



## 2011 Edelman Trust Barometer Executive Summary

# Business and Government: Trust Stabilizes Globally

In a year marred by corporate crises and financial turmoil for European governments, the 2011 Edelman Trust Barometer finds trust in business and government markedly resilient and sees a shifting center of gravity. Trust in NGOs, “the fifth estate” in global governance, stays strong.

In this year’s Barometer, a three-part picture emerges of trusters, neutrals, and distrusters of business and government (figures 1 and 2). Countries hovering in the 50 percent-range, so called “neutrals,” occupy a middle ground as the divide widens between trusters (over 60 percent, including Brazil and China) and distrusters (under 50 percent, including the U.S., U.K., France, and Russia).

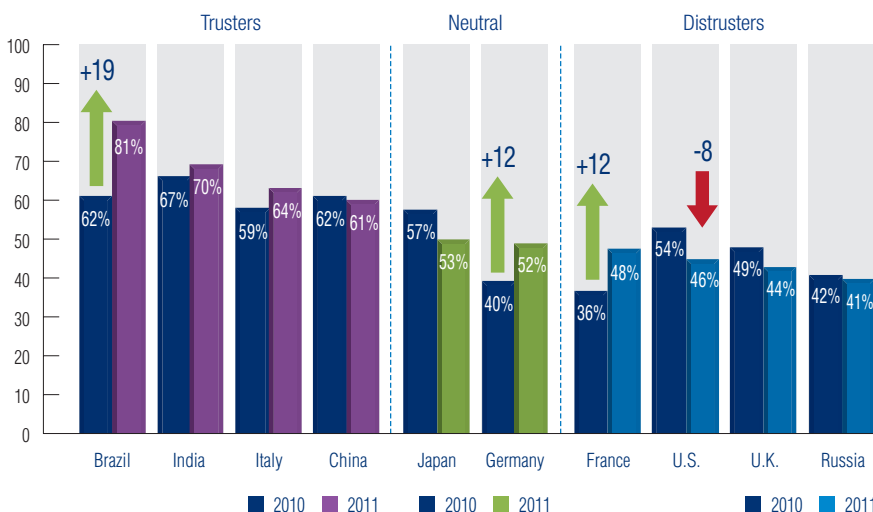
The United States, which last year enjoyed an 18-point spike in trust in business, saw an eight-point drop, placing the world’s largest economic power within five points of last-place Russia. Trust in government tumbled in the U.S., where the two political parties were at loggerheads (see page 4 for more on the U.S.).

In the early years of the Barometer, trust in business and government tended to move in opposition. Increased trust in one was met by decreased trust in the other. We generally now see the two moving in tandem, an important step as the expectation is for the world’s two dominant institutions to work together.

The predominant exception is Germany, where trust in business is up by 12 points, but trust in government is down by 10 points—to 33 percent, the lowest of the top 10 economies. In Germany, business is now enjoying the benefit of the Hartz labor reforms, but the government is seeing widespread opposition to the country’s bailout of troubled European nations.

**Figure 1: Emerging markets dominate as “business trusters;” U.S. drops to within 5 points of Russia (Top 10 GDP countries)**

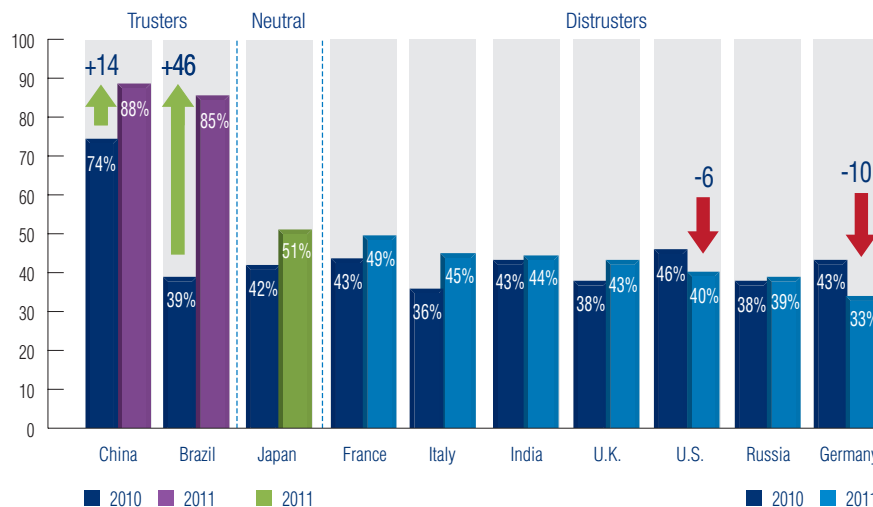
How much do you trust business to do what is right?



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

**Figure 2: China and Brazil drive rise in trust in government; U.S. now on par with Russia (Top 10 GDP countries)**

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



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

# Trust in Banks Plunges in West; Technology Holds Firm at No. 1; Automotive Rallies

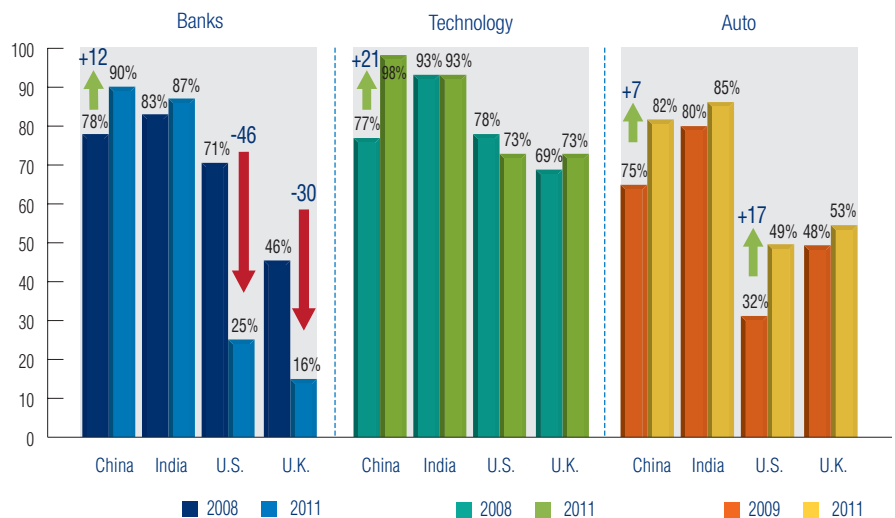
Technology, which is in the No. 1 spot for the third straight year, is now followed by automotive and telecommunications. In the U.S., where GM posted the largest IPO in history, the automotive industry earned back half of the trust it had lost in 2009. The starkest contrast, however, is between technology and banks (figure 3). The dramatic three-year drop in trust in banks in the West keeps this industry stuck at the bottom in global industry rankings. By contrast, in China, where banks are credited with financing increased prosperity, trust surged by 12 points to 90 percent.

All four BRIC countries have gained trust as headquarter countries for global companies (figure 4). The trust comes mainly from fellow emerging markets, indicating that the BRIC strategy to target emerging economies is producing results. However, when compared to Germany and Canada, longtime leaders in the most-trusted-headquarter-country category, the BRICs still have a ways to go to be considered reliable business hubs.

In 16 of the 23 countries surveyed, NGOs are as or more trusted than business. Historically trusted most in developed markets, NGOs continue to gain trust in emerging markets (figure 5). In Brazil and China, where NGOs are on par with business, higher economic levels come with a greater concern for environmental responsibility, education, and public health, the very province of NGOs.

**Figure 3: Banks' reputation plummets in West, while tech stays high worldwide; automotive climbs across the globe**

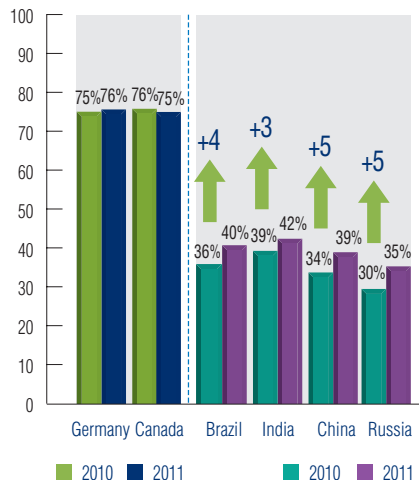
How much do you trust the following industries to do what is right?



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

**Figure 4: Trust in BRIC-based companies rises**

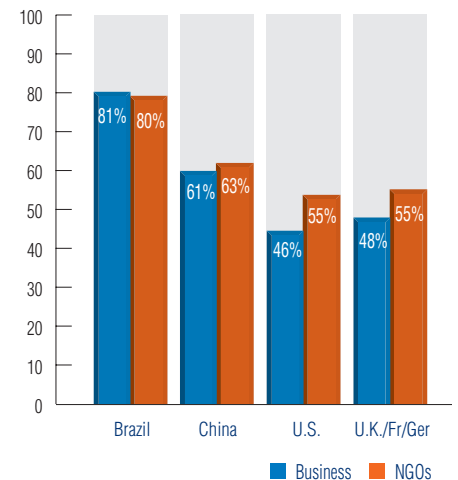
How much do you trust global companies headquartered in the following countries to do what is right?



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

**Figure 5: Trust in NGOs on par with business in emerging markets**

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



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

# The United States: The Stark Exception

In a reversal of last year's uptick, the U.S. suffers an across-the-board tumble, with declines in all four institutions.

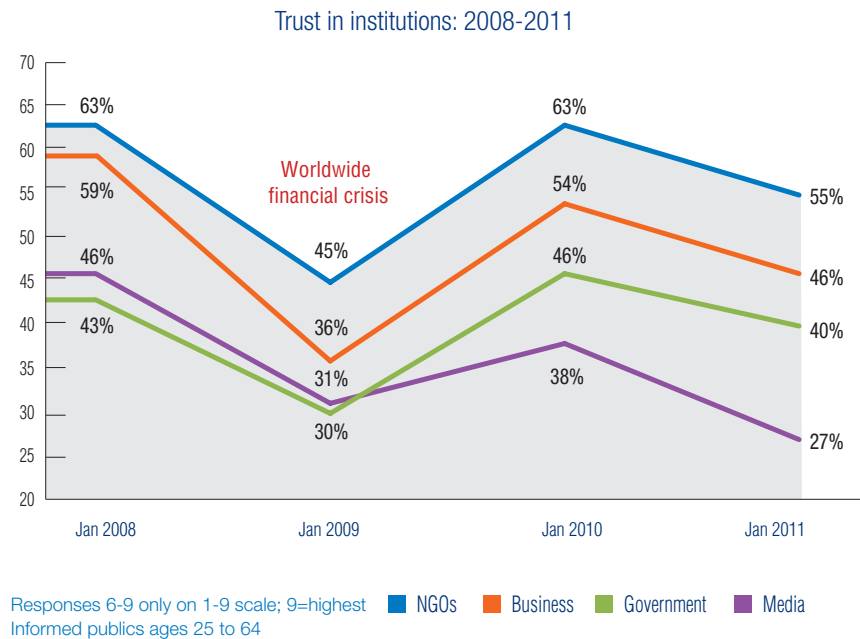
The downturn in trust in the U.S. in 2010 echoed the drop that resulted from the worldwide financial crisis. While not as steep a decline, the country lost half the gains it earned back in 2009 (figure 6).

Several explanations emerge for the grim U.S. picture: the prolonged fighting between business and government; unemployment rates—not the full recovery the country expected; and the nation's spot as the epicenter of many of the headline crises of 2010, including the oil spill, product recalls, and the SEC investigation of Goldman Sachs.

A four-year view paints a bleaker picture according to the Trust Barometer Index, in which each country's score is an average of its trust in business, government, NGOs, and media. The U.S., fourth from the top in trust in 2008, sinks to the bottom this year, barely above the U.K. and Russia. On the other hand, the BRICs hew closer to their 2008 rankings, with the exception of Brazil, which climbs sharply.

But if American business is largely not trusted by Americans, the opposite appears to be the case for American business abroad. Continuing a trend we have seen in recent years, trust in U.S.-based multinationals moved up in many markets, including China (+15), Brazil (+16), India (+16), and Indonesia (+16), possibly a halo effect of President Obama's good standing abroad.

**Figure 6:** In U.S., 2011 decline mirrors 2008-2009 drop; only country to see trust fall in all four institutions



## Trust Barometer Index U.S. drops while Brazil rises in composite scoring

2008		2011	
Global	—	Global	55
Mexico	69	Brazil	80
China	62	China	73
India	60	Mexico	69
U.S.	53	India	56
Japan	50	Canada	55
S. Korea	50	S. Korea	53
Canada	48	Japan	51
Brazil	48	France	50
France	44	Germany	44
U.K.	43	U.S.	42
Germany	36	U.K.	40
Russia	36	Russia	40

Responses 6-9 only on 1-9 scale; 9=highest; Informed publics ages 25 to 64  
Composite score is an average of a country's trust in business, government, NGOs, and media



# Credentials Count More Than Ever

Trust in experts rises—and after years of being at or near the bottom, CEOs see increase in credibility.

Trust in all credentialed spokespeople is higher this year, signaling a desire for authority and accountability—a likely result of the skepticism wrought by last year's string of corporate crises. Since 2009, academics and experts—long the front-runners—earned another eight points to climb to 70 percent. For the first time, the Barometer asked about the credibility of a company's technical expert who is, in turn, deemed “very” or “extremely credible” by a vast majority (64 percent).

CEOs are now in the top tier of trustworthy spokespeople, a striking shift from two years ago when they sat second from the bottom (figure 7). Fifty percent say CEOs are credible spokespeople about

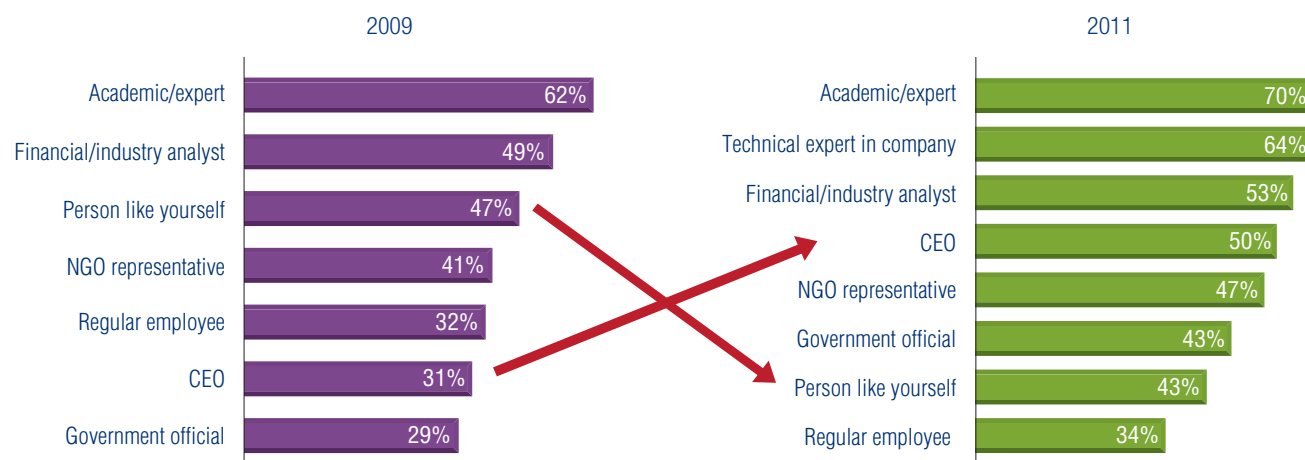
a company, a 19-point increase over 2009.

By contrast, a “person like me” dropped by four points globally in that time, falling from the top three to the bottom two, virtually swapping spots with the CEO. This may be a result of changing attitudes about what constitutes “a person like me,” rather than an indication of a significant decrease in the actual credibility of peer-to-peer communication. With some estimates indicating that the average Facebook user does not know one-fifth of the 500 people typically listed as friends on his or her page, it is reasonable to ask whether the meaning of the word “friend”—and by association “a person like me”—has become devalued.

In the wake of last year's crises, the Barometer posed a series of questions about who should speak for a company in a challenging time. “Multiple voices” is the first conclusion drawn, as CEOs, third parties, company chairmen, and technical experts all have a role to play when a company confronts a crisis. In the case of a product recall, the technical expert and the CEO are the preferred spokespeople (30 percent and 37 percent, respectively). In a situation where the local community has been damaged, more people want to hear from the CEO (38 percent) than they do a third-party representative (17 percent), government official (12 percent), or company technical expert (11 percent).

**Figure 7: CEOs lead rise in trust in authority, but “person like me” drops amid flight to credentialed spokespeople**

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



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

# Surround Sound Needed in Time of Skepticism

**A jumbled media landscape and the domino effect of corporate and government crises have increased skepticism in key Western nations.**

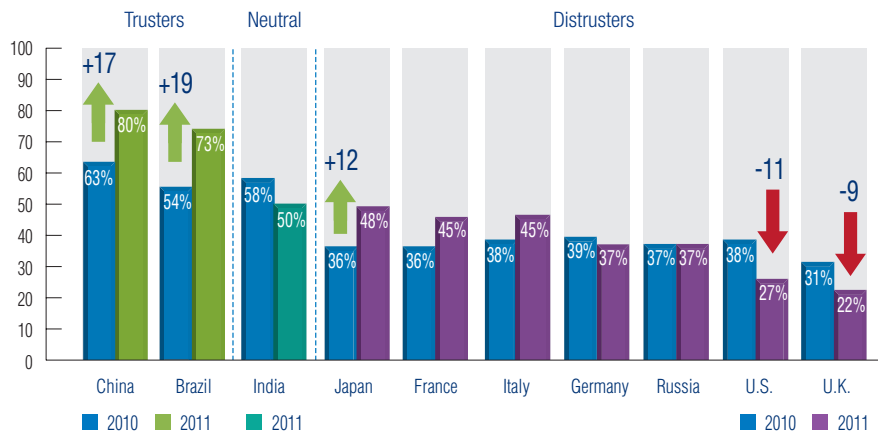
While trust in media as an institution inched up globally, it declined significantly in the U.S. and the U.K. (figure 8). As in 2009, the majority need to hear something between three and five times to believe it (figure 9). But in the U.S. and the U.K., approximately one-quarter say they need to hear something six or more times to believe it, twice as many as two years ago.

Search engines rank No. 1 as the place people go first for information about a company, followed by online news sources, print, and broadcast media (figure 10). Their second stop is on the screen as well, with 23 percent saying they go to online news sources, which do include the Web versions of traditional media like newspapers and television. Thirty-three percent globally say they trust newspapers a great deal, followed by 31 percent who say the same for television.

The data portray a savvy consumer who turns first to search engines to see what is available on the topic of interest, and who then seeks out traditional media to confirm or expand on what he or she has learned. Information ubiquity has changed the playbook for corporate communications, the data suggest, signaling to companies that they cannot simply be present with their messages, but rather must be omnipresent through an approach that encompasses mainstream, new, social, and owned media.

**Figure 8: Developed markets more distrustful of media (Top 10 GDP countries)**

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

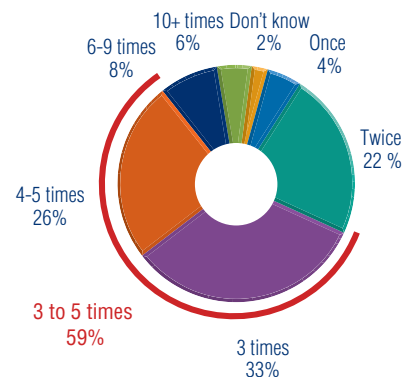


Responses 6-9 only on 1-9 scale; 9=highest; Informed publics ages 25 to 64

**Figure 9: Repetition enhances credibility**

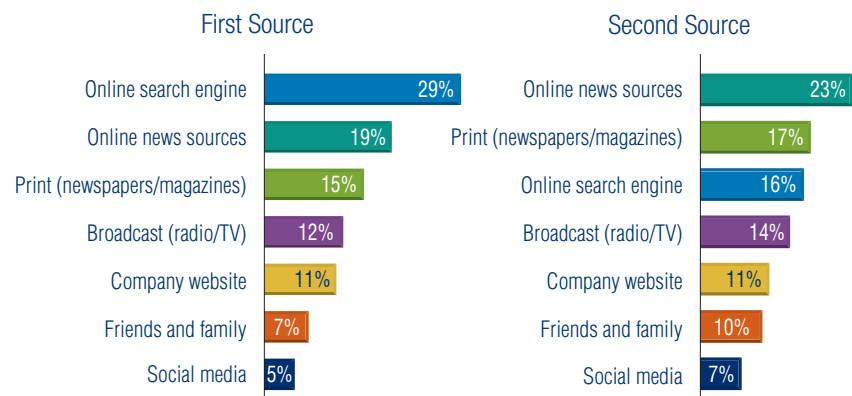
How many times in general do you need to hear something about a specific company to believe that the information is likely to be true?

Informed publics ages 25 to 64 in 23 countries



**Figure 10: Search engines “go-to” source; online news second**

Where do you generally go first for news about a company? Then where do you go?



Informed publics ages 25 to 64 in 23 countries

# Trust Is a Protective Agent

Trust has tangible value. Companies that are distrusted and facing an onslaught of negative news will have a harder time changing opinion after the storm than they would if they were trusted at the outset.

This year's Barometer explored whether trust can diminish the impact bad news has on a company. The answer is yes (figure 12). Fifty-seven percent will believe negative information about a company they do not trust after hearing it just once or twice. When a company is trusted, however, only 25 percent will believe negative news about it after hearing the news once or twice. The same holds true for positive information, with far fewer believing good news about a distrusted company. These findings send a strong signal that corporate leaders would be well advised to create a trust foundation so that positive information has an echo chamber in which to resonate.

The most important corporate reputation factors remain quality products, transparency, trustworthiness, and employee welfare, while a company's financial performance is tied at the bottom with its having widely admired leadership (figure 11).

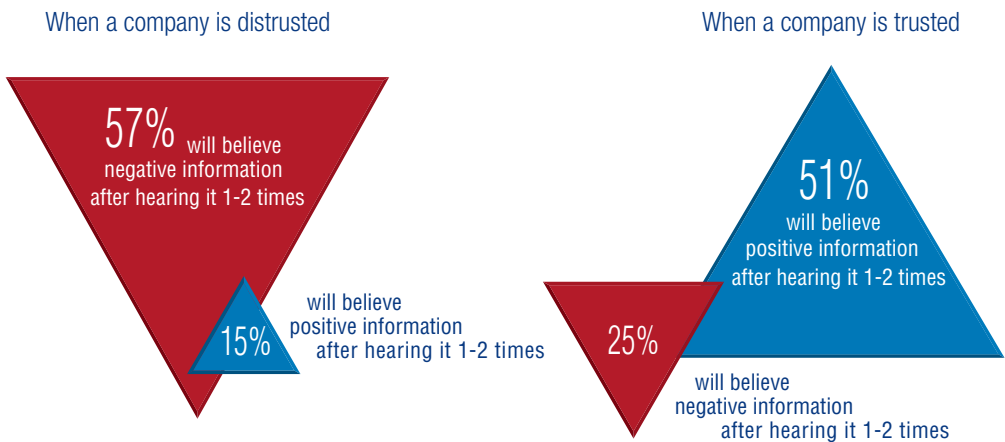
**Figure 11:** Quality, transparency, trust, and employee welfare most important to corporate reputation

How important are these factors to corporate reputation?



Responses 8-9 only on 1-9 scale; 9=highest. Informed publics ages 25 to 64 in 23 countries

**Figure 12:** Trust protects reputation



Informed publics ages 25 to 64 in 23 countries

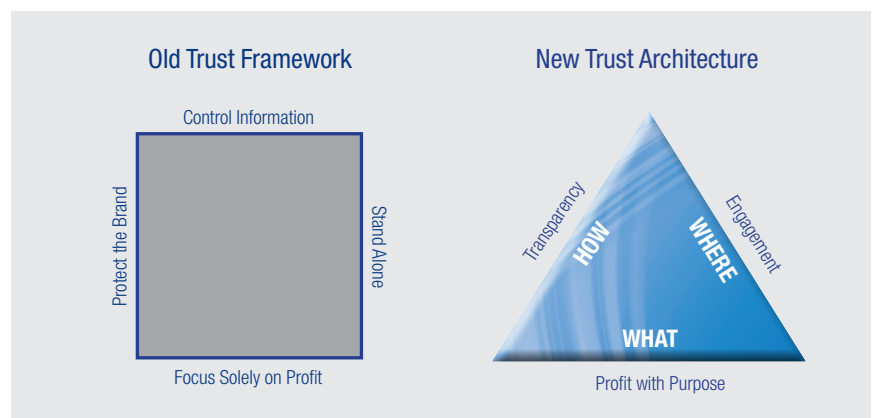
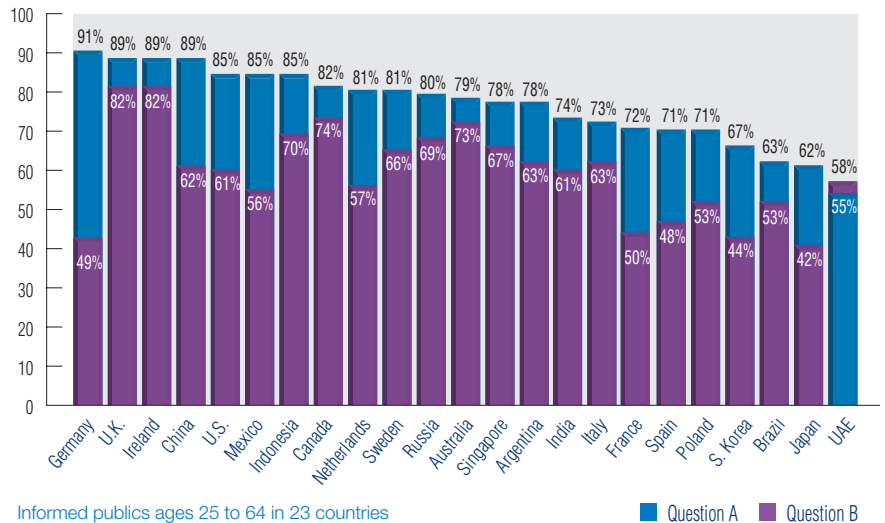
# The Transformation of Trust

Trust in business may have stabilized globally, but it is different and conditional, premised on what a company does and how it communicates. In this transformation, there are new expectations for governments, corporations, and leaders—as well as a new architecture for earning trust. It supplants the “fortress framework” in which corporations have customarily protected their brands, controlled information, and given short shrift to partners, aiming to maximize returns solely for shareholders. The new model, a “trust triangle,” is based on the expectation for companies to act collaboratively to benefit society not just shareholders (What); be transparent about their operations and profit engines (How); and engage using a range of spokespeople and all forms of media—mainstream, new, social, and owned (Where). Trust is no longer a commodity that is acquired, but rather a benefit that is bestowed. Business has the opportunity to build an enduring foundation of trust by asking its leaders to commit to a strategy that brings value to both investors and society.

**Richard Edelman**  
President and CEO, Edelman

**Figure 13: Expectations high for business to invest in society**

**A.** Agree: Should corporations create shareholder value in a way that aligns with society's interests, even if that means sacrificing shareholder value? **B.** Agree: Should government regulate corporations' activities to ensure business behaves responsibly?



## About the Edelman Trust Barometer

The 2011 Edelman Trust Barometer is the firm's 11th annual trust and credibility survey. The survey was produced by research firm StrategyOne and consisted of 30-minute telephone interviews conducted from October 11-November 28, 2010, with the exception of France and Germany, fielded January 3-13, 2011. The 2011 Edelman Trust Barometer survey sampled 5,075 informed publics in two age groups (25-34 and 35-64) in 23 countries. 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.

## About Edelman

Edelman is the world's largest independent public relations firm, with wholly-owned offices in 53 cities and 3,700 employees worldwide. Edelman was named *Advertising Age's* top-ranked PR firm of the decade and one of its "2010 A-List Agencies" and "2010 Best Places to Work;" *European Excellence Awards' "2010 Agency of the Year;"* *PRWeek's "2009 Agency of the Year;"* *Holmes Report's "Agency of the Decade"* and "2009 Asia Pacific Consultancy of the Year;" and among *Glassdoor's* top five "2011 Best Places to Work." Edelman owns specialty firms Blue (advertising), StrategyOne (research), Ruth (integrated marketing), DJE Science (medical education/publishing and science communications), and MATTER (sports, sponsorship, and entertainment). Visit [www.edelman.com](http://www.edelman.com) for more information.

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On the cover, from top left: newspaper stall in Dublin, Ireland; Wikileaks founder Julian Assange at press conference; oil-soaked pelican in wake of BP Deepwater Horizon rig explosion; Goldman Sachs chairman and CEO Lloyd Blankfein testifies before Senate Subcommittee on Investigations; unemployed worker holds sign at rally; Dilma Rousseff, Brazilian president, receives presidential sash from Lula da Silva; relatives of Foxconn employees mourn family members following suicides at Chinese manufacturer.