



trust

2010 Edelman Trust Barometer Executive Summary

Trust in Business Rises Globally, Driven by Western Economies

On the heels of the Great Recession, when trust in business sunk to historic lows, the 2010 Edelman Trust Barometer reports a modest global rise in trust in business.



The rebound is fueled by a spike in a handful of Western countries, especially the United States where trust in business jumped 18 points to 54 percent. It remains high in three of the four BRIC countries, with Brazil, India, and China above 60 percent. In Russia, the outlier among this group, trust in business dropped 10 points (figure 1). The overall rise is tenuous, however, with nearly 70 percent saying business and financial companies will revert to old habits when the financial crisis is over (figure 5, page 4).

A number of actions may have contributed to the boost in trust in the U.S., including a rise in the stock market, and a growing trend among U.S. corporations to listen to and engage their stakeholders, treat their employees well, and play a role in solving major societal challenges.

Underscoring the renewed U.S. confidence in business, 71 percent of Americans now say they trust global companies headquartered in the United States, an increase of 11 points from last year's survey. The world at large also reflects the increased trust in U.S.-based business (figure 2).

Figure 1: Global business trust rise driven by gains in a few countries; remains high in three of four BRIC countries

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

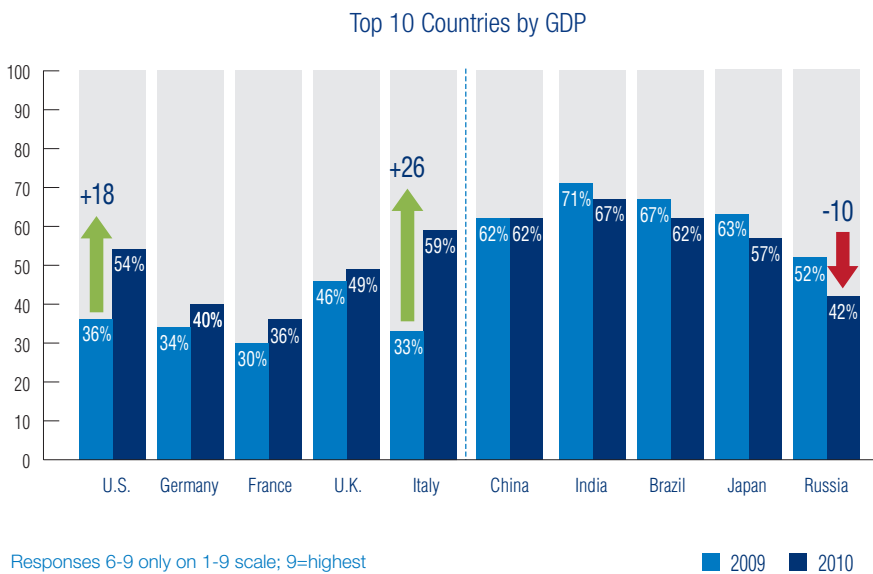
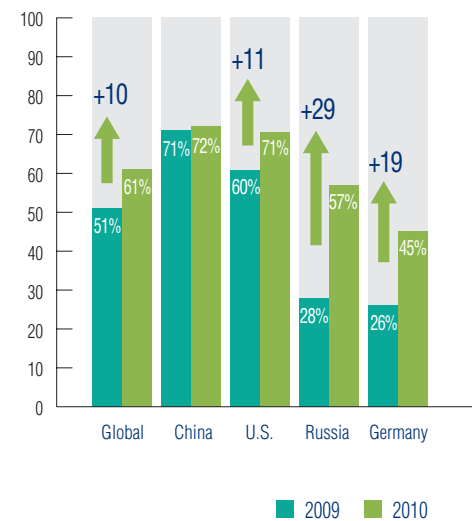


Figure 2: U.S. surges as trusted site for global headquarters

How much do you trust global companies headquartered in the U.S. to do what is right?



Trust in Government and in NGOs Trend Up

Media continues its three-year decline, now ranking lowest among four institutions studied.

Globally, trust in government witnessed a modest increase. As with trust in business, a handful of countries sparked the global rise (figure 3). In the United States, trust in government climbed 16 points in one year. France also noted a sharp uptick, with a 9 percent rise. For the most part, in large economies trust in government remains stable, particularly in China where trust in government has always skewed high (see figure 13, page 8 for a long-term look). Russia is the outlier, falling 10 points to 38 percent.

Throughout most of the Western world, NGOs remain the most trusted institution. Across all regions, trust in this institution has increased over time. In no country is this more evident than in China, where trust in NGOs has surged by 25 points since 2004 (figure 4). This surge may be attributed to a growing affluence and the resulting demand for environmental responsibility, education, and public health.

The only institution to lose trust around the globe is media. Over the last three years, trust in media has fallen from 48 to 45 percent among older informed publics. With the dispersion of traditional media's authority and the rise of opinion journalism, trust in the institution as a whole has waned.

Figure 3: Trust in government is largely stable; U.S. and Russia move in opposite directions

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

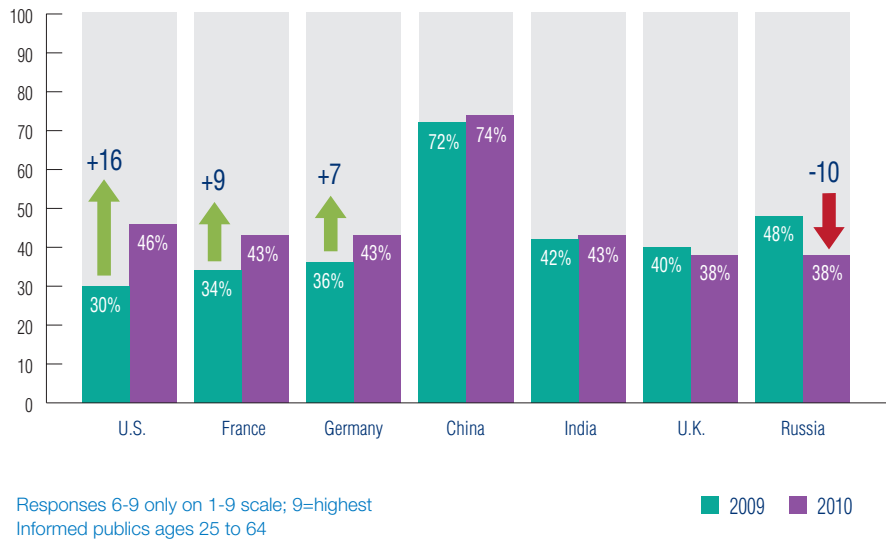
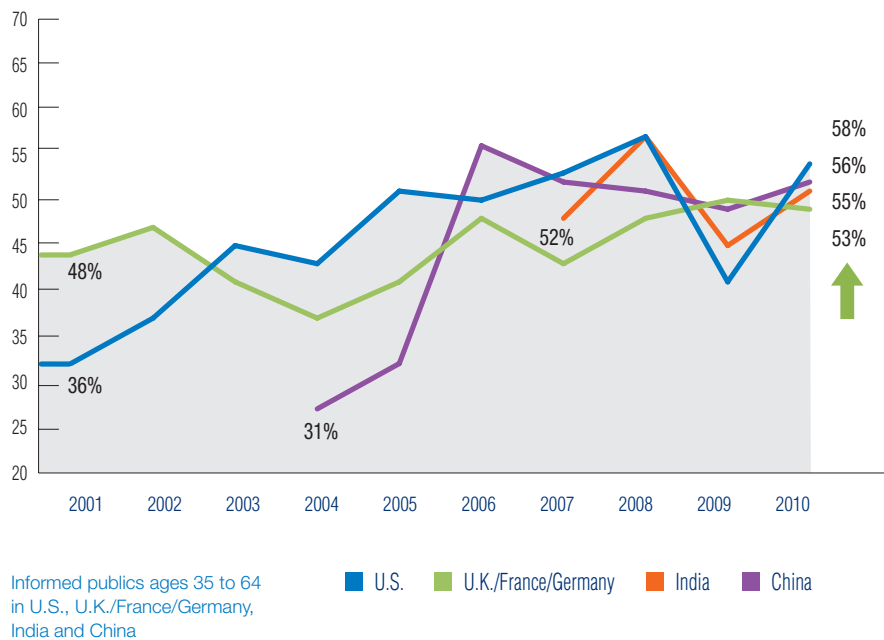


Figure 4: Across regions, influence of NGOs rises over time

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



Trust Is Fragile

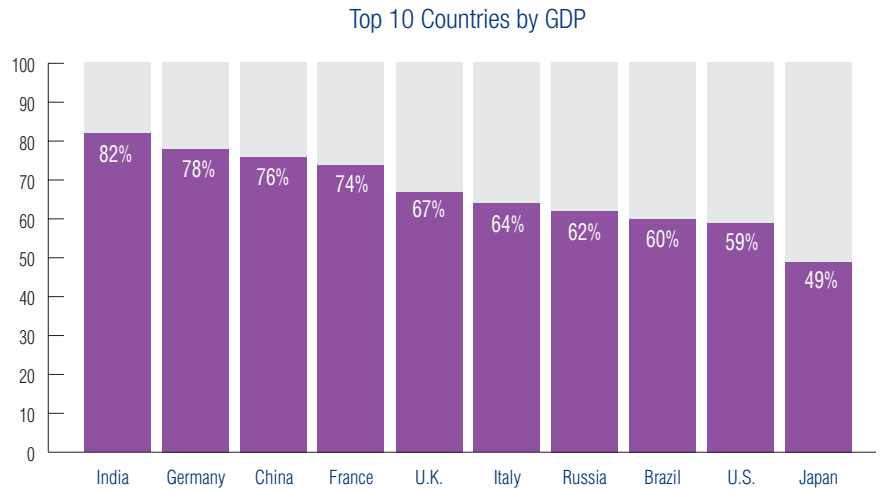
Although trust in business is up, the rise is tenuous. Globally, nearly 70 percent of informed publics expect business and financial companies will revert to “business as usual” after the recession (figure 5). In addition, most expect government to influence banks and financial institutions in the future.

The fragility of trust is further underscored by a large percentage of respondents who pointed to short-term actions that companies seemed to have taken as a result of the financial crisis. In the U.S., Western Europe, and BRIC countries, more than 70 percent say that actions such as firing non-performing managers, repaying bailout money, or reducing the pay gap between senior executives and rank and file workers would restore their trust in the company. In the U.S., the numbers skew even higher—with almost 90 percent of respondents citing firing non-performing managers and repaying bailout money as pathways to trust.

This state of fragility is particularly pertinent to the banking industry, a sector that has seen its credibility crumble in the Western world. Since 2007, trust in banks has dramatically declined in most Western countries. In the U.S., this decline is steepest, with banks losing 39 points in three years. The freefall sits in stark contrast to what has happened in technology. In the U.S. and other major economies, trust in this sector has risen from levels that were already high (figure 6).

Figure 5: Most expect business and financial companies to return to old habits

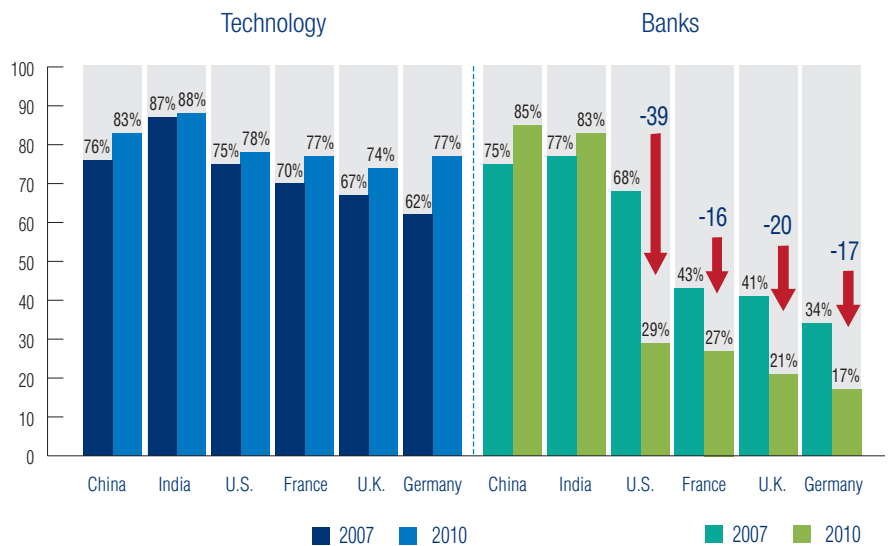
After the recession is over, do you expect business and financial companies to return to “business as usual”?



Informed publics ages 25 to 64

Figure 6: Since 2007, trust in banks down while trust in technology holds strong

How much do you trust the following industries to do what is right?



Responses 6-9 only on 1-9 scale; 9=highest
Informed publics ages 35 to 64

Who Do We Trust?

In a year fraught with economic confusion and uncertainty, informed publics place the most trust in expert spokespeople and information sources, while trust in traditional media outlets continues to erode.

Industry analyst or stock reports and articles in business magazines held strong as the most trusted sources of information about a company (figure 7). However, trust in traditional media continues to wane. Among older informed publics, over the past two years the credibility of television news dropped 20-plus points in the U.S.; radio news coverage dropped by 20 points in the U.K.; and television news and newspapers declined by more than 15 points each in the BRIC countries. “Conversations with

friends and peers” as a source of company information saw sizable drops in trust in the U.S., U.K./France/Germany, and the BRIC countries.

In a volatile year, it seems that informed publics value guidance from credentialed experts over a “person like me,” which lost ground as a credible voice of information for a company (figure 8). This desire for substantial information points to why academics and experts, and financial or industry analysts are

the most trusted spokespeople for a company.

Trust in corporate communications such as press releases, reports, and e-mails as sources of information about a company jumps five points globally, to 32 percent, while the credibility of corporate or product advertising remains low, at 17 percent (figure 7). Trust in a CEO as a company spokesperson showed notable recovery in many markets (see “The Role of the CEO,” on page 7).

Figure 7: Specialist sources most credible

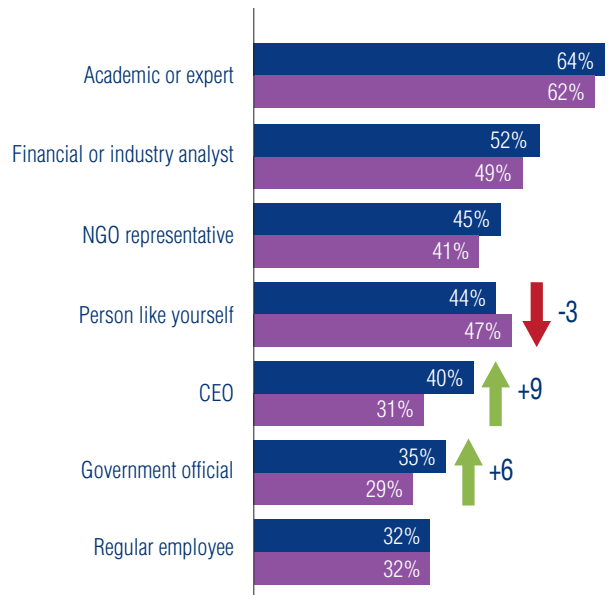
How credible do you believe each of the following is as a source of information about a company?



Informed publics ages 25 to 64 in 20 countries
“Extremely credible” and “very credible” responses only; selected sources

Figure 8: Expert voices most trusted

If you heard information about a company from one of these people, how credible would the information be?



Informed publics ages 25 to 64 in 20 countries
“Extremely credible” and “very credible” responses only

■ 2010 ■ 2009

The New Corporate Reputation

A vastly different set of factors—led by trust and transparency—now influences corporate reputation and demands that companies take a multi-dimensional approach to their engagement with stakeholders.

For the first time, this year's Trust Barometer shows that trust and transparency are as important to corporate reputation as the quality of products and services. In the U.S. and in much of Western Europe, these two attributes rank higher than product quality—and far out-rank financial returns, which sits at or near the bottom of 10 criteria in all regions. This milestone is in stark

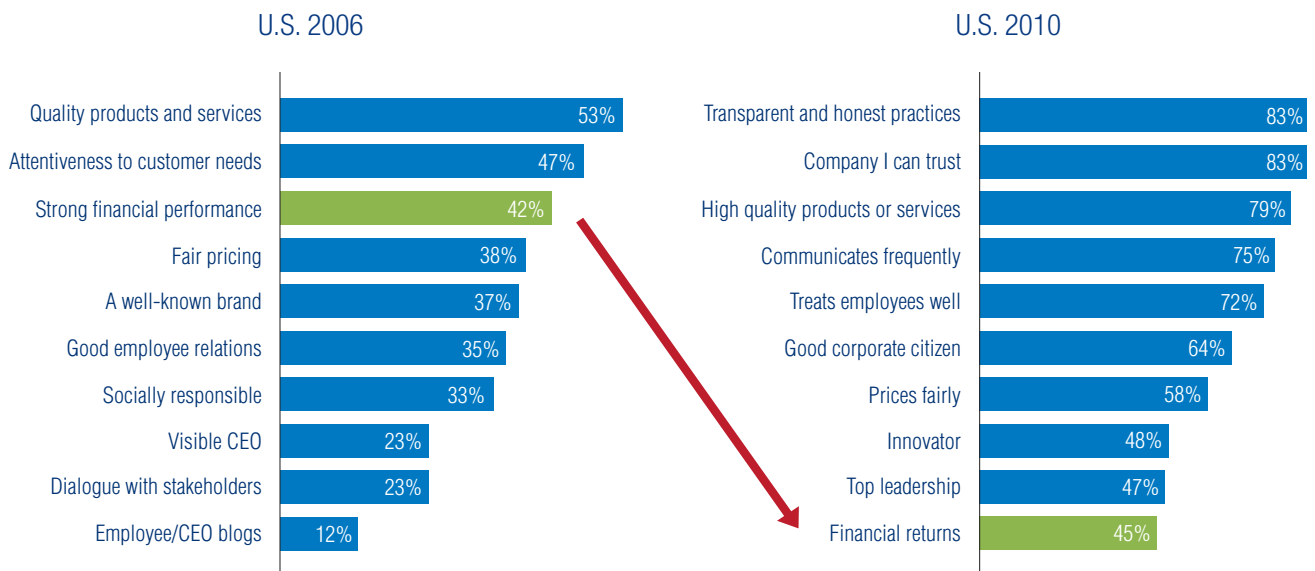
contrast to 2006, before the financial crisis hit, when financial performance was in third place in a list of 10 attributes shaping trust in the United States (figure 9). In the key European markets and China, the relative importance of financial performance as a factor in trust in a company or in corporate reputation remained the same from 2006 to 2010.

Partnerships rooted in advancing societal good also are now a conduit to earning trust. The overwhelming majority of informed publics say they would be more likely to trust a company that partners with NGOs to solve global challenges such as climate change, poverty, or disease, this year's data shows.

Figure 9: In 2010, financial performance least important to corporate reputation

What shapes your trust in a company?

How important are these factors to corporate reputation?



The questions were asked differently in 2006 and 2010.

2006: When you think of companies that you trust, how much, if at all has each of the following attributes contributed to your trust? Please use a nine-point scale where one means it "has not contributed at all" and 9 means it "has contributed a great deal." (Top 2 Box) Informed publics ages 35 to 64.

2010: How important are each of the following factors to the overall reputation of the company? Please use a nine-point scale where one means that factor is "not at all important" and nine means it is "extremely important" to overall reputation. (Top 2 Box) Informed publics ages 35 to 64.

Building a Mosaic of Trust

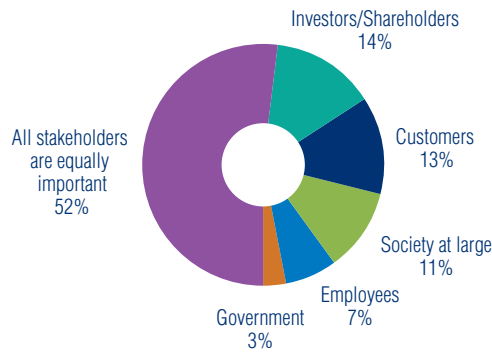
As the nature of trust has changed, so too has the way that companies must earn it.

Globally, when asked which stakeholder should be most important to a CEO's business decisions, 52 percent said that "all stakeholders are equally important"—as much as a 4:1 margin against individual stakeholders (figure 10), underscoring that this is no longer a shareholder but a stakeholder world.

Last year, we learned that people need to hear something about a company three to five times to believe its veracity, pointing to the importance of a multi-channel and multi-spokesperson approach (figure 11).

Taken together, these two findings suggest that to advance reputation, companies need to be everywhere, engaging everyone. They must build a mosaic of trust by cultivating a wide circle of expert spokespeople, communicating through a variety of channels, and partnering with NGOs to advance the common good.

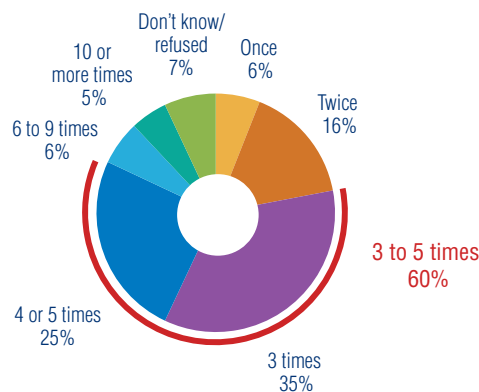
Figure 10: A stakeholder, not a shareholder, world



When a CEO makes business decisions for his or her company, which stakeholder should be most important to his or her decision?

Informed publics ages 25 to 64 in 22 countries

Figure 11: Multiple information sources enhance credibility



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?

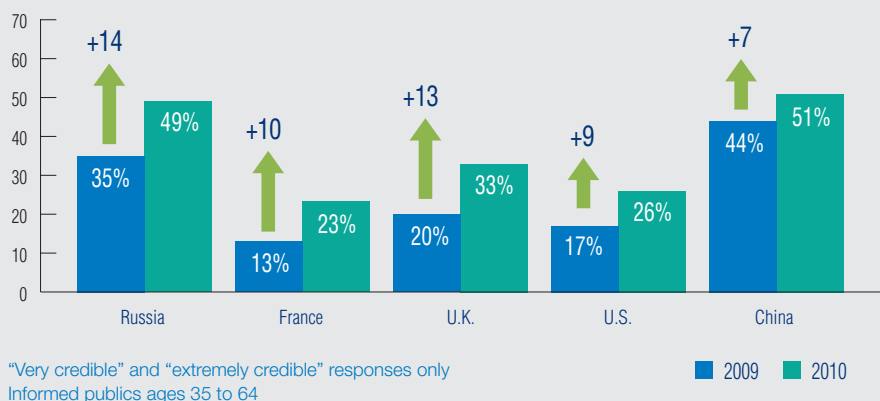
Informed publics ages 25 to 64 in 20 countries

2009 Edelman Trust Barometer

The Role of the CEO: Credibility on the Rise

Trust in a CEO as a spokesperson for a company showed notable recovery in many markets. The improvement may be attributed, in part, to those CEOs who view trust as a line of business. Today's stakeholders are looking for leaders who will deliver performance, communicate frequently and honestly, and consider the role of business in society.

If you heard information about a company from a CEO, how credible would the information be?



"Very credible" and "extremely credible" responses only
Informed publics ages 35 to 64

■ 2009 ■ 2010

Trust Over the Decade

The Time Is Now

In the past decade, both business and government have violated stakeholder trust—and demonstrated how plainly its loss can corrode reputation. Fraud at Tyco and Parmalat. False reports about weapons of mass destruction. High-risk trading ventures that crippled Wall Street and Main Street and led to the failure of long-established companies like Lehman Brothers and GM. As a result, we have seen business and government become more transparent, invite outside opinion, and join forces to tackle global issues like energy, education, and healthcare. Trust has emerged as a new line of business—one to be developed and delivered. Companies that embrace the new reality, where the interests of all stakeholders must be considered equally, will see their credibility rise accordingly. Now is the time for companies and CEOs to deliver performance, communicate frequently and honestly, and consider the role of business in society. Now is the time for business to prove its commitment to profit and purpose.

Richard Edelman
President and CEO, Edelman

Figure 12: Trust in business, 2001-2010

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

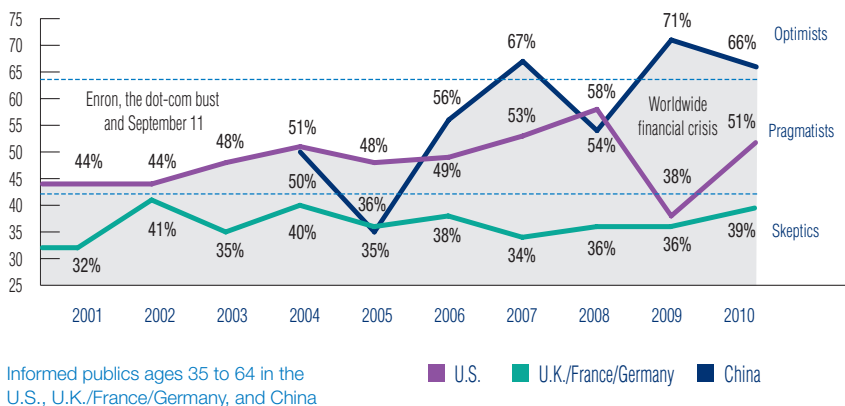
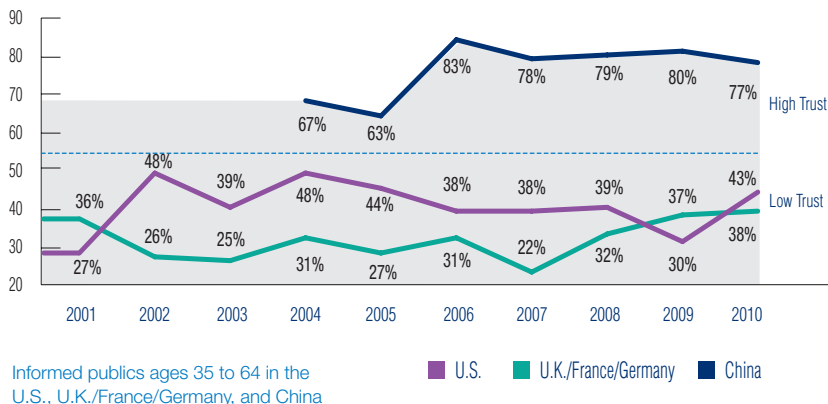


Figure 13: Trust in government, 2001-2010

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



About the Edelman Trust Barometer

The 2010 Edelman Trust Barometer is the firm's 10th annual trust and credibility survey. The survey was produced by research firm StrategyOne and consisted of 25-minute telephone interviews using the fielding services of World One from September 29-December 6, 2009. The 2010 Edelman Trust Barometer survey sampled 4,875 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 +212-704-4530.

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On the cover, from top left: Chinese medical workers inject students with H1N1 flu vaccine in Jinjiang city; Jamie Dimon, chairman and CEO of JP Morgan Chase & Co.; GM headquarters in downtown Detroit; Bernard Madoff exits a federal court in Manhattan; Detroit resident holds an employment guide while attending a job fair in Livonia, Mich.; Chancellor of the Exchequer Alistair Darling launches an analysis of Tory spending plans.