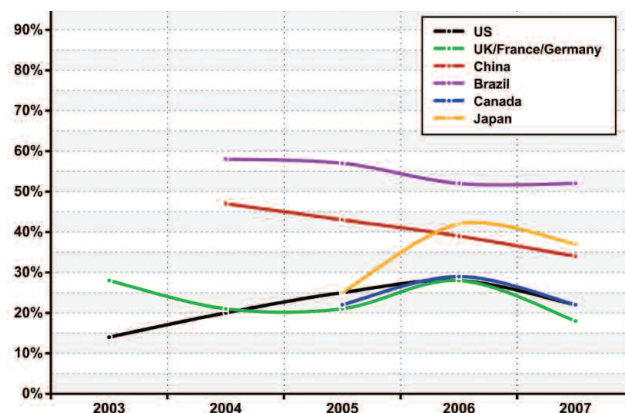
Q: What CEOs strike you for their savvy mix of common touch and effective management?

Harrington: Jim Donald at Starbucks, whom we work with, comes to mind. He is committed to engaging employees daily. Another is Dr. Herbert Pardes, New York-Presbyterian Hospital's president, for whom human compassion and financial viability are equally important. These two embody the formula for effective leadership: equal parts vision, knowledge, and listening.

Matthew Harrington is president of Edelman's U.S. Eastern region and chair of the firm's corporate practice.

Credibility of a CEO in 6 Markets

If you received information from a CEO about a company, how credible would it be?



2007 Trust Barometer Findings

- Among employed respondents, **"my CEO" is considered more credible than a CEO in general** for information about a company.
- CEOs are trusted by only 18% of a combined group of British, French, and Germans—the **lowest rating ever recorded** among those surveyed from this group of nations.
- In the United States, **22% of respondents trust CEOs**.
- **Rank-and-file employees are more trusted than CEOs** in both the United States and Europe.

Listening to Employees Earns Respect, Builds Trust



Gary Grates

The message from around the world is clear: Companies that respect their employees by listening to them, treating them well, and providing an environment of engagement will earn the most trust.

This is consistent with what I see every day in the companies we work with. Treating employees with respect means appreciating their reality, providing them information to make decisions and participate in discussions, and collaborating with them—which translates into professional development and growth.

A company can no longer just paper the walls with its strategy or vision or values and believe it has done its job. People today are inundated with information, and they've turned off the volume—they've heard it all before. To truly earn employees' trust, management needs to comprehend the entire realm of an employee's situation. Employees want context. They want to know how their company is performing—good or bad. They want to know what their company believes in and how it makes decisions. People need to see those decisions and the business strategy through the prism of an organization's beliefs and values.

We've also learned that the CEO is the "chief engagement officer." Not every CEO has to possess a large personality, but he or she must articulate the company's plans and direction and then bring it to life through action and communications.

Instead of treating employees as a captive audience, it is essential that leaders and communicators recognize them as a public constituency capable of opinion-shaping, decision-making, and organizational success. When a company ignores this truth, it suffers. Employees now have the technology as well as a choice of public forums for airing their concerns.

As social media and technology continue to advance, today's management must still hold true to some basic tenets: authentic communication, relationship-building methods, and a communication style that affords open, transparent, ongoing discussion, which allows people to drive business strategy, and, most importantly, to voice opinions and suggestions that ultimately affect performance and business outcomes.

Gary Grates is president and global managing director of Edelman Change and Employee Engagement.

Listening to Employees Builds Trust

Which are the three most important actions for a global company seeking to build trust among its employees?

	United States	United Kingdom	France	Germany	Italy	Spain	Netherlands	Sweden	Ireland	Poland	Russia	China	Japan	South Korea	India	Mexico	Brazil	Canada
Listening to employees	1	1	1	1	1	1	1	1	1	4	1	1	2	1	1	1	1	1
Demonstrating its corporate social responsibility	2	2	2	4	2	3	2	2	3	3	2	2	1	4	5	3	2	2
Communicating the company's business strategy	4	3	3	3	3	4	4	5	4	2	4	4	3	3	3	5	3	4
Having CEO be accessible to employees	5	5	6	2	6	6	3	4	2	6	6	3	6	5	3	2	6	5
Encouraging dialogue across different parts of the business	3	4	4	5	4	2	6	3	5	7	5	7	5	6	7	4	4	3
Communicating the company's financial performance	6	6	4	5	5	5	5	7	7	1	3	4	3	2	2	6	5	6
Communicating openly about layoffs	7	7	7	7	7	8	7	6	5	5	8	8	7	7	8	8	8	8
Providing information about career advancement	8	8	8	8	8	6	8	8	8	8	7	6	7	8	6	7	7	7

CSR at the Core



Chris Deri

Q: What do the Trust Barometer findings tell us about the role of CSR in companies?

Deri: CSR and sustainability are moving into the mainstream. Companies increasingly recognize that their social responsibility is defined by what they do between 9 and 5, not just by their extra-curricular activities like philanthropy and volunteerism. The focus is on core business practices and measures. When a company treats its employees well, there are fewer supply chain or customer service disruptions. Robust environmental management practices result in reduced energy inputs, more efficient production systems, and less waste to manage.

Q: What is causing this shift?

Deri: Companies first saw the “CSR light” through the prism of reputation management—and that still stands. But more and more companies realize that considering sustainability and acting responsibly not only manage risk, but also create opportunity. For example, pressures for better nutrition have caused fast food companies to expand their healthy choices and offerings, which helps them reach new markets. From an environmental perspective, companies are responding to pressure to lower their carbon footprints, but nearly everyone is reporting business efficiencies because of it.

Q: The Trust Barometer shows that treatment of employees is the top CSR issue in nearly every country. What should companies be thinking about when assessing how they treat their employees?

Deri: Treating employees well is a given for any company. But beyond its own people, a company also needs to

monitor its extended supply chain. When a global brand's third-party vendor treats its employees unfairly, the story will invariably be that the global brand is treating its employees unfairly. Companies should demand of their suppliers the same fair labor practices and level of transparency that their stakeholders demand of them.

Q: Since Edelman began measuring trust in NGOs, it has been on a consistently upward trajectory. But this year we're seeing some volatility. What do you attribute this to?

Deri: The entire value proposition of NGOs is based on trust because they don't sell products or services. So they need to be laser-focused on the trust they earn and on their transparency about their own successes and failures. They need to conduct themselves more like businesses in demonstrating their value, their ability to innovate, and their accountability to their own stakeholders.

Q: What's your advice for multinational companies that want to earn trust in the markets where they do business?

Deri: Recognize that CSR and sustainability issues have a long tail. Different geographies and different segments of the market care about different behaviors and impacts. As our TrustHolders™ concept shows, people don't care about the same things, and they act on their impressions differently. Companies and NGOs can't have a one-size-fits-all global approach to managing stakeholder relations. They can't select which issues they're going to address and which they're going to ignore. They should develop an overall global strategy, but locally they need to give priority to different issues.

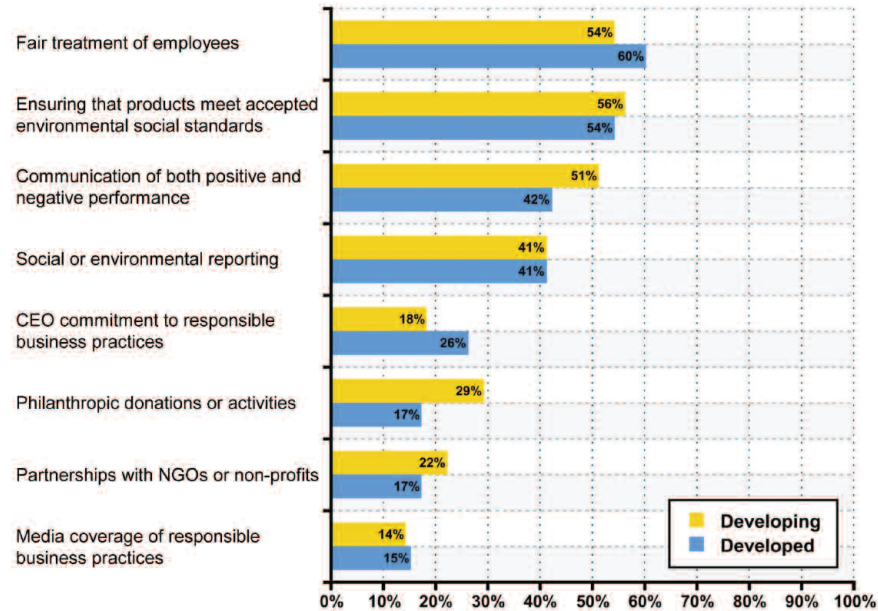
Chris Deri leads Edelman's global corporate social responsibility practice.

2007 Trust Barometer Findings

- In all Trust Barometer countries, the **majority of respondents agree that “global business plays a role that no other institution can in addressing major social and environmental challenges.”** This sentiment is held most strongly in Japan (86%), the United States (72%), India (72%), and China (70%), and less strongly in most European countries surveyed.
- **Human rights, poverty alleviation, and global warming** are the three most important issues that survey respondents say they want the global companies they trust to address.
- **Employees are the new “green.”** In nearly every country surveyed, “fair treatment of employees” is viewed as the most or second-most important activity for a socially responsible company to engage in.

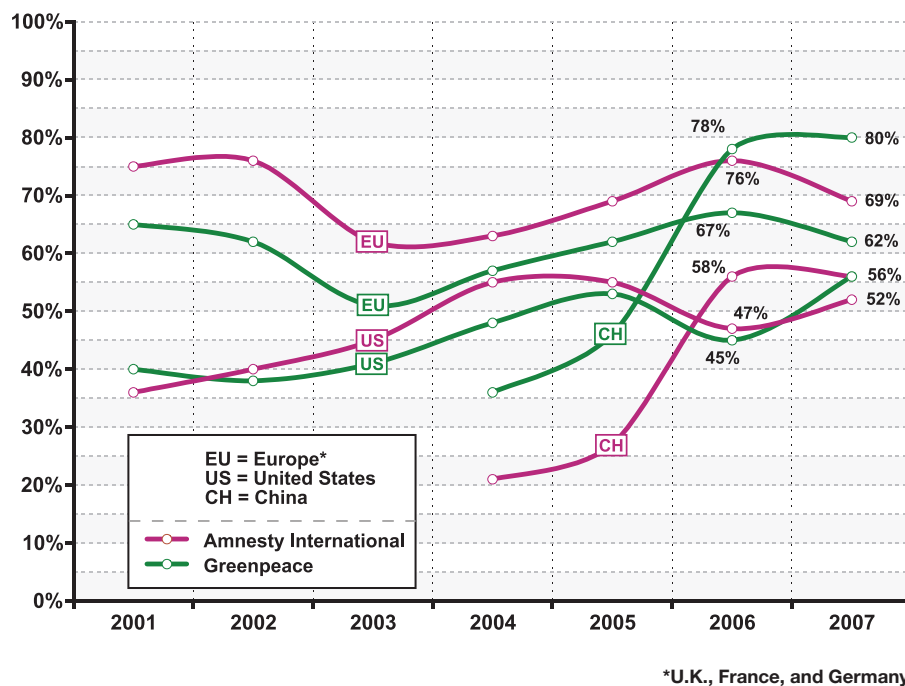
Treatment of Employees is Priority for Social Responsibility

When you think of the major global companies that you trust, which are the three most important activities for a socially responsible company to engage in?



Trust in Two NGO Brands Flattens

How much do you trust these non-governmental organizations to do what is right?



TrustHolders: Trust Personalities Drive Behavior Toward Companies





In the face of increasing scrutiny, many companies track their reputation by surveying public opinion. But few take the crucial next steps to understand what motivates people to take action for or against them, and how people influence others based on their trust.

“Trust actually has a personality,” notes Laurence Evans, president of StrategyOne, Edelman’s research firm, which conducts the annual Trust Barometer survey. “We’ve identified groups of people with distinct influence styles—we call them TrustHolders™—that can be measured to tell a company the extent to which it is trusted by opinion leaders, what these audiences do with their trust, and how to communicate with them for maximum impact.”

StrategyOne asked opinion leaders to identify the specific actions they would take based on their attitudes toward companies and their level of trust in them. Their responses defined distinct audiences based on common behavioral characteristics, such as their tendency to speak out or stay quiet, take action or remain passive, or influence others to buy from, invest in, or work for a company:

- **Public Activists** engage in outspoken public actions. They will investigate, demonstrate, write a letter of complaint or support, work to affect the passage of specific legislation, or actively protest an institution’s policies. Depending on their interests or politics, Public Activists are likely to vocalize, e-mail, or campaign either as advocates for you or protestors against you.
- **Social Connectors** seek, share in, and value peer-to-peer conversations. They believe companies are held accountable by public opinion. If they feel that a company is listening to them and is trustworthy, they are likely to be positive word-of-mouth spokespeople for it. They frequently share their opinions.
- **Solo Actors** take more personal actions. They may refuse to invest in a company or buy its products, or may criticize a company to people they know. They tend to be passive.
- The **“Uninvolved”** appear to have no pronounced “trust relationship” with a company or brand. While involved in the world at large, their behaviors toward corporate brands are not driven by their opinions of specific companies.

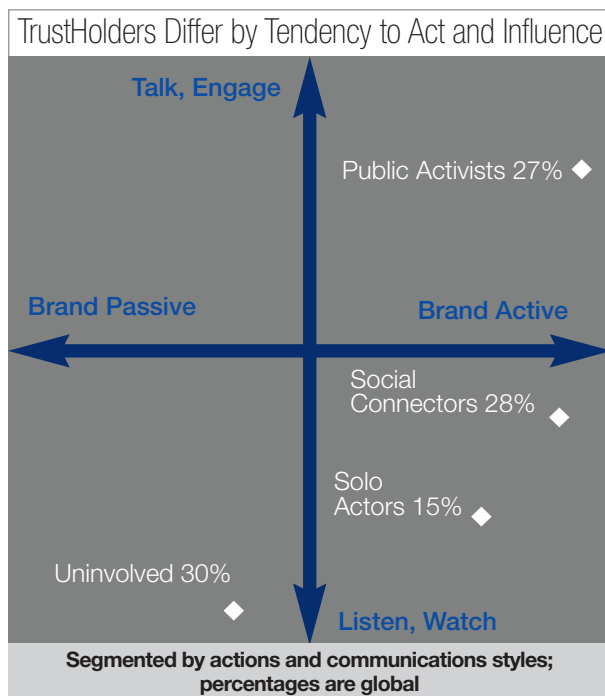
TrustHolder Profiles

	Public Activists	Social Connectors	Solo Actors	Uninvolved
				
Globally	27%	28%	15%	30%
Influence Style	Vocalize, investigate, demonstrate	Listen, share, seek	Observe, act individually	Consumption, not reputation driven
Trust Builders	Quality product/services	Social responsibility	Financial performance	Quality products/services
Credible Spokespersons	Specialists (doctors, industry experts)	Peers, friends, employees, experts	“People like me,” experts, corporate	“People like me,” experts
Media	TV news, business magazines	TV news, business magazines, blogs, entertainment	Brand advertising, radio, newspapers	TV, radio
Corporate Implications	Listen, engage	Be visible in community	Sound business management	Mass market
Segmented by actions and communications styles; percentages are global				

The Value for Communicators

TrustHolders is a prism through which business can look at how trust moves people to act personally and influence others. The model can help a company answer crucial questions about its stakeholder reputation:

- What are the actions we should take to build trust?
- Who are the credible spokespeople we should use to build rapport with TrustHolders?
- Which media do our TrustHolders listen to and engage with?



With this analysis in hand, companies have the opportunity to:

Turn Public Activists into advocates.

Public Activists can be persuaded best when they are aligned around common interests or issues. For example, a company can persuade Public Activists to:

- Join or support grassroots movements on aligned social or regulatory issues
- Voice responsible actions during a corporate crisis or transition

Turn Social Connectors into spokespeople.

For example, a company can engage with Social Connectors to:

- Start peer-to-peer conversations and educate consumer or advocacy groups
- Raise awareness around products, diseases or lifestyle trends

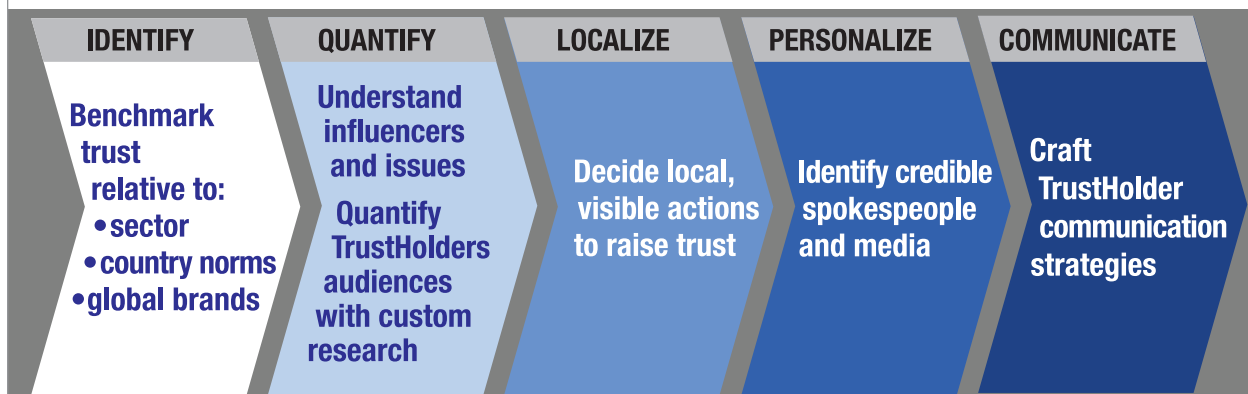
Turn Social Actors into loyal stakeholders.

Solo Actors can be won or lost as individual customers, investors, or employees, based on their personal experiences. For example, a company can persuade Social Actors to:

- Protect brand reputations in a competitive marketplace
- Retain investor loyalty

A Roadmap to Building Trust

Using the TrustHolders model, a company can help build the trust levels of specific stakeholder audiences by following a series of steps:



United States: Trust on the Rebound



Nancy Ruscheinski

Q: Why is trust in business higher than trust in media or government?

Ruscheinski: Some would say Sarbanes-Oxley—and that we're getting some distance from the major corporate scandals like Enron. Plus, we saw a number of high-profile executives go to jail in 2006, so people believe we

have an effective system of checks and balances on corporate behavior. Not only do we have a new level of accountability, but also a new belief in accountability.

Q: American respondents have a strong belief (72%) that business "plays a role that no other institution can in addressing major social and environmental challenges." Is this attitude also contributing to their higher trust in business?

Ruscheinski: Yes, I think there is a perception that business is beginning to step up to the plate to take more direct action on issues like climate change and community relief, and people are starting to take notice. The Business Roundtable's Partnership for Disaster Response (an Edelman client) is a compelling example of businesses joining forces to contribute to solving a problem that normally would have been addressed only by government or NGOs. More companies are demonstrating a tangible commitment to social responsibility, and they're communicating about it more often and more directly to a wider range of stakeholders—not just to NGOs.

Q: Americans are less trusting of many sources of information and many types of spokespeople than they were a year ago. Where does that leave communications counselors?

Ruscheinski: The most important thing companies and brands should take from these data is that people do not rely on a single supplier or flow of information, but rather on top-down information from experts and knowledge passed along, side-by-side, from their peers. As a result, communications can be more textured and richer than ever, and smart counselors must be choreographers of information channels, spokespeople, and content.

Q: Why have Americans become more likely to act out against companies they don't trust?

Ruscheinski: The short answer is "Because they can." Technology has given us the ability to be heard. But we're also seeing that we can shape outcomes. Look at how quickly the Dubai ports deal was scuttled, in large part because of public protest.

What's important is that companies see and address the fact that people are exerting their influence—and that they do so in different ways. In our analysis of this year's findings, we've singled out distinct styles of action and influence, which gives companies a roadmap for identifying whether stakeholder groups are passive, outspoken, likely to take action, inclined to influence others—or satisfied to go it alone.

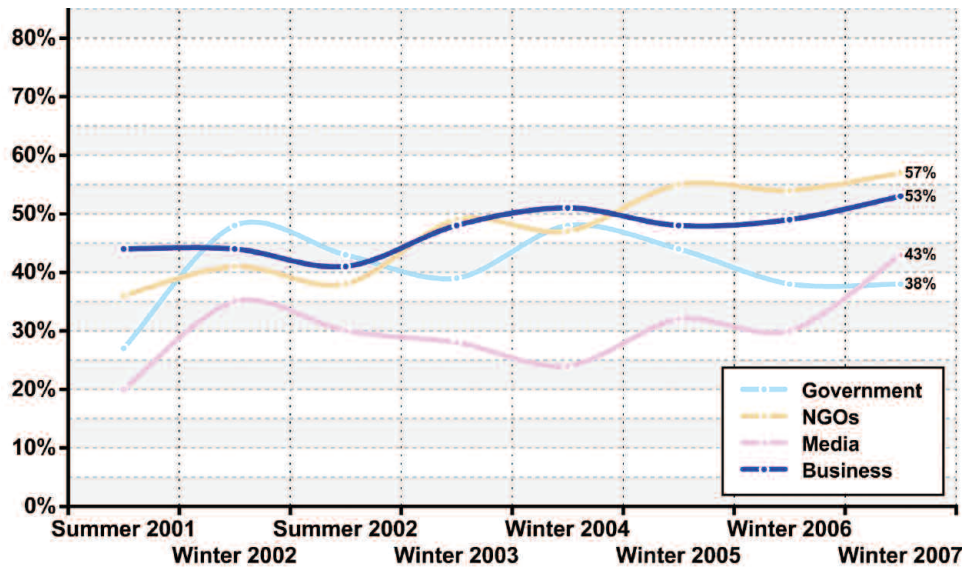
Nancy Ruscheinski is president of Edelman's U.S. Midwest region.

2007 Trust Barometer Findings: United States

- **Trust in business is at an all-time high** for the survey (53%), a recovery from a low of 44% in 2002.
- For the second consecutive year, **"a person like me" is the most credible deliverer of information** about a company (51%).
- Business magazines remain the most credible source of information about a company, but **the credibility of many information sources has dropped sharply in the past year**: newspapers at 37%, down from 44%; radio news at 39%, down from 48%; television news at 35%, down from 38%.
- Overall, Americans are **more likely to take action against companies** they do not trust than they were last year; "refuse to invest in them" jumped from 74% to 80%.

United States: Trust in Business at All-Time Trust Barometer High

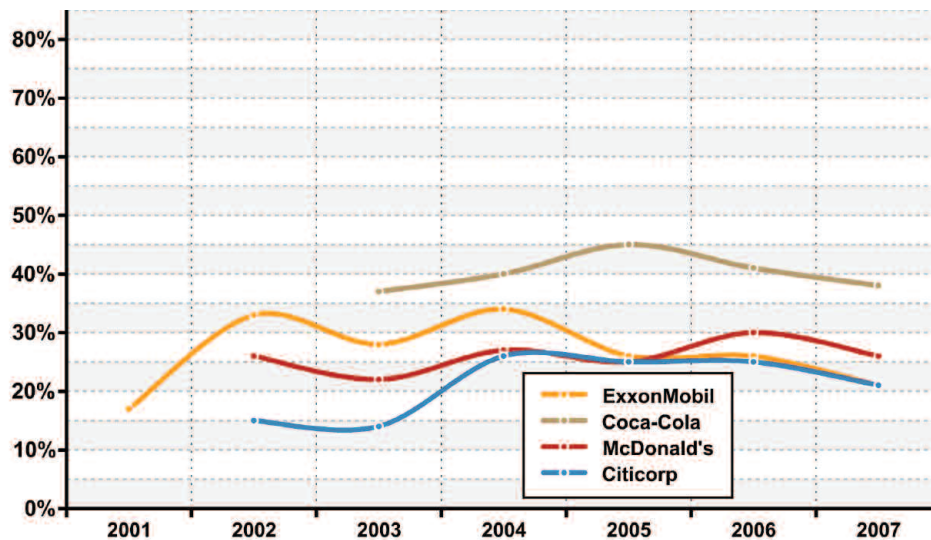
How much do you trust each institution to do what is right?



Responses 6-9 only on 1-9 scale; 9 = highest

Trust Deficit Continues for U.S. Companies Operating In Europe

How much do you trust each company to do what is right?



Respondents in UK/France/Germany only; responses 6-9 only on 1-9 scale; 9 highest

Europe: A Continental Drift



David Brain

Q: How well is business trusted in Europe in this year's Barometer?

Brain: Overall, trust scores are down across Europe this year, but with the exception of France and Germany, trust in business is relatively high. We're seeing bright spots in Spain, Netherlands, Sweden, Ireland, the United Kingdom, Italy, and Poland.

Q: The United States reports steadier levels of trust from 2006 to 2007. What do you think is causing the European "trust drift" away from America?

Brain: As Europe is such a richly diverse region, it is impossible to rush to judgment. A knee-jerk reaction might be to link the drift from America to the war in Iraq, clearly unpopular in Europe, but actually the trend shows the drift began before the U.S.-led invasion. It is difficult to pinpoint, but pockets of economic progress and dips, changes in governments, and concern about foreign policy are likely contributing factors.

Q: What can U.S.-headquartered companies do to redress the low levels of trust that the British seem to place in them?

Brain: Recognize that building trust in Europe is best done from the "inside out" and by properly engaging locally. Europeans are quick to spot the differences between a company that just wants to sell product and one that is seriously engaged. Remember, Europe is much more driven by stakeholders than shareholders.

Q: To what do you attribute the high levels of trust in Sweden and the Netherlands?

Brain: Sweden is a well-kept secret. They just had an election, their economy continues to grow, and they have a high share of world-beating companies. There's also a new government—and with it a wave of optimism. We have seen that traditionally when economic times are going well, so do levels of trust.

Q: An increasing number of companies from developing markets are doing—or trying to do—business across Europe, but the survey shows that Western Europeans tend not to trust the developing markets. What can these countries do to earn European trust?

Brain: The simple answer is that companies need to make friends and allies first. The worst time to build allies is when you are in the midst of a crisis. Yet we have seen time again in the United States and Europe where companies from outside those regions—specifically Russian and Chinese companies—decide to launch an awareness and bridge-building campaign in concert with a major acquisition or an IPO.

Clearly one of the most visible examples of this occurred in the United States with the attempted acquisition by World Ports of P&O, the British company that happened to own some U.S. ports. What many viewed as a simple acquisition was politicized into becoming a full-blown national security issue. We are seeing similar cases where Russian, Indian, and Chinese companies—not well trusted in Europe to begin with—try to purchase traditionally European assets without first laying the groundwork with key influencers in the region. The results are horrific. This accents the need to be thoughtful in advance with messaging, stakeholder outreach, and program development.

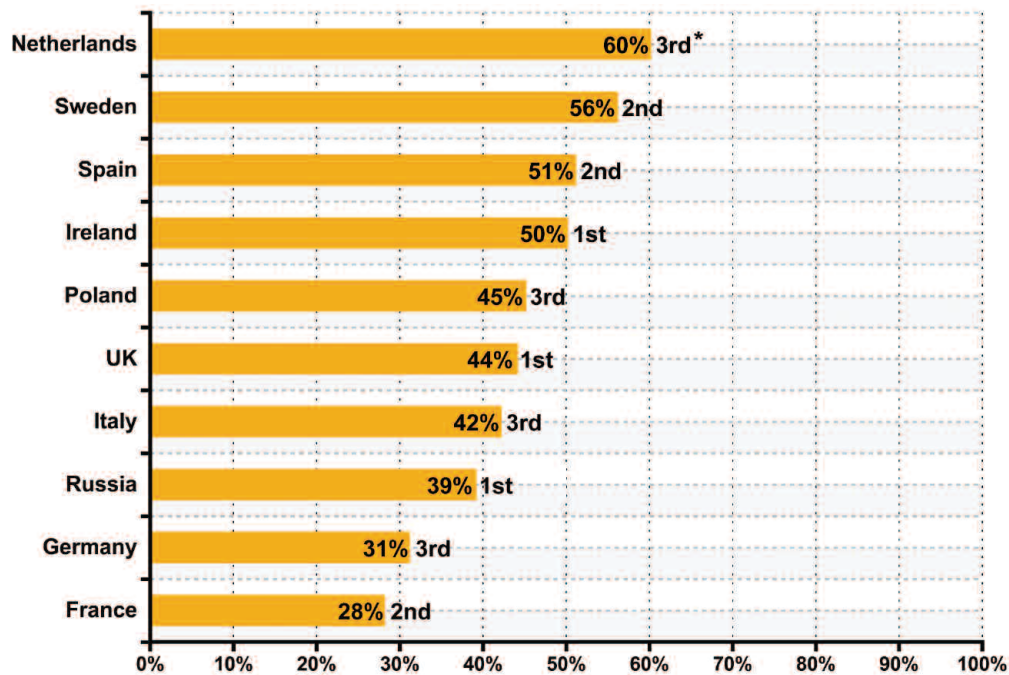
Q: If you could identify one thing that companies need to do to build trust for themselves in Europe, what would it be?

Brain: In Europe you will be judged most on how fairly you treat your employees. On the flip side, unethical labor practices are the first thing that will undermine trust in a company. In many European countries, organized labor has legal rights it doesn't have in the United States and Asia. Unions have the right to have a position on the boards of German companies, for example. That culture of involving labor in business decision-making is much more ingrained in Europe than it is elsewhere. What I find interesting in this study is that this idea is growing in the United States.

David Brain is president and CEO of Edelman in Europe.

Business in Top 3 Spots in European Countries and Russia

How much do you trust business to do what is right?



*Represents ranking among 5 institutions: government, business, media, NGOs, and religion
Responses 6-9 only on 1-9 scale; 9 highest

2007 Trust Barometer Findings: Europe

- **Trust in government in Europe is trending downward**, with the exception of Sweden and the Netherlands.
- **Respondents in the United Kingdom rank business higher** (44%) than all other institutions (government, media, NGOs, and religious institutions).
- **Swedish and Canadian companies are the most trusted globally. Russian companies are the least trusted** in Europe and around the world.
- In Europe, **“a person like me”** (53%) and a **“doctor or healthcare specialist”** (50%) are viewed as the most credible sources of information about a company.
- **European respondents tend to trust European-based companies.** Only Canada and Japan clear the 50 percent mark for trust in companies that come from outside the traditional boundaries of Europe.
- The **United Kingdom demonstrates the lowest level of trust in U.S.-headquartered companies** of any country surveyed (31%), followed closely by Germany (34%).
- The Netherlands rated **religious institutions** higher than any other country in the survey, including the United States.

Swedish, Canadian, and German Companies Are Most Trusted

		Headquarters			
		EU	North America	Latin America	Asia
	<div>Highest ranked</div> <div>Lowest ranked</div>				
Sweden		75	70	82	70
Canada		72	76	85	72
Germany		71	57	85	77
The Netherlands		69	65	82	61
Japan		66	63	81	64
United Kingdom		65	73	80	72
Ireland		64	63	58	53
France		56	38	78	70
Spain		51	50	74	55
United States		48	66	72	71
Italy		42	54	74	66
South Korea		31	41	54	61
Poland		29	43	51	47
India		26	37	45	45
China		25	27	44	52
Brazil		22	34	61	43
Mexico		19	26	60	43
Russia		15	20	44	42

Considerations on Trust in...



Frederick Kempe

...business over government

Business has done a good job adapting to globalization. Business understands that the world has changed, and it has adjusted itself and responded accordingly. By turn, governments have adjusted less well. They have been less responsive and flexible in the face of globalization than business, which must change or die. That could be one reason why the Trust Barometer shows such a wide gap between people's trust in government and business.

...“Brand America”

In Europe and elsewhere, “Brand America” has gained a less favorable meaning. It once suggested competence and invincibility, and both those notions have suffered through Iraq. Whether justified or not, Brand America can have connotations of arrogance or unilateralism. When people think of German and Swedish companies, by contrast, they don't think politics. I'd say that Brand Germany is still equated with efficiency and precision and Brand Sweden with social harmony.

...business publications

In much the same way that business has adapted to globalization, business magazines have succeeded in reflecting the complexity of the world. They strive to be accurate, tough-minded, and smart. They can't afford not to be. People turn to them for the knowledge they need to run their businesses. I would think that's the reason the survey shows them at the top as credible news sources, while the rest of journalism has grown sloppier with the 24x7 news cycle.

Frederick Kempe, president and CEO of The Atlantic Council of the United States, is a former editor and associate publisher at The Wall Street Journal Europe.

Asian Markets: In Business We Trust



Alan VanderMolen

Q: In the four countries in Asia surveyed by the Trust Barometer—China, Japan, India, and South Korea—respondents are generally trusting of business. Why?

VanderMolen: When economic tides are rising, and GDP per capita is expanding – as it is in countries like China and India – we generally see high levels of trust. In Japan, where the economy is back on track, trust in business dropped 14 percent from 2006, but it is still up over 2005 levels.

Q: In this year's Barometer, "fair treatment of employees" was named the No. 1 corporate social responsibility issue in China and South Korea, No. 2 in India, and No. 3 in Japan. Can you explain?

VanderMolen: As India and China continue to develop, we're seeing an increased focus on employees. As the locus of employment shifts from local enterprises to multinationals, people's expectations for pay, benefits, and advancements increase. In Korea and Japan, interest in employees is rising for different reasons. Korea has completely restructured its employee and labor laws and its welfare and benefits systems, so there's a new emphasis on employee rights. Japan's economic downturn led to a historic change in the guarantee of cradle-to-grave employment. Now Japan Inc. has rebounded, and companies once again are investing in their employees. Another important driver for the change in the nature of employee relations is the rise of employees as potential advocates for foreign companies, especially with the growing importance of peer-to-peer media.

Q: What role in building trust does a CEO play in these countries?

VanderMolen: In emerging markets, the CEO, CFO, or chairman of an employee's own company is generally a highly respected figure. For example, in India, CEOs, whether from an employee's own company or from another company, are extremely trusted. In China, where local companies are traditionally family-run, the head of the family is usually the most senior person in the company. Government officials expect the CEO and top executives to be visible and available. For foreign multinationals, the C-suite executive would be parallel with a traditional patriarchal company head. Their CEOs should be spending a lot of time in Asia to help build trust with all stakeholders.

Q: In many parts of the world, people are increasingly relying on traditional and Web-based media. Is this happening in the Asian countries too?

VanderMolen: Traditional media sources like television and radio news and newspapers are still highly trusted across the region, but we're also seeing a fast-rising interest in social media. Blogs are very popular in Korea and Japan. In China, interest in blogs and bulletin boards is growing because they are a forum where people can communicate their personal views—a new experience for many in a culture that has not been very open. Increasingly, people here are turning to the Web for information about business, especially to foreign media on the Web. This suggests that companies might adopt an "outside-in" media strategy when trying to reach people in the Asian markets.

Alan VanderMolen is president of Edelman in Asia-Pacific.

2007 Trust Barometer Findings: Asian Markets

- **Business enjoys high levels of trust** in China (67%), India (67%) and Japan (52%). In South Korea, trust in business (46%) is relatively lower, but on par with NGOs (46%) and media (44%).
- For the third straight year in Japan, articles in **newspapers** remain the most trusted source of information about a company (62%). In South Korea, **stock or industry analyst reports** (61%) are most trusted, while China looks to **TV** (62%) and **radio** (56%) news coverage and India to articles in **business magazines** (59%).
- A **doctor or healthcare specialist** is currently the most trusted spokesperson in China and Japan. Most credible in South Korea and India are **financial/industry analysts** (60%, 67%, respectively) and **"a person like me"** (59%, 69%, respectively).

Business Highly Trusted in Asian Markets

How much do you trust each institution to do what is right?

	China %	Japan %	S. Korea %	India %
Government in general	78	53	26	41
Media in general	68	41	44	55
Business in general	67	52	46	67
Non-governmental organizations (NGOs)	56	55	46	52

Responses 6-9 only on 1-9 scale; 9 highest



Dr. David Li

Dr. David K. P. Li offers insight into some of the trust issues that are playing a role in China's continued economic expansion.

Foreign companies in China

There are three areas of consideration for foreign companies operating in China. First, they must offer high quality products and services at prices from which their customers can derive value. Customers are becoming more discerning due to the strengthening economy and the increase in their discretionary income. Second, foreign companies must engage government, employees, and customers, and conduct business in a way that meets the expectations of these key stakeholders. Finally, foreign companies must lead by example in the areas of transparency and

corporate governance. To build long-term, trusted relationships with key stakeholders, foreign companies must be prepared for the increased scrutiny of corporate business practices and the expectation for accountability.

2008 Olympic Games in Beijing

A company's involvement with the Beijing 2008 Olympic Games should be part of a broader stakeholder engagement program that recognizes the diversity, complexity, and dynamic nature of the many markets that make up China. These include the emerging consumer markets beyond the tier-one cities and the more developed cities of the East Coast. Sponsors must understand how the 2008 Games fit into the central government's political and economic development agenda. The same can be said of the World Expo in 2010 in Shanghai and the 13th Asian Games, which will be held in Guangzhou in the same year.

Peer-to-peer communications

Peer-to-peer communication is exploding in importance in China, as evidenced by the growth in bulletin board posting and blogging. This does not mean that traditional media can be ignored. Indeed, the growth of social media in China should be seen as an additional and complementary channel rather than a new player in a zero-sum game. There is a new paradigm at play, but the new model is about the influence of multiple stakeholders using a variety of channels rather than the traditional top-down approach.

Dr. David K. P. Li is chairman and chief executive of The Bank of East Asia, Limited, and nonexecutive chairman for Edelman in Asia-Pacific.

Canada: Trusted Around the Globe

After a general rise last year, Canada's overall trust in business, government, media, and NGOs fell back to 2005 levels. This general decline more closely follows the downward trend in Europe than it does the upward tick in the United States, Canada's closest neighbor.

But the news is good for Canadian companies operating in markets outside the country: they are among the most trusted in every region of the world surveyed. Charles Fremes, president and CEO of Edelman in Canada, views this phenomenon as integral to the Canadian mindset and as a distinct competitive advantage.

"It's inherent in the national character for Canadians to respect other cultures," Fremes says. "We're a multicultural nation with a strong commitment to plurality and diversity, and this carries over into our business operations globally and contributes to an image of the country as an honest broker.

"Canadian companies are given the benefit of the doubt when they enter new markets—a true advantage and an opportunity for more of our companies to become global exporters and investors," he added.

Fremes explains that the fall in trust in business might be attributed to 2006's top business trend—the takeover of several big Canadian companies by foreign interests—and potentially wounded national pride. "Canadian companies lost several corporate battles this year, as icons like Falconbridge, Inco, and Hudson's Bay Company were acquired by foreign concerns," says Fremes. "There is perhaps a feeling among influencers of a certain sense of loss, not only to the markets, but to the country."

Canadian respondents have remained fairly consistent in their views of government, which for three years running has received trust scores in the mid-30s. "Prime Minister Stephen Harper's new government enjoyed a honeymoon with some influencers," noted Fremes, "but in recent months, the public has expressed its concerns about Canada's combat mission in Afghanistan, our perceived abandonment of the Kyoto Accord and possibly lack of vision for global warming and the environment, and slow movement on healthcare reform."

Canadians seem to trust one another more than they do any other source or purveyor of news about companies. "Conversations with friends and peers" (45%) are most trusted, with stock or industry analyst reports (42%) second. Trust in media generally is at 34 percent, and trust in many traditional media channels—articles in newspapers and business magazines, TV and radio coverage—has dropped substantially in the past year, to below their 2005 levels. Survey respondents said that "a person like me" remains to them a highly trusted purveyor of company information (54%), as it has in the previous two years.

This tendency to trust people over institutions pervades other facets of Canada's trust story. Trust in "a regular employee of a company" to provide credible information about a company has risen to 40 percent from 31 percent since 2005. Not surprisingly, "fair treatment of employees" is considered to be the most important activity for a socially responsible company, and "unethical labor practices" leads the list of the issues that would most undermine Canadians' trust in a company.



This year's Trust Barometer also contains helpful guidance for foreign companies that seek to do business in Canada, or expand into other regions of the country.

"Generally, Canadians expect companies to behave in a socially responsible way," Fremes notes. "If a company wants to earn their trust, it should get its deposit in the reputation bank ahead of time, and invest in an ongoing corporate social responsibility program to sustain and enhance its reputation."

Canada: Trust in Information Sources Declines

How credible do you feel each of the following sources is for information about a company?

	2005 %	2006 %	2007 %
Articles in business magazines	47	53	38
Stock or industry analyst reports	39	45	42
Friends and family (2005-2006) / Conversations with your friends and peers (2007)	43	53	45
News coverage on the radio	37	42	29
Articles in newspapers	30	51	29
Television news coverage	38	45	34
Communications issued by companies such as press releases, annual reports, and newsletters	31	31	18
A company's own Web site	23	23	16
Weblogs or blogs	N/A	23	13

 Most credible  Least credible

"Extremely credible" and "very credible" responses only

Trusting Latin America

Compared to the people surveyed in the other 16 countries of the 2007 Edelman Trust Barometer,

Brazilians and Mexicans report extremely high levels of trust in business, media, NGOs, and religious institutions, as well as in their peers. The exception is government, which is moderately trusted in Mexico, but is barely trusted in Brazil, which has been rocked by corruption scandals in recent years.

Ronald Mincheff, president of Edelman's office in Brazil, says it's easy to understand why a whopping 88 percent of people in his country say "a person like me" is a highly credible purveyor of information about a company and why 70 percent say information gleaned from conversations with friends and peers is credible.

"The economy in Brazil has been open for only a dozen years, so Brazilians are just maturing as consumers," Mincheff notes. "They turn to each other to learn how to navigate the consumer marketplace. They find confidence and respect in people like themselves, and there's a strong desire to emulate others' good experiences, for example, buying a car or getting Internet service."

In Mexico, a predominantly Catholic country, the church is literally omnipresent from birth to death, as are Mexican businesses. Because large sectors of the economy are still dominated by a handful of firms, the largest companies of Mexico are very present in people's day-to-day lives.

"In some areas of the country, it's easier to find Coca-Cola or Bimbo more actively involved in the daily lives of Mexicans than the government," says Tim Scerba, president of Edelman's office in Mexico. "It's also important to note that companies tend to enjoy more positive media coverage than other institutions, given how much the companies and their owners figure in the economic and social lives of average citizens."

In both countries, people are turning to business to help direct the country's course—and do what is right.

"With trust in government so low, Brazilians are looking to business to help us be the country of the future," notes Mincheff. "They welcome strong global brands and multinational companies that bring benchmark trends and processes to Brazil—companies that will play a vital part in our tomorrow. But multinationals also are expected to be active citizens of our society,

to participate in solving some of our social issues, to live our story even when the country is in crisis."

The same is true in Mexico. As the country's "democratization" continues, citizens are increasingly starting to question businesses in ways that would have been unthinkable just 10 years ago.

"There's a greater demand for companies to 'give back' rather than just 'take,' which helps explain the recent rise in CSR programs in Mexico," notes Scerba. "We're seeing more companies involved with things that matter to their key actors, especially in the areas of CSR and internal communications."

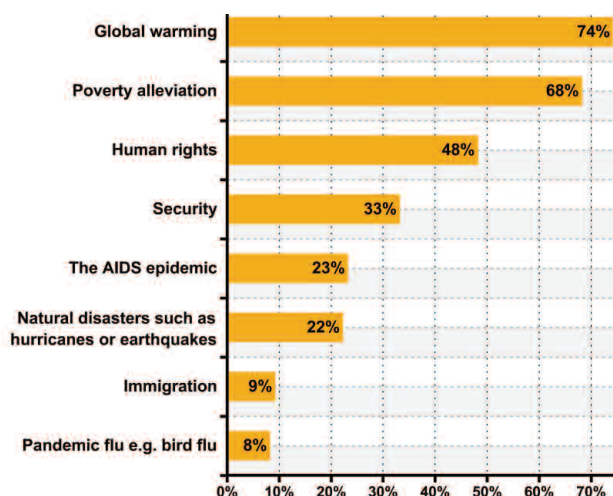
But do not expect Brazilians' and Mexicans' high level of trust in business to wane anytime soon. "To avoid inflation, the government has limited Brazil's economic growth to just over three percent yearly over the last decade, which is below the global average," says Mincheff. "We're growing, but not at as fast a rate as China and India, where trust could begin to wane when their economies solidify further, as it already has in the more developed countries."

Both men say that multinational companies have an enormous opportunity to invest now in their countries and earn long-lasting trust.

"Companies and brands will be rewarded in the long-term if they are willing to be a part of our story as it unfolds," Mincheff says. "Trust and loyalty will be given to those who will 'live our moment.'"

L. America: Issues for Business to Address

Which are the three most important issues that global companies you trust should address?



Trust in Industries



Bob Angus

Technology: The Trust King

Technology is the most—and the only universally—trusted industry, according to this year's Trust Barometer. But it was not always this way. In the past couple of decades, the sector has done many remarkable things to build

trust. It improved product quality and usability; today, we can pretty much trust that a product will work when we plug it in. The industry positioned itself as future-looking and problem-solving, developing solutions that have not only stimulated the industry economically, but also have instilled in it a sense of trust.

While tech companies are roundly trusted, telecommunications companies are considerably less trusted. Most people see telecommunications companies as sellers of airtime, a somewhat ethereal concept that makes it difficult for people to connect value with price. These companies would be well served to engage in "problem evangelism." If they explain, for example, how complex it is to deliver a cell phone call, people might better understand the service they're getting.

High trust levels notwithstanding, the tech sector faces some challenges. For communicators, it's the ever-growing competition for mindshare. We also need to connect the right interest and knowledge level with the right constituency. Not everyone understands everything.

It's exciting to look ahead and see our industry moving beyond one that makes our lives more enjoyable and information easier to share, to one that makes products that will help make life more sustainable in an increasingly populated and polluted world. The complexity of energy shortages, environmental threats, and access to life-sustaining resources like water—these challenges all demand sophisticated technology solutions. With its new focus on "green tech," the industry is already rising to meet them.

Bob Angus is president of A&R Edelman and chair of Edelman's global technology practice.



Nancy Turett

To Build Trust, Pioneer Health Relationships

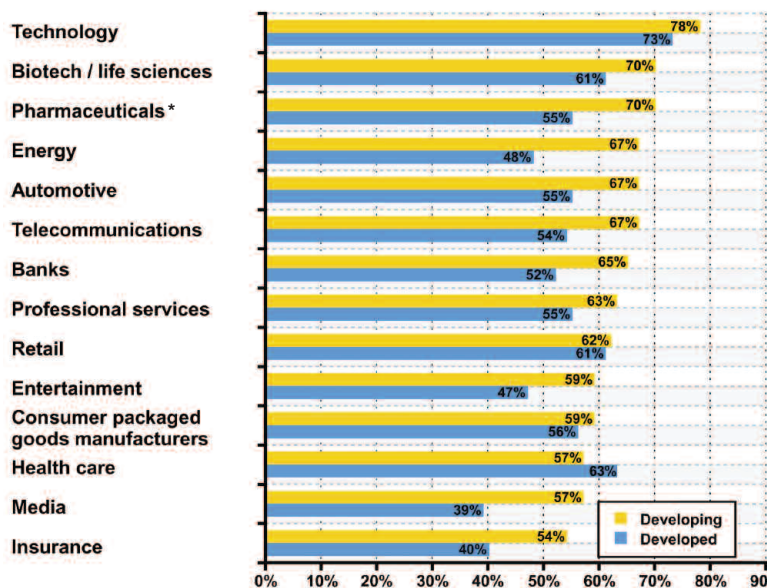
The first order of business for health organizations is to pioneer communications with new audiences, especially a group we call Social Connectors. They include the largest share of

people who trust the pharmaceutical and biotech industries. Sophisticated and socially engaged, they form their trust by listening, conversing, gathering opinions, and thoughtfully forming their own—then remaining open-minded. They understand the dichotomy health businesses face of needing to do well while striving to do good. For an industry under intense scrutiny, Social Connectors make valuable collaborators and advocates.

How to reach them? By embracing new media and communicating along the peer-to-peer horizontal axis through "natural" spokespeople like peers, friends, employees, and community-based health care professionals. (Just look at how successful the technology industry has been with this approach.) And by being transparent—openness trumps an image of perfection.

Trust in Industries Worldwide

How much you trust businesses in each of the following industries to do what is right?



*Unlike those of other industries, pharmaceutical sector results are based on aggregated data of four leading pharmaceutical firms.

That trust is local and personal is one of this year's most important findings. And because it doesn't get more local and personal than in health (the universality of science and human physiology, notwithstanding), customized programs and local relationships must work under globally consistent brand strategies.

The Barometer also finds that trusted companies are socially responsible. Health is a major societal issue and general CSR theme, so companies in the "business of health" are held to a higher standard. They must communicate about their products and services, but also show that they are not only profiting from health but are committed to making people healthier. They also need to conduct their responsible, health-enhancing activities in concert with, not separate from, their employees and other key stakeholders.

Given the influence of a "person like me," a health organization should build relationships with its stakeholders from the inside out, starting with employees and working outwards to include stakeholders whose survival depends on its business, such as clinical investigators, business partners, advocates, and communities where the company is the major employer.

The key to building trust with health sector stakeholders so they fully connect with and advocate for an organization is to listen to them and invite them to advise on—and influence—company and brand strategy.

Nancy Turett is global president of health at Edelman and chair of Edelman in Canada and Latin America.



Mitch Markson

Consumer Brands & Trust Connections

With their power rising, consumers speak louder and are talking more with their peers, on many new channels, about how much they trust (or don't) the brands they buy.

Information about a brand's parent company—its social responsibility efforts, bioengineering, or factory operations—used to be tightly targeted to experts, NGOs, and analysts. Now this information is on the average consumer's playing field, and, through social networking, it moves fluidly across consumer sectors. For example, Starbucks (an Edelman client) speaks directly to its customers about its responsible global coffee sourcing and its programs to support coffee farmers. These kinds of communications can create a positive trust connection for the consumer, and they are especially important when a consumer brand has the same name as the product and the corporation wrapped around it.

Trust is more personal, more closely linked to the

success of certain brands. WeightWatchers and Tupperware are examples of long-established brands that people "belong to"; they have mutually beneficial business relationships with these brands and are natural, trusted word-of-mouth advocates for them. Today, peer-to-peer communications dynamics like co-creation and social networking are at the core of newer brands like eBay, where the consumer-seller is considered a business associate and partner rather than a customer.

The challenge is identifying and reaching brand ambassadors. Edelman's new TrustHolders™ research can help brand managers rethink how they approach their consumer audiences. By providing a certain segment with special information or involving them in every detail about the product, they could become leaders for the brand. It's a relevant and credible way to let word of mouth and social networking carry trust forward.

Mitch Markson is president of consumer marketing and global creative director at Edelman.



Gail Becker

Entertainment's Dilemma

Ironical as it may sound, the entertainment industry seems to have an image problem.

Across all 18 countries, people consistently gave "entertainment" some of the lowest trust ratings. Celebrities do even worse, rating among the least credible sources. Although society devours news of celebrities, we apparently hold it against them when registering trust. When the Motion Picture Association of America launched an anti-piracy campaign featuring well-known celebrities—along with a few unknown crew members—the campaign met with great resistance. Research showed that people had little sympathy for anyone in Hollywood, casting the guy who builds sets with the same negative halo of a highly-paid actor earning \$20 million a picture.

But the entertainment industry is more than its aesthetic veneer. Entertainment and other copyright exports—worth about \$626 billion annually—represent six percent of the U.S. GDP, with IP industries the most important growth drivers in the U.S. economy.

The industry's public effort to pressure foreign governments to protect movie and music interests abroad doesn't help its global image. When the industry successfully used its muscle to convince the Swedish government to criminalize sharing movies over the Internet, it prompted a backlash in the Swedish

press. The U.S. government continues to pressure China, which tops the list of countries that don't adequately protect intellectual property rights; perhaps that's why entertainment is the least trusted industry in China.

Ironically, Hollywood's current public wrangle over online digital distribution of content pits it against the most trusted economic sector in the Barometer: technology. By contrast, Hollywood is often perceived as battling technology, whether fighting the arrival of the drive-in theater, VHS, or DVD.

Each country's trust results should be viewed in context. Ask a Brit about the entertainment industry and he might think about England's own, while other countries may consume a mainly American diet. Global ticket receipts may prove that the world loves Hollywood's product, but it still appears to have little trust in the industry that makes it possible.

Gail Becker is president of Edelman's U.S. Western region and global head of the digital entertainment, rights and technology practice.



Susan Stillings

Financial Services: Communicating Credibility

We were fascinated by the marked increase in trust in stock and industry analyst reports in this year's Barometer. In 14 countries, stock or industry research is either the most- or second-most credible source of information about a company. In the United States alone, this credibility is up to 47 percent from a 26 percent low in 2003, likely because of the securities reforms that began a decade ago. The same legislation that has made companies more credible to investors has also made investment banks reinforce the independence of their research analysts and of the analysts' reports.

Some financial institutions paid dearly for this increased trust: \$1.4 billion in collective fines; smaller research teams; and in some cases, all but total exits from research. Given the bad publicity, why did some institutions stick it out and how did they benefit? The 2007 Trust Barometer indicates that the remaining analysts and new research houses are enjoying a stronger perception that they're independent, both from their associated investment banks and from the companies they cover.

That fewer people trust company-issued

communications begs the question about how companies can get credible third parties to speak for them—and underscores the importance of cultivating relationships with third-party influencers, particularly for their ability to speak on behalf of companies in the business media. Given the trust business magazines engender, messages delivered by credible “spokespeople” are critical to meeting business goals.

The more resources financial services companies dedicate to informing investors and the media about company fundamentals and qualitative differentiators—technology, brand, service, reach, among others—the more likely it is that the investment community will read about the company and place the appropriate valuation on its stock.

Susan Stillings is the global managing director of Edelman financial communications and investor relations.

Trust in Industry Sectors Varies Greatly

How much you trust businesses in each of the following industries to do what is right?

	United States	European Union	Russia	China	Japan	India
Technology	1	1	1	2	1	1
Biotech/ life sciences	2	3	4	4	5	7
Banks	3	11	8	3	11	4
Pharmaceuticals*	4	7	5	5	9	2
Health care	6	2	13	6	9	8
Consumer packaged goods manufacturers	4	8	7	12	7	11
Retail	6	4	8	9	3	8
Telecommunications	8	10	2	8	6	3
Automotive	9	6	10	9	2	6
Professional services	10	5	3	6	8	14
Energy	11	12	6	1	4	13
Insurance	12	14	10	11	13	11
Entertainment	13	8	10	14	12	5
Media	14	13	14	12	14	10

*Unlike those of other industries, pharmaceutical sector results are based on aggregated data of four leading pharmaceutical firms.

Trust Barometer Headlines: 2007





Top findings of Edelman surveys on trust

2001

Rising influence of NGOs and increased need for corporate social responsibility linked to business goals

2002

NGOs approach parity in credibility with business and government; era of celebrity CEO is over as trust in business wanes

2003

Stories in editorial media more credible than advertising by 8-1 margin

2004

Trust in business and government stronger; U.S. companies in Europe suffer trust discount

2005

Trust in established institutions and figures of authority shifting to peers

2006

“A person like me” most credible spokesperson for companies; trust in employees significantly higher than in CEOs

2007

Business more trusted than media and government in every region of the globe surveyed

About Edelman

Edelman is the world's largest independent public relations firm, with 2,500 employees in 46 offices worldwide. The firm was named PRWeek's Large Agency of the Year for 2006. Advertising Age named Edelman as one of 10 marketing firms to watch in 2007 in its "Best Agencies" issue. Edelman was also named 2006 Large Agency of the Year and 2005 International Agency of the Year by The Holmes Group.