

# trust

## 2009 Edelman Trust Barometer Executive Summary

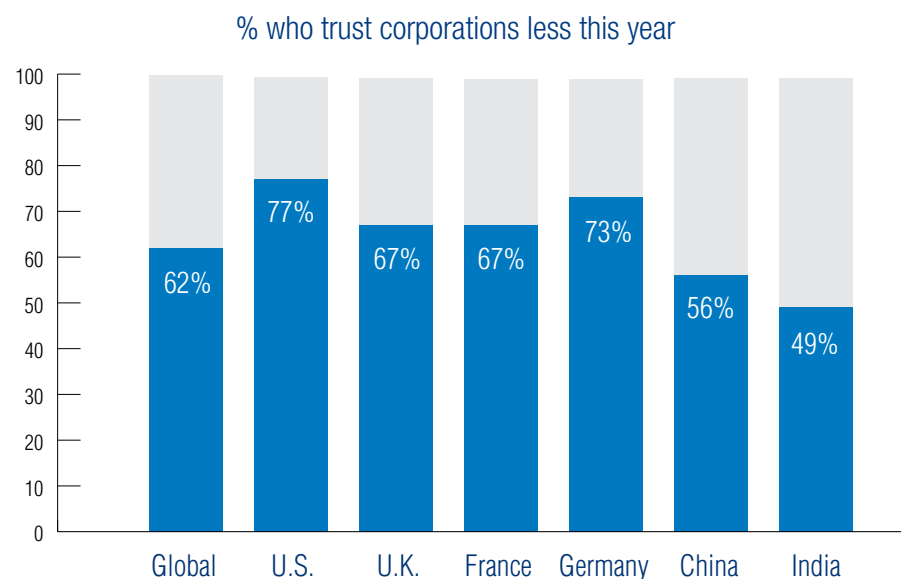
# The Global State of Trust

The 10th edition of the Edelman Trust Barometer reports on a year unlike any other. Government bailed out banks in New York and London. Melamine-laced baby formula rolled off assembly lines into the homes of Chinese parents. American auto executives descended on Washington hungry for handouts. An Illinois governor was led away in handcuffs. And as a \$50 billion Ponzi scheme collapsed, an Indian tech mogul's fraudulent enterprise started to crumble.



This year, the world had more reasons than ever before to suspend its trust—and for the most part, our data reflect this. Nearly two in three informed publics—62% of 25-to-64-year-olds surveyed in 20 countries—say they trust corporations less now than they did a year ago. When it comes to being distrusted, business is not alone. Globally, trust in business, media, and government is half-empty; and trust in government scores even lower than trust in business.

## Trust in corporations down around world



Thinking about everything you have read, seen, or heard about business in the last year, in general, do you trust corporations a lot less, a little less, the same, a little more, or a lot more than you did at the same time last year?

Top 2 Box: Trust less  
Informed publics ages 25-64 in 20 countries

# The Trust Divide: Who Is Losing and Winning the Public Trust?

The overall lack of trust—particularly in business—is not unexpected, but the differences in trust across countries and economies are surprising. While globalization has muted lines between cultures and rendered many brands ubiquitous, there are clear disparities in trust between emerging markets and established economies.

In no country is trust in a more dismal state than in the United States, where government, business, and media are all distrusted by respondents (ages 25 to 64) to do what is right, even with a new administration elected to power.

- Trust in U.S. business—at 38% down from 58% last year—is the lowest in the Barometer's tracking history among informed publics ages 35 to 64—even lower than in the wake of Enron and the dot-com bust.
- The two industries leading the plummet in trust are those that sought government bailouts in 2008—banking and automotive.

- In the United States, trust in banks among 35-to-64-year-olds dropped by nearly half, from 69% to 36%. Likewise, trust in the automotive industry fell from 60% to 33%.

Europe also witnessed a decline:

- Two-thirds of respondents, ages 25 to 64, in nine EU-member countries report they are less trusting of business today than they were at the same last year.
- Trust in business among 35-to-64-year-olds in the U.K., France, and Germany was already at a low level last year (36%) and stayed there this year.

Emerging economies, however, indicated a much higher level of trust in business, as well as in specific industries, than did the United States and EU-member countries.

- In China, the “trust in business” score rose from 54% last year to 71% this year among 35-to-64-year-olds.
- In Indonesia (new to this year's Trust Barometer), 68% of 35-to-64-year-olds trust business.
- In Brazil, trust in business among 35-to-64-year-olds climbed to 69% from 61% one year ago.
- In China, trust in banks among 35-to-64-year-olds rose from 72% to 84%; in Brazil, trust in banks grew from 52% to 59%.
- In the energy sector, scores rose from 72% to 83% in China among 35-to-64-year-olds. ■

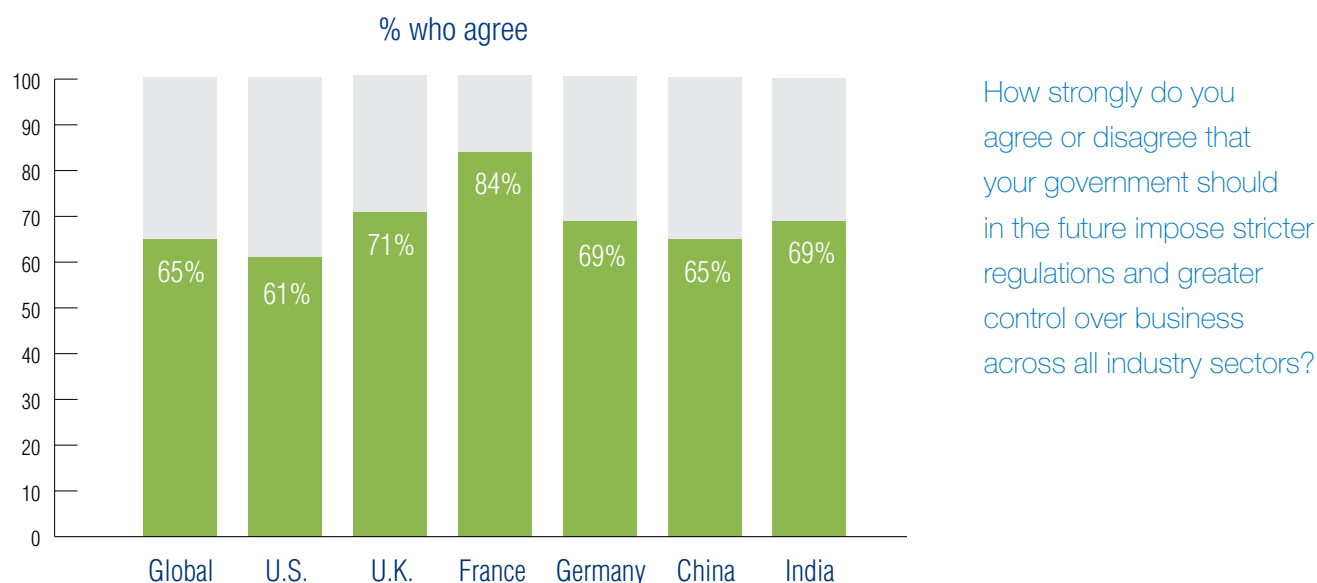
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## Lack of Trust Triggers Desire for Regulation

The mandate from this year's respondents is clear: the old order, in which business had the freedom to operate autonomously and without government restraint, is over.

- Among the global sample of 25-to-64-year-olds in 20 countries, by a 3:1 margin respondents say that government should intervene to regulate industry or nationalize companies to restore public trust.
- In the major Western European economies of the U.K., France, and Germany, three-quarters of respondents say that government should step in to prevent future financial crises (73%, 75%, and 74%, respectively).
- In the United States, not even half (49%) say that the free market should be allowed to function independently. ■

## More government control over business wanted to restore trust



(Net agree)

Informed publics ages 25-64 in 20 countries

Respondents also believe that business should step up to partner with government on global challenges. When asked what role business should play to help solve issues such as energy costs, the financial credit crisis, global warming, and access to affordable healthcare, two-thirds of 25-to-64-year-olds around the world believe that businesses should partner with governments and

other third parties to address global issues. Virtually no one believes that business has no role in addressing these challenges. Although NGOs are the most trusted institution globally (54% of 25-to-64-year-olds trust them to do what is right), they are not considered most responsible for solving these problems (global totals are below 6% for each issue). ■

## Trust in Information Sources and Spokespeople Takes a Hit

Trust in nearly every type of news outlet and spokesperson is down from last year among our 18-country tracking audience of 35-to-64-year-olds.

- Trust in business magazines and stock or industry analyst reports—last year's leaders—is down from 57% to 44% and from 56% to 47%, respectively.
- Trust in television news coverage dropped from 49% to 36%, and trust in newspaper articles fell from 47% to 34%.
- Only 29% and 27% view information as credible when coming from a CEO or government official, respectively, declining from 36% and 32% last year.
- In the United States, which has seen a revolving door of high profile CEOs, trust in information from a company's top leader now sits at a six-year low, at 17%, among 35-to-64-year-olds.
- Outside experts remain the most trusted purveyors of information about a company, with 59% of 35-to-64-year-olds saying an academic or expert on a company's industry or issues would be extremely or very credible. ■

# Why Trust Matters

Conventional wisdom suggests, and the data affirm, that trust affects consumer spending, corporate reputation, and a company's ability to navigate the regulatory environment.

- In the past year, 91% of 25-to-64-year-olds around the world indicated they bought a product or service from a company they trusted, and 77% refused to buy a product or service from a distrusted company.
- Among our global audience of 25-to-64-year-olds, being able to trust a company is one of the most important factors in determining a company's

reputation. It ranks just below the quality of a company's products and its treatment of employees, on par with a company's financial future, and more important than job creation, giving back to the community, and innovation in products and services.

Moreover, among those who trust business to do what's right, companies that are seen as responsible are significantly more likely to be supported in their efforts to sell their goods and services, pursue changes in local laws, seek preferential treatment, or have foreign investors assume a controlling stake in the business. ■

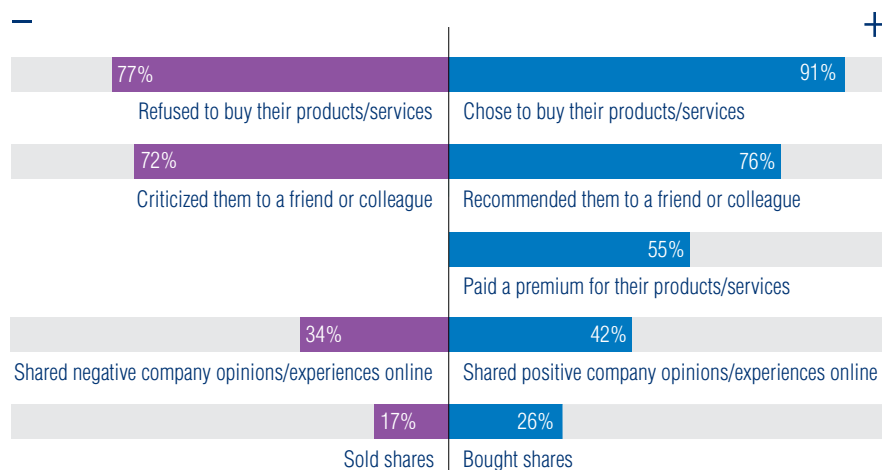
## Transparency and trustworthiness as important to reputation as value for money and strong financial future

When you think of good and responsible companies, how important is each of the following factors to the overall reputation of the company?



Responses 6-9 only on 1-9 scale; 9=highest  
Informed publics ages 25-64 in 20 countries

## Through personal action, trust hits the bottom line

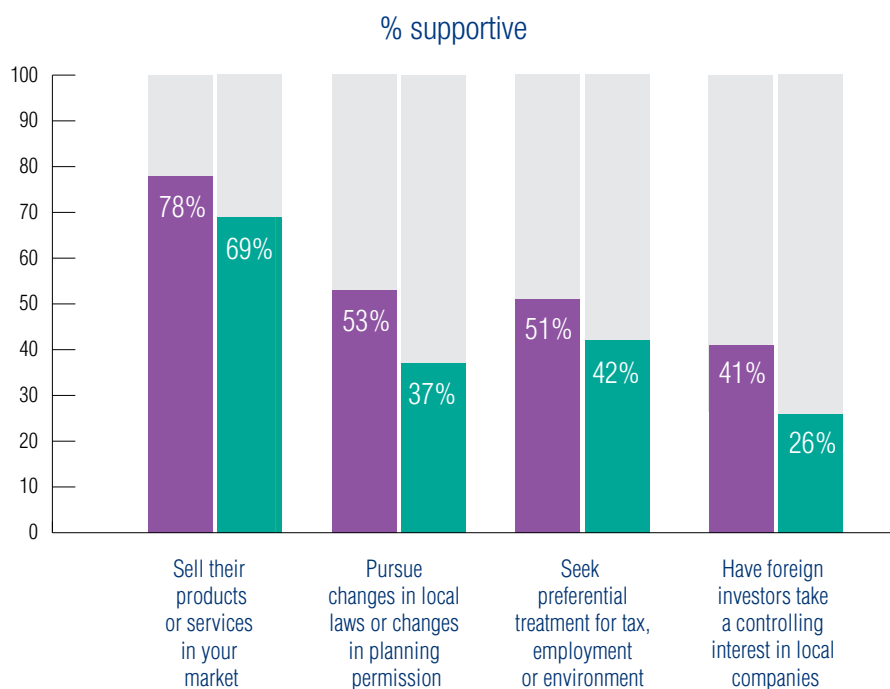


Informed publics ages 25-64 in 20 countries

Thinking back over the past 12 months, have you taken any of the following actions in relation to companies that you trust? Have you taken any of the following actions in relation to companies that you do not trust?

## License to operate hinges on trust

Business trusters significantly more likely to support a company



Net supportive

Business trusters rate trust in business 6, 7, 8 or 9 on a 1-9 trust scale

Business distrusters rate business 1, 2, 3 or 4 on a 1-9 trust scale

Informed publics ages 25-64 in 20 countries

Thinking about how companies operate in your country, how supportive would you be towards a good and responsible company being allowed to take any of the following actions? Would you be not at all supportive, not very supportive, neutral, somewhat supportive or very supportive?

Trust Business  
Distrust Business

# The Road to Rebuilding Trust

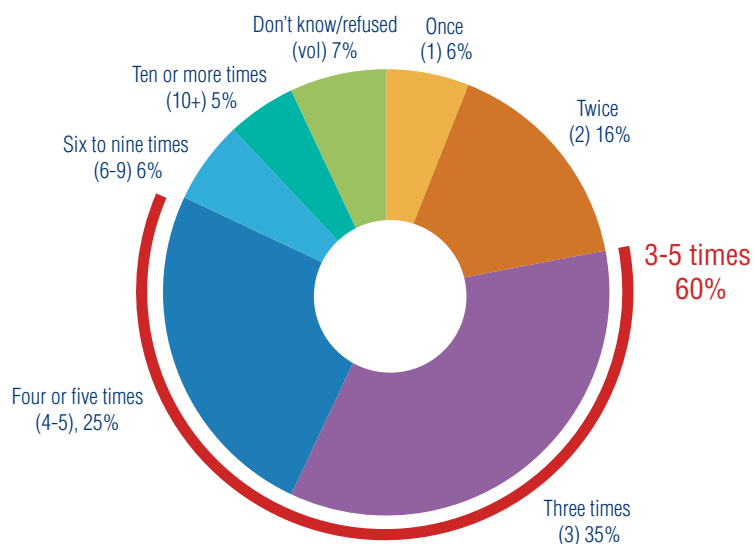
The findings in this year's Barometer underscore the reality that if businesses are to regain trust, they will need to adopt a strategy of Public Engagement, by means of a shift in policy and communications. The four pillars of Public Engagement are:

- **Private sector diplomacy:** Business has both the opportunity and the responsibility to become a primary actor in developing solutions to global problems. Business must partner with governments and NGOs to address key policy issues and the world's most pressing problems, not merely the ones that impact their bottom line. This is an opportunity for business to act as a private sector diplomat, recommending appropriate regulatory frameworks across borders. If companies fail to take the initiative to do so, they run the risk of having policies thrust on them.
- **Mutual social responsibility:** Companies must realign their business practices so they deliver dual objectives: benefit society and the bottom line. (Wal-Mart is an example of a company whose profitable business practices promote a better environment.\*) Companies must integrate into their products and services approaches to societal problems such as climate change, healthcare, and energy independence. Immediate stakeholders like employees and customers must be invited to participate in a company's social responsibility decisions and actions—and the public at large must be kept informed about the progress the company is making toward those goals.
- **Shared sacrifice:** CEOs must demonstrate that they too feel the burden of the recession. At a time when workers are losing jobs and investors are seeing stock values plummet, voluntary executive pay cuts and forfeiting of bonuses send a powerful message that leaders are in tune with the realities facing employees. Leaders also must communicate with employees about the problems confronting the company and welcome their voices. This type of transparency and collaborative spirit will help engage employees in finding and embracing solutions.
- **Continuous conversation:** Sixty percent (60%) of our respondents said they need to hear information about a company three to five times before they believe it. The CEO should set forth the company's position, but then it must be echoed by others—individuals who often sit outside the company—including industry experts, academics, and ordinary citizens. Companies will be well served by moving from a mind-set of control to one of contribution. Mainstream media continues to be an important way to reach opinion formers, but it is not the only one. Companies should inform, with a real commitment to speed, the conversations among the new influencers—always under way on blogs, in discussion forums, and bulletin boards. Every company can be a media company by creating easily accessed, substantive online content that can be improved by the public.

\*Wal-Mart is an Edelman client.



## Regardless of channel or voice, majority needs to hear message 3-5 times to believe it



Informed publics ages 25-64 in 20 countries

Think about everything you see or hear every day about companies, whether it is positive or negative. How many times in general do you need to hear something about a specific company to believe that the information is likely to be true? Please give me a number.

An adherence to transparency is at the core of each of Public Engagement's pillars. Organizations must be forthright and honest in their actions and communications. When problems arise within companies, stakeholders need to see senior executives take a visible lead in acknowledging errors, correcting mistakes, and working with employees to avoid similar problems going forward. The essence of Public Engagement is the commitment of companies to say—and do as they say. In a time of utter distrust, business

leaders must make the case for actions and then demonstrate their progress against those goals.

Business has had the benefit of the doubt for 25 years. It must now re-earn the mantle of authority by restoring the confidence that has been so widely lost. Without trust, it will be difficult for business to help rebuild the financial system or have the license to innovate—much less operate. ■

### About the Edelman Trust Barometer

The 2009 Edelman Trust Barometer is the firm's 10th trust and credibility survey. The survey was produced by research firm StrategyOne and consisted of 30-minute telephone interviews using the fielding services of World One from November 5–December 14, 2008. The 2009 Edelman Trust Barometer survey sampled 4,475 informed publics in two age groups (25-34 and 35-64). All informed publics met the following criteria: college-educated; household income in the top quartile for their age in their country; read or watch business/news media at least several times a week; follow public policy issues in the news at least several times a week. For more information, visit <http://www.edelman.com/trust> or call +212-704-4834.

### About Edelman

Edelman is the world's largest independent public relations firm, with 3,200 employees in 53 offices worldwide. Edelman was named "Large Agency of the Year" in 2008 by *PRWeek* and a top-10 firm in the *Advertising Age* "2007 Agency A-List," the first and only PR firm to receive this recognition. CEO Richard Edelman was honored as "2007 Agency Executive of the Year" by both *Advertising Age* and *PRWeek*. *PRWeek* also named Edelman "Large Agency of the Year" in 2006 and awarded the firm its "Editor's Choice" distinction. For more information, visit <http://www.edelman.com>.

