

2018 Edelman Trust Barometer

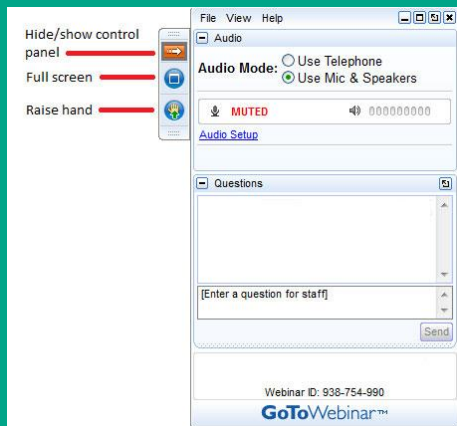
20th February 2018

Julia Graham and Paul Lowin



Any questions?

How to ask questions during this webinar:



The control panel minimises after a period of inactivity.

To maximise, click the orange show/hide button and type your question, then send.

What's changed? Risk context

Technological advancements. Disruptive innovations threatening core business models. Recurring natural disasters with catastrophic impact. Soaring equity markets. Turnover of leadership in key political positions. Potential changes in interest rates. Cyber breaches on a massive scale. Terrorism. Elections in Europe. Threats of nuclear engagement. A strong U.S. dollar. These and a host of other significant risk drivers are all contributing to the risk dialogue happening today in boardrooms and executive suites.

What's changed? Risk context

The five global risk megatrends

Ranking is a composite of the severity of impact and the ease of management



50.1

Regulatory/
geopolitical
uncertainty



40.7

New
technology



36.8

Strategy
challenges



33.8

Talent
optimization

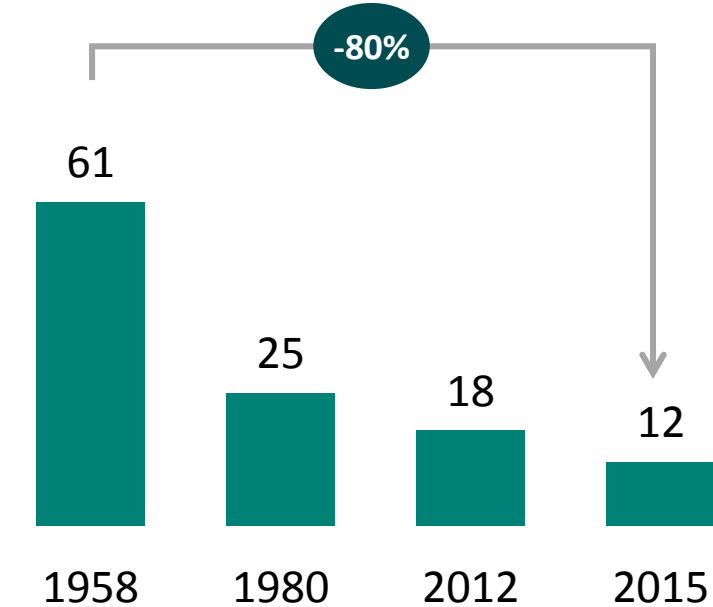


32.8

Operating
models

Overall score for risks by megatrend (score is a composite of the severity of impact of a risk on a business multiplied by the ease of its management)

A CHALLENGING business environment



Corporate lifespans shortening



Corporate debt doubled

New risk management priorities



Familiar risks

Emerging risks

- Restless curiosity
- Dependencies examination
- Human dimension



Prevention

Response

- Contingency planning
- Strategic agility
- Stewardship

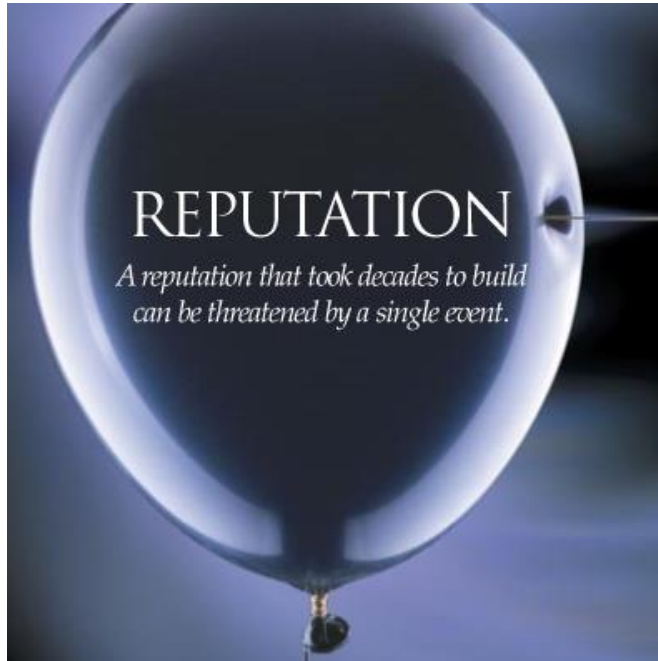
What's changed? Business Models

Branded businesses are leaders of fragmented Business Ecosystems

- Complex joint working – *who is responsible?*
- Opaque supply chains – *can I trust what I am buying?*
- Web-based technology – *who has my data and what are they using it for?*
- Brand franchising – *who am I trusting?*

Building and maintaining trust in a branded business is just as critical to the future success as money, people and know-how

Reputation is not just a PR exercise!



Is your culture fit for you corporate purpose and vision?

Will your people fulfil your brand promise in terms of doing business responsibly?

“Trust no one”

THE  TIMES

Public trust is more fluid than we allow, and Oxfam must win it back

Oxfam sex scandal: no more money for charity, say ministers



UK edition ▾
The Guardian

Shamed and fearful, Oxfam stumbles into the unknown

While the current spotlight is on the behaviour of charities and aid agencies, it is worth remembering that few segments of big business have got through recent years untouched by scandal, from vehicle emissions in the car industry to mis-selling by financial services to regular and shocking revelations about what food producers put in our mouths.

Why Edelman Studies Trust

In modern society, we delegate important aspects of our well-being to the four institutions of business (economic well-being), government (national security and public policy), media (information and knowledge) and NGOs (social causes and issues).

In order to feel safe delegating important aspects of our lives and well-being to others, we need to trust them to act with integrity and with our best interests in mind. Trust, therefore, is at the heart of an individual's relationship with an institution and, by association, its leadership.

If trust in these institutions diminishes, we begin to fear that we are no longer in safe, reliable hands. Without trust, the fabric of society can unravel to the detriment of all.

From an institutional standpoint, trust is a forward-looking metric. Unlike reputation, which is based on an organization's historical behavior, trust is a predictor of whether stakeholders will find you credible in the future, will embrace new innovations you introduce and will enthusiastically support or defend you.

For these reasons, trust is a valuable asset for all institutions, and ongoing trust-building activities should be one of the most important strategic priorities for every organization.



Global Report

Global Report



#TrustBarometer

2018 Edelman Trust Barometer

Methodology

Online Survey in 28 Markets

18 years of data

33,000+ respondents total

All fieldwork was conducted between
October 28 and November 20, 2017

28-market global data margin of error: General population +/- 0.6% (N=32,200), informed public +/- 1.2% (N=6,200), mass population +/- 0.6% (26,000+), half-sample global general online population +/- 0.8 (N=16,100).

Market-specific data margin of error: General population +/- 2.9 (N=1,150), informed public +/- 6.9% (N = min 200, varies by market, China and U.S. +/- 4.4% (N=500), mass population +/- 3.0 to 3.6 (N =min 740, varies by market).

General Online Population

7 years in 25+ markets

Ages 18+

1,150 respondents per market

All slides show general online
population data unless otherwise noted

Informed Public

10 years in 20+ markets

Represents 15% of total global
population

500 respondents in U.S. and China;
200 in all other markets

Must meet 4 criteria:

Ages 25-64

College educated

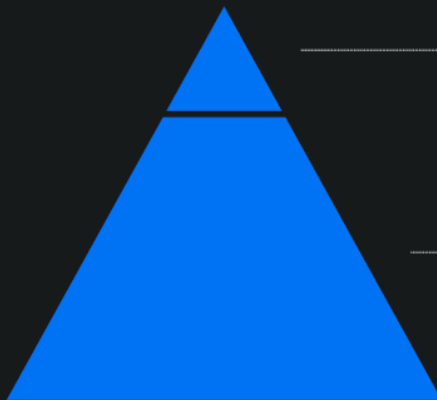
In top 25% of household income per
age group in each market

Report significant media consumption
and engagement in business news

Mass Population

All population not including informed public

Represents 85% of total global population



TRUST IN RETROSPECT

2015

TRUST IS ESSENTIAL TO INNOVATION

2014

BUSINESS TO LEAD THE DEBATE FOR CHANGE

2013

CRISIS OF LEADERSHIP

2012

FALL OF GOVERNMENT

2011

RISE OF AUTHORITY FIGURES

2010

TRUST IS NOW AN ESSENTIAL LINE OF BUSINESS

2009

BUSINESS MUST PARTNER WITH GOVERNMENT TO REGAIN TRUST

2008

YOUNG INFLUENCERS HAVE MORE TRUST IN BUSINESS

2007

BUSINESS MORE TRUSTED THAN GOVERNMENT AND MEDIA

2006

"A PERSON LIKE ME" EMERGES AS CREDIBLE SPOKESPERSON

2005

TRUST SHIFTS FROM "AUTHORITIES" TO PEERS

2004

U.S. COMPANIES IN EUROPE SUFFER TRUST DISCOUNT

2003

EARNED MEDIA MORE CREDIBLE THAN ADVERTISING

2002

FALL OF THE CELEBRITY CEO

2001

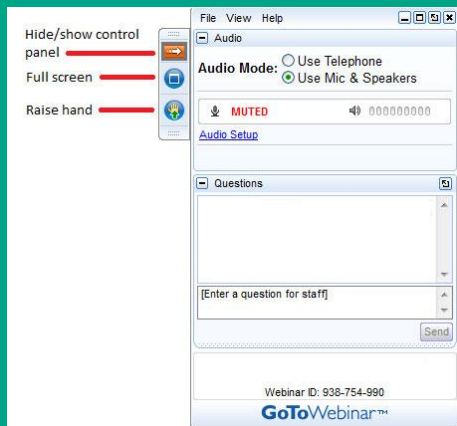
RISING INFLUENCE OF NGOS

Trust in Retrospect

2001	2002	2003	2004	2005	2006	2007	2008	2009
Rising Influence of NGOs	Fall of the Celebrity CEO	Earned Media More Credible Than Advertising	U.S. Companies in Europe Suffer Trust Discount	Trust Shifts from "Authorities" to Peers	"A Person Like Me" Emerges as Credible Spokesperson	Business More Trusted Than Government and Media	Young Influencers Have More Trust in Business	Business Must Partner with Government to Regain Trust
2010	2011	2012	2013	2014	2015	2016	2017	2018
Trust is Now an Essential Line of Business	Rise of Authority Figures	Fall of Government	Crisis of Leadership	Business to Lead the Debate for Change	Trust is Essential to Innovation	Growing Inequality of Trust	Trust in Crisis	The Battle for Truth

Any questions?

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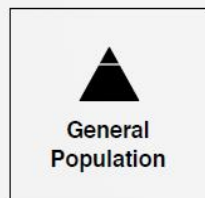
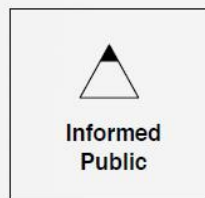
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A Polarization of Trust

No Recovery in Trust

Percent trust in each institution, and change from 2017 to 2018



Source: 2018 Edelman Trust Barometer. TRU_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) Informed Public and General Population, 28-market global total.

Trust Index A World of Distrust

Average trust in institutions,
general population, 2017 vs. 2018

Global Trust Index remains at distruster level

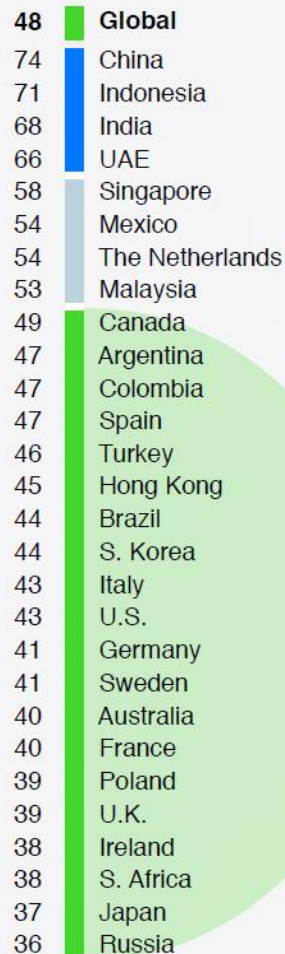
20 of 28 markets are distrusters, up 1 from 2017

Source: 2018 Edelman Trust Barometer.
The Trust Index is an average of a market's trust in the institutions
of government, business, media and NGOs. General population,
28-market global total.

▲ 2017
General Population



▲ 2018
General Population



Trust
(60-100)

Neutral
(50-59)

Distrust
(1-49)

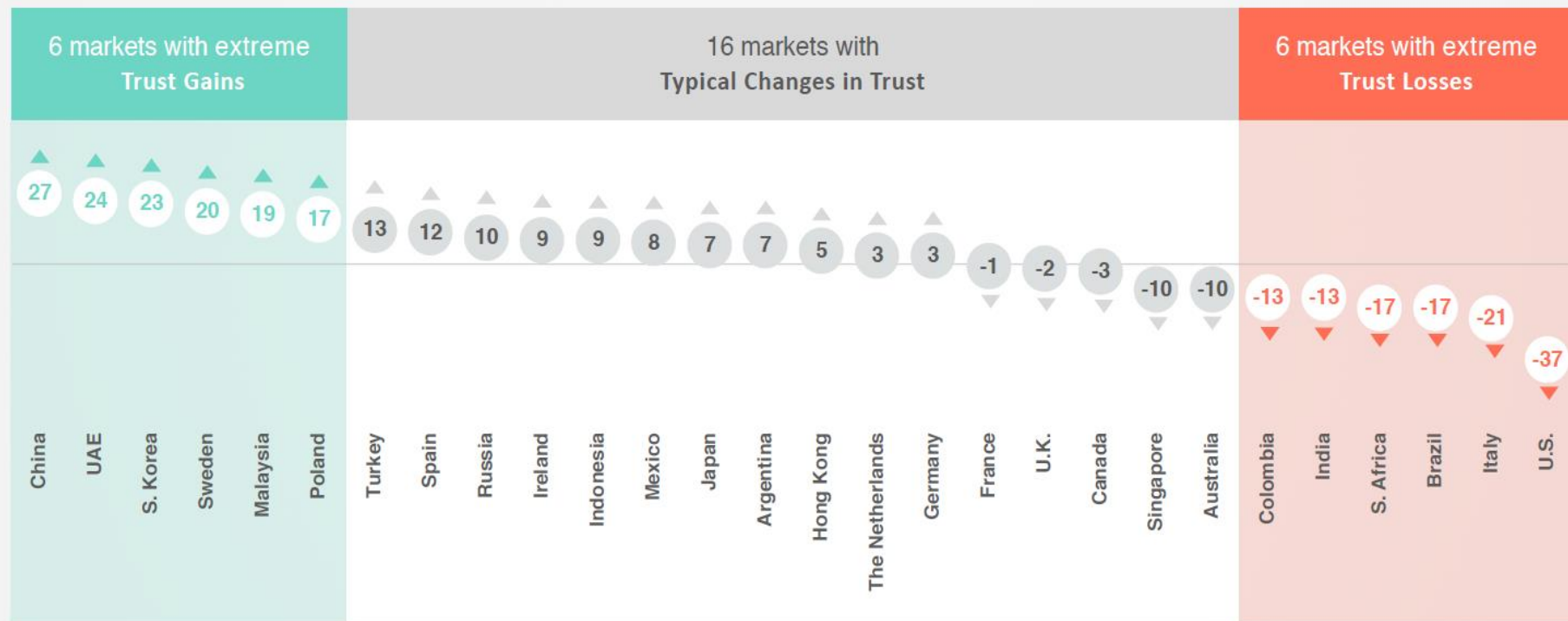
Biggest changes in



Trust decline in the U.S. is
the steepest ever measured

The Polarization of Trust

Aggregate percentage point change in trust in the four institutions, and change from 2017 to 2018



Source: 2018 Edelman Trust Barometer. Trust Volatility Measure. The net year-over-year (2017-2018) percentage point change across the four institutions (TRU_INS). General population, 28-market global total. For more details on how the Trust Volatility Measure was calculated, please refer to the Technical Appendix.



Trust Crash in U.S.

Percent trust in each institution, and change from 2017 to 2018

2017 2018

- 0 + Y-to-Y Change

45
TRUST
INDEX

△ Informed Public
23-point decrease
Fell from 6th to last place



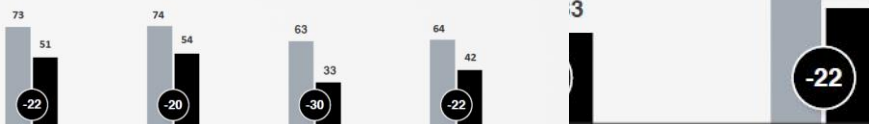
Trust Crash in U.S.

Percent trust in each institution, and change from 2017 to 2018

2017 2018
- 0 + Y-to-Y Change

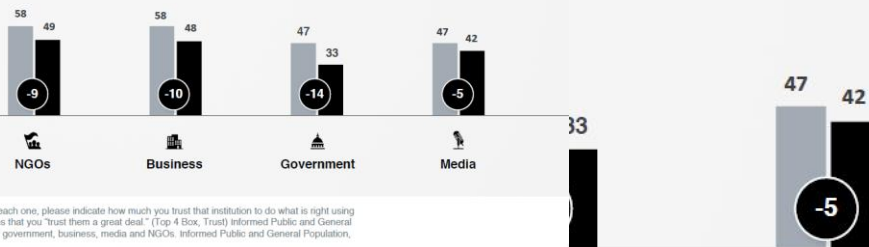
45
TRUST
INDEX

△ Informed Public
23-point decrease
Fell from 6th to last place



43
TRUST
INDEX

▲ General Population
9-point decrease
Fell from 8th to 18th place



Source: 2018 Edelman Trust Barometer. TRU_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) Informed Public and General Population, U.S. The Trust Index is an average of a market's trust in the institutions of government, business, media and NGOs. Informed Public and General Population, U.S.



NGOs



Business



Government



Media

Source: 2018 Edelman Trust Barometer. TRU_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) Informed Public and General Population, U.S. The Trust Index is an average of a market's trust in the institutions of government, business, media and NGOs. Informed Public and General Population, U.S.



Trust Crash in U.S.

Percent trust in each institution, and change from



▲ Informed Public
23-point decrease
Fell from 6th to last place



▲ General Population
9-point decrease
Fell from 8th to 18th place



Trust Crash in U.S.

Percent trust in each institution,



▲ Informed Public
23-point decrease
Fell from 6th to last place



▲ General Population
9-point decrease
Fell from 8th to 18th place

Source: 2018 Edelman Trust Barometer. TRU_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) Informed Public and General Population, U.S. The Trust Index is an average of a market's trust in the institutions of government, business, media and NGOs. Informed Public and General Population, U.S.



China Rising



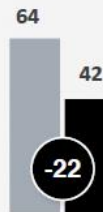
▲ Informed Public
4-point increase
Rose from 2nd to 1st place



▲ General Population
7-point increase
Rose from 3rd place to 1st place

2017 2018

Y-to-Y Change



Media

Source: 2018 Edelman Trust Barometer. TRU_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) Informed Public and General Population, U.S. The Trust Index is an average of a market's trust in the institutions of government, business, media and NGOs. Informed Public and General Population, U.S.

World Worried About Fake News as a Weapon

Percent who worry about false information or fake news being used as a weapon



Nearly

7 in 10

worry about false information or fake news being used as a weapon

Germany passes a law that fines social media companies for failing to delete fake news

Canadian Conservative leader's campaign manager roots out enemies using fake news

Pope criticizes spread of fake news

Singapore announces plans to introduce laws designed to fight fake news

Fake news disrupts elections in South Africa

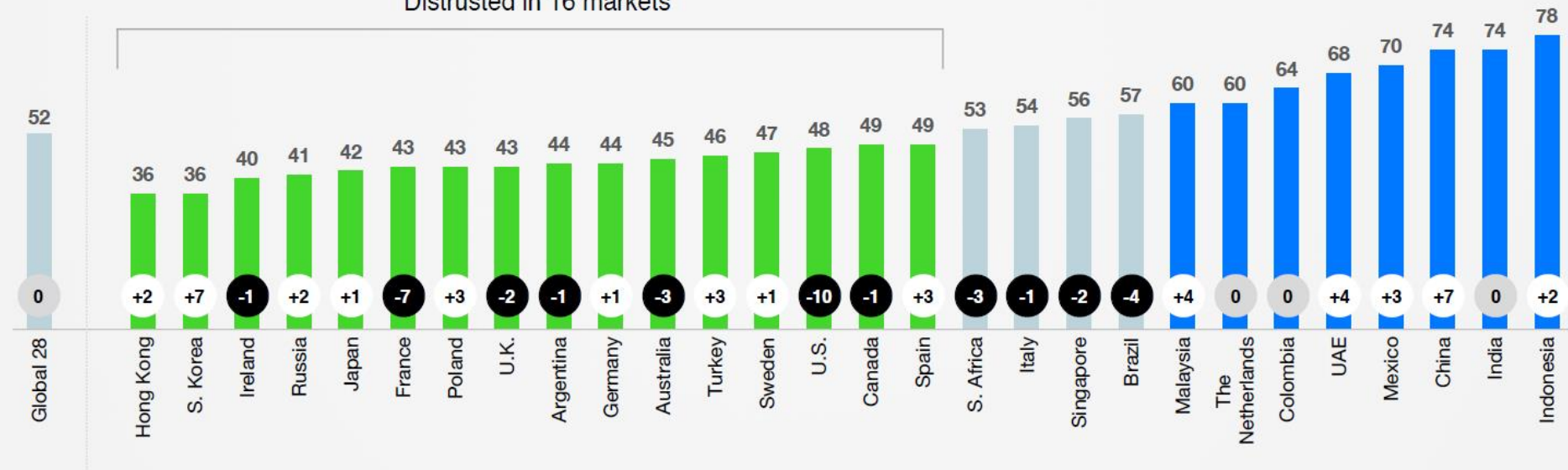
Source: 2018 Edelman Trust Barometer. ATT_MED_AGR. Below is a list of statements. For each one, please rate how much you agree or disagree with that statement using a nine-point scale where one means "strongly disagree" and nine means "strongly agree". (Top 4 Box, Agree), question asked of half of the sample. General population, 28-market global total.

Trust in Business Increases in 14 of 28 Markets

Percent trust in business, and change from 2017 to 2018

■ Distrust ■ Neutral ■ Trust
- 0 + Y-to-Y Change

Distrusted in 16 markets



Source: 2018 Edelman Trust Barometer. TRU_INS. [BUSINESS IN GENERAL] Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) General Population, 28-market global total.

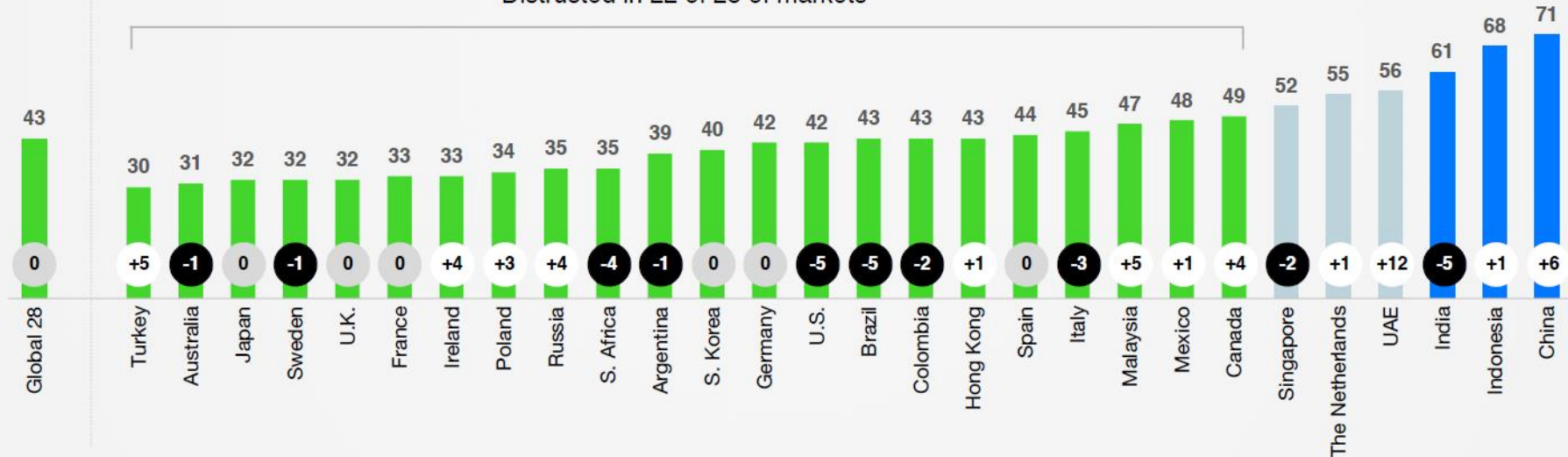
Media Now Least Trusted Institution

Percent trust in media, and change from 2017 to 2018

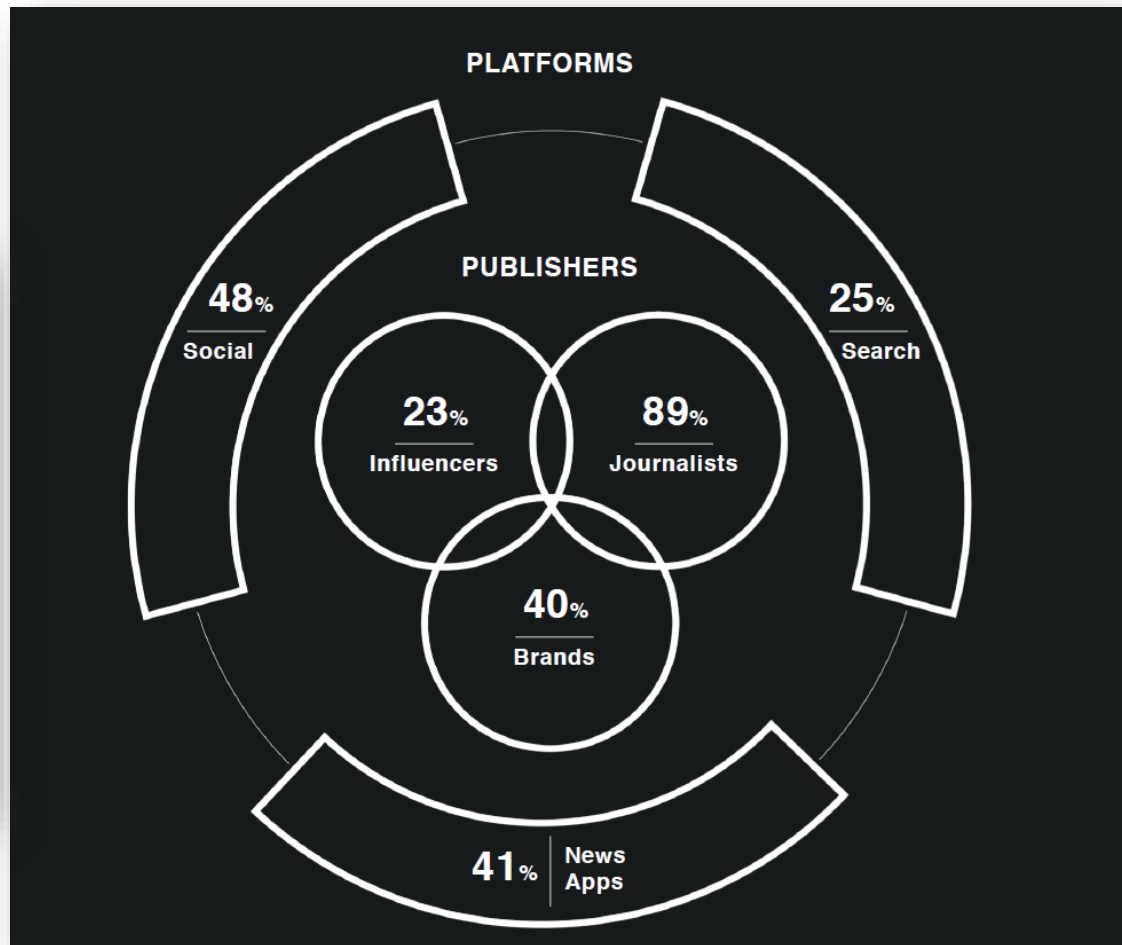
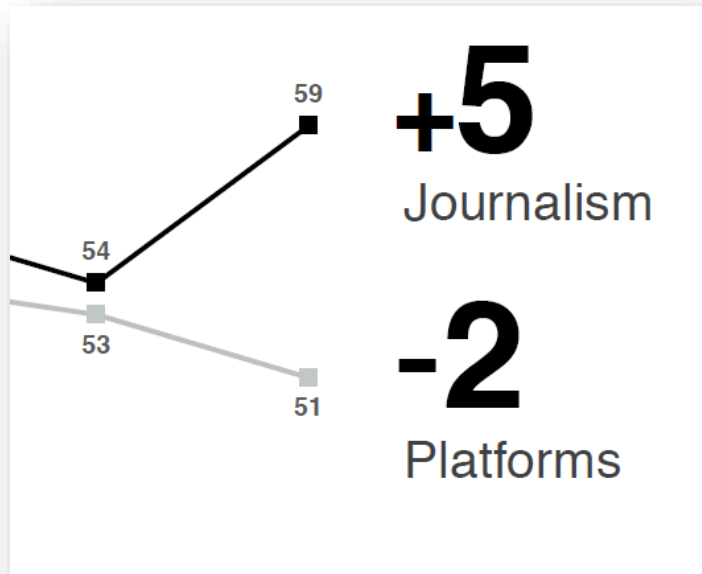
■ Distrust
 ■ Neutral
 ■ Trust

-
0
+
 Y-to-Y Change

Distrusted in 22 of 28 of markets



Source: 2018 Edelman Trust Barometer. TRU_INS. [MEDIA IN GENERAL] Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) General population, 28-market global total.



50%

The Disengaged

Consume news
less than weekly

25%

Consumers

Consume news
about weekly
or more

25%

Amplifiers

Consume news about
weekly or more AND
share or post content
several times a month
or more

Skeptical About News Organizations

Percent who agree that news
organizations are overly focused on ...

Attracting Large Audiences



66%

are more concerned
with attracting a big
audience than reporting

Breaking News



65%

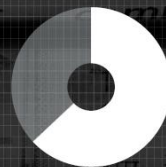
sacrifice accuracy to be
the first to break a story

Politics



59%

support an ideology vs.
informing the public



63%

The average person does not
know how to tell good journalism
from rumor or falsehoods



59%

It is becoming harder to tell if a
piece of news was produced by a
respected media organization

Lack of Confidence in Media Undermining Trust and Truth

Percent of respondents who feel they are experiencing these consequences as a result of media not fulfilling its responsibilities

Loss of Truth

I am not sure what is true and what is not

59%

Loss of Trust in Government Leaders

I do not know which politicians to trust

56%

Loss of Trust in Business

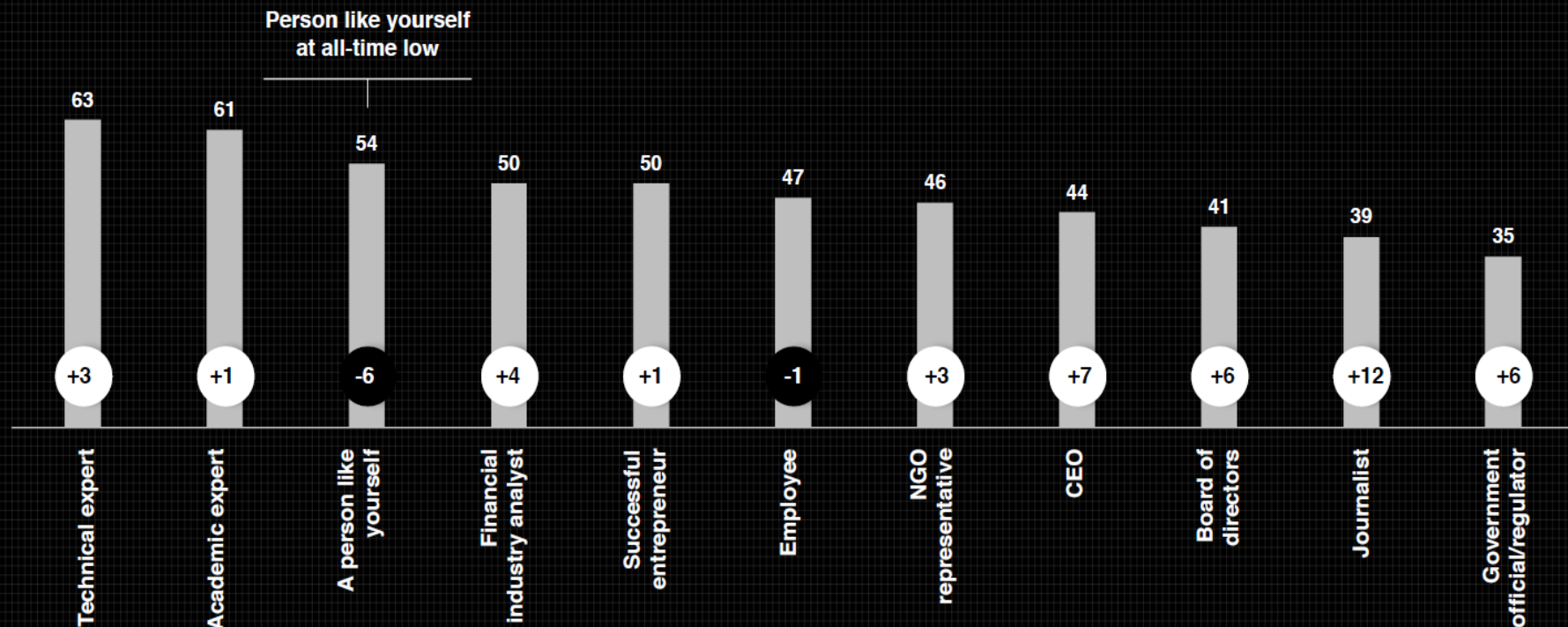
I don't know which companies or brands to trust

42%

Voices of Authority Regain Credibility

— 0 + Y-to-Y Change

Percent who rate each spokesperson as very/extremely credible, and change from 2017 to 2018



Source: 2018 Edelman Trust Barometer. CRE_PPL. Below is a list of people. In general, when forming an opinion of a company, if you heard information about a company from each person, how credible would the information be—extremely credible, very credible, somewhat credible, or not credible at all? (Top 2 Box, Very/Extremely Credible), question asked of half of the sample. General population, 28-market global total.

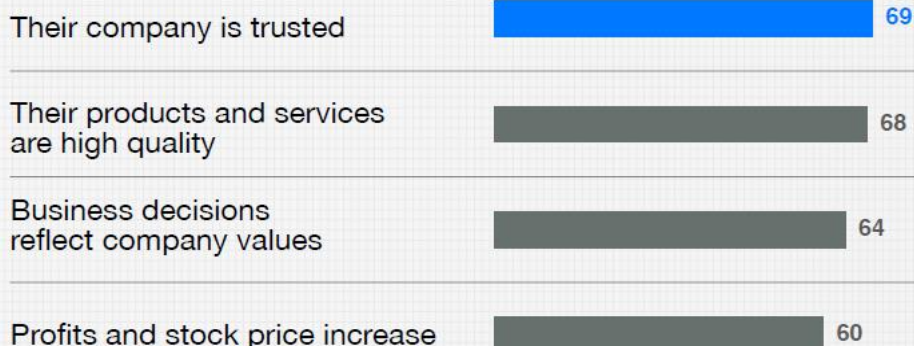
Business Is Expected to Lead

Percent who agree and percent who say each is one of the most important expectations they have for a CEO

Percent who say that CEOs should take the lead on change rather than waiting for government to impose it

64%

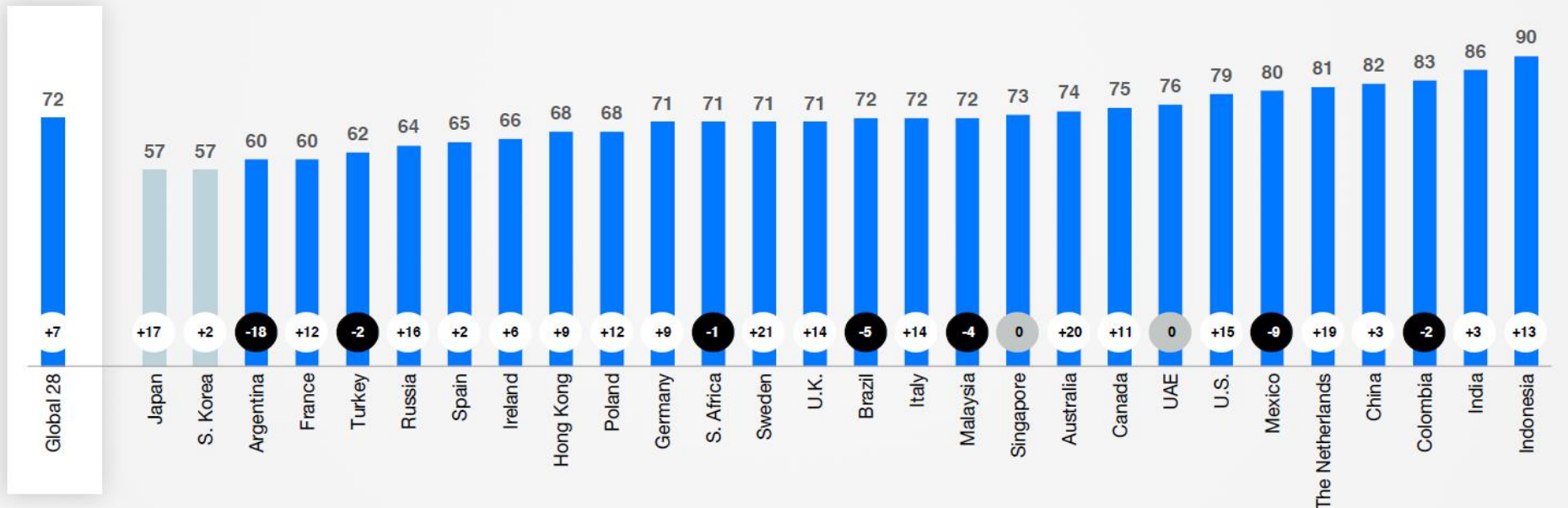
For CEOs, building trust is job one



Source: 2018 Edelman Trust Barometer. CEO_AGR. Thinking about CEOs, how strongly do you agree or disagree with the following statements? (Top 4 Box, Agree), question asked of half of the sample. CEO_EXP. Below is a list of potential expectations that you might have for a company CEO. Thinking about CEOs in general, whether they are global CEOs or a CEO who oversees a particular country, how would you characterize each using the following three-point scale? (Most important responsibility, code 3), question asked of half of the sample. General population, 28-market global total.

Employers Trusted Around the World

Percent trust in employer, and change from 2016 to 2018

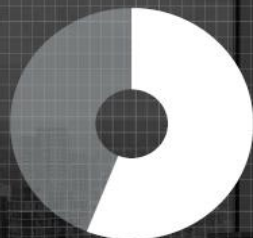


Source: 2018 Edelman Trust Barometer. TRU_INS. [YOUR EMPLOYER] Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) General population, 28-market global total.

Note: 2016 data was taken from Q525-526. Thinking about your own company and other companies in your industry, please indicate how much you trust each to do what is right using a 9-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal". (Top 4 Box, Trust), question asked of half of the sample. General population, 28-market global total.

Business Must Show Commitment to Long-Term

Percent who agree that ...



56%

Companies that only think about themselves and their profits are bound to fail



60%

CEOs are driven more by greed than a desire to make a positive difference in the world

Source: 2018 Edelman Trust Barometer. TMA_SIE_SHV. Please indicate how much you agree or disagree with the following statements. (Top 4 Box, Agree), question asked of half of the sample. CEO_AGR. Thinking about CEOs, how strongly do you agree or disagree with the following statements? (Top 4 Box, Agree), question asked of half of the sample. General population, 28-market global total.

Business Must Address Market Dynamics

Trust-building mandates for business in markets with extreme or typical trust changes

Markets with extreme Trust Gains Markets include China, UAE, South Korea	Markets with Typical Changes in Trust Markets include Russia, Mexico, U.K., Japan	Markets with extreme Trust Losses Markets include U.S., India, Colombia, Brazil
Invest in Jobs	Invest in Jobs	Guard Information Quality
Consumer Safety	Ensure Equal Opportunity	Consumer Safety
Improve Quality of Life	Safeguard Privacy	Safeguard Privacy
Ensure Competitive Workforce	Drive Economic Prosperity	Drive Economic Prosperity
Innovate	Provide for Future Generations	Innovate

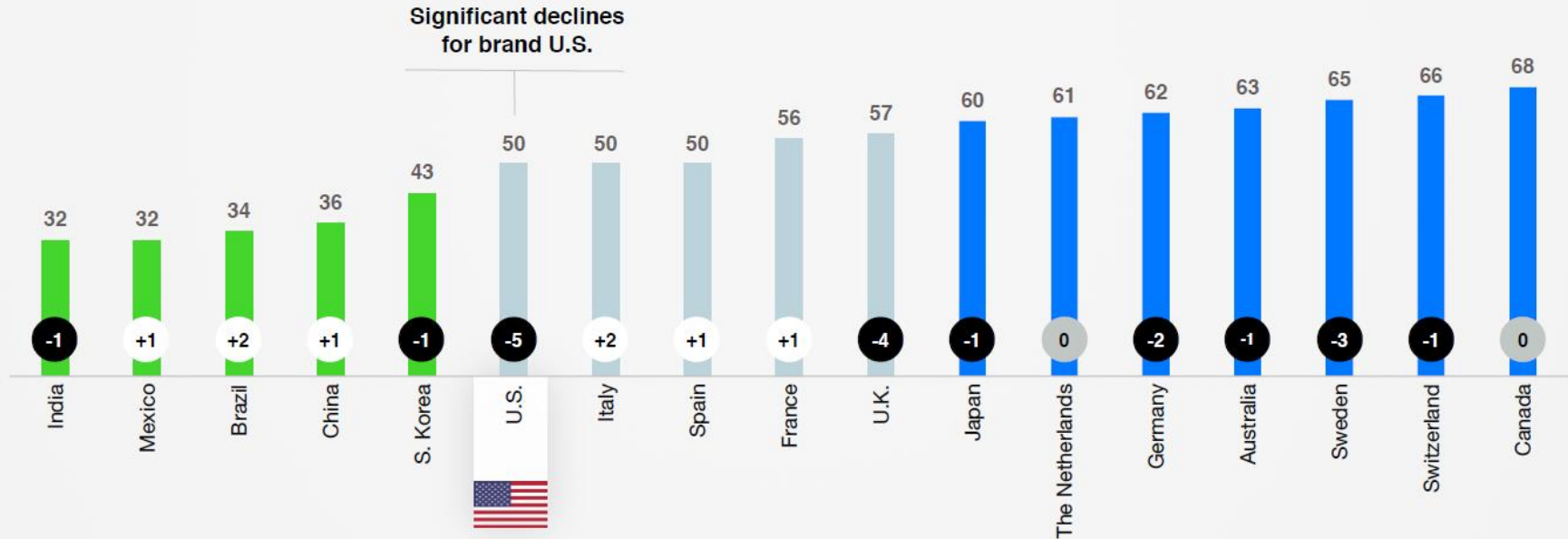
Source: 2018 Edelman Trust Barometer. Trust Volatility Measure. The net year-over-year (2017-2018) percentage point change across the four institutions (TRU_INS). General population, 28-market global total. Trust-building mandates Analysis. The most effective trust building mandates for each institution. Mandates not shown in rank order. INS_EXP_BUS. Below is a list of potential expectations or responsibilities that a social institution might have. Thinking about business in general, how would you characterize each using the following three-point scale. General population, 28-market global total. For more details on the Trust Volatility Measure and Trust Mandates Analysis, please refer to the Technical Appendix.

Trust Declines in Nine Country Brands

Trust in companies headquartered in each country, and change from 2017 to 2018

Distrust Neutral Trust

Y-to-Y Change

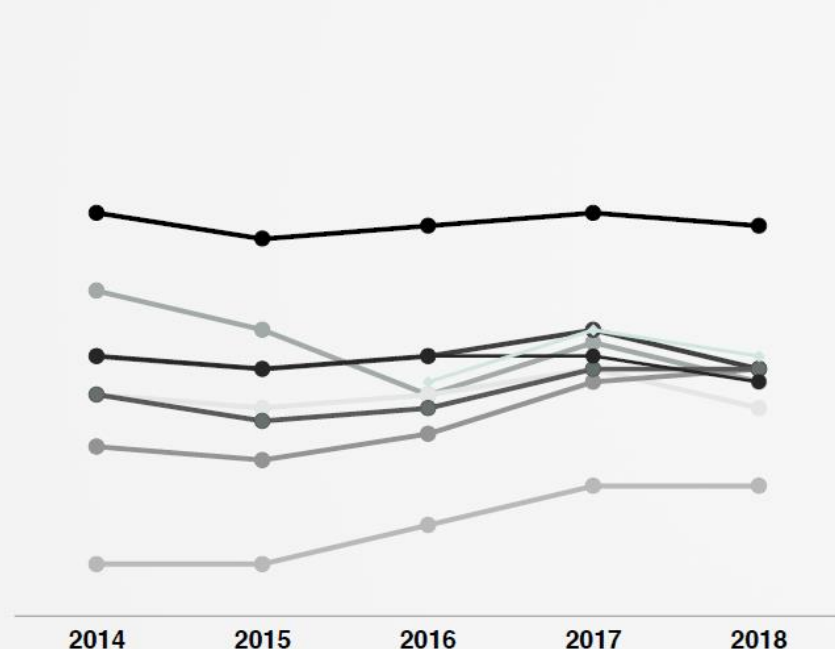


Trust in Industry Sectors, Five-Year Trends

Trust in each sector, and change from 2014 to 2018

■ Distrust
 ■ Neutral
 ■ Trust

- 0 + Change, 2014 to 2018



Industry	2014	2015	2016	2017	2018	5 yr. Trend
Technology	75%	73%	74%	75%	74%	-1
Health Care	-	-	62%	66%	64%	-
Energy	57%	56%	58%	62%	63%	+6
Food And Beverage	64%	63%	64%	66%	63%	-1
Telecommunications	61%	59%	60%	63%	63%	+2
Automotive	69%	66%	60%	65%	62%	-7
Entertainment	64%	63%	64%	64%	62%	-2
Consumer Packaged Goods	61%	60%	61%	63%	60%	-1
Financial Services	48%	48%	51%	54%	54%	+6

Source: 2018 Edelman Trust Barometer. TRU_IND. Please indicate how much you trust businesses in each of the following industries to do what is right. Again, please use the same 9-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal". (Top 4 Box, Trust), industries shown to half of the sample. General Population, 27-market global total.

What needs to be done?

Business must build resilience

- Collaborate to build capability
 - Across Functions and with trusted suppliers and partners
- Align behind corporate vision
 - Brand purpose, strategy and culture
- Understand corporate and brand reputations
 - Stakeholders, regions and markets
 - Competitors and best in class
- Track and respond to emerging issues
- Proactively prioritise stakeholder needs – stewardship
 - Threats & vulnerabilities
 - Opportunities & aspirations
- Close perception gaps
 - Communicate effectively internally and externally
- Prepare and respond to crises

- ✓ Ensure diversity across the organisation
- ✓ Promote employee risk awareness
- ✓ Embed culture of open communication
- ✓ Establish risk appetite and indicators

Veracity Index 2017

Ipsos MORI

November 2017

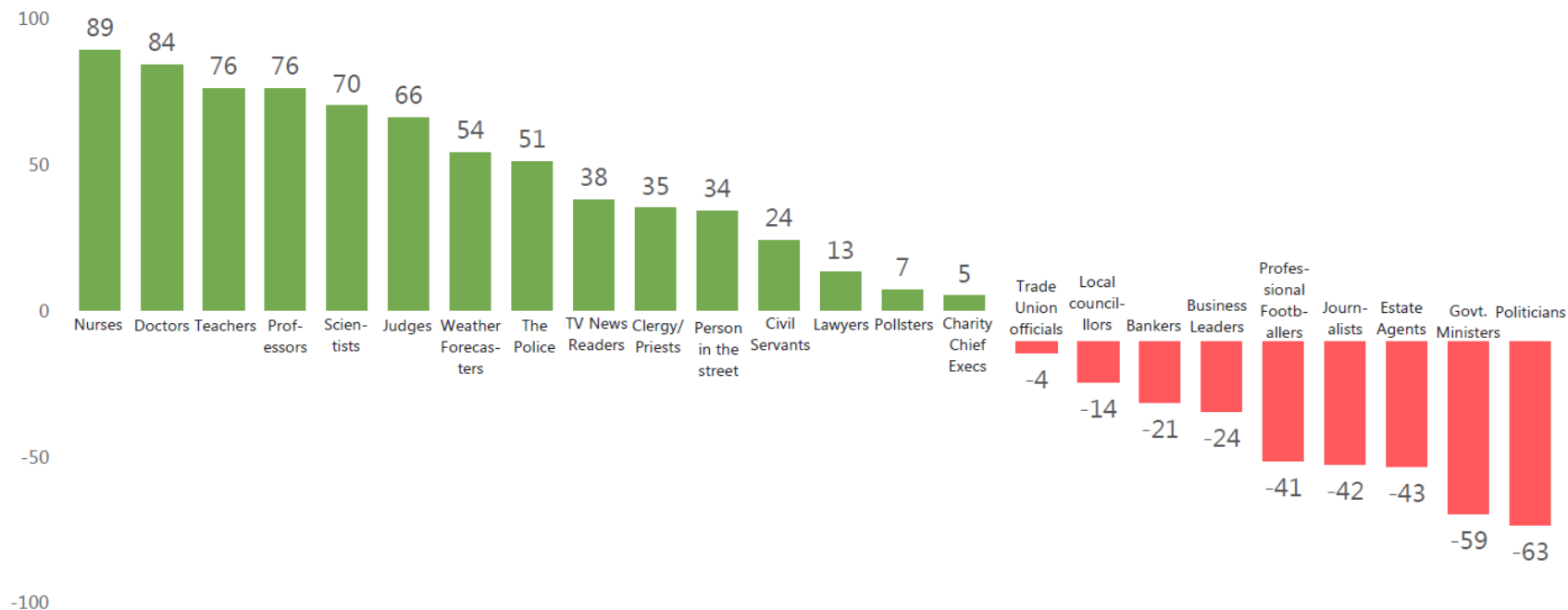
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Ipsos MORI
Social Research Institute

Net trust in professions

Net trust = % trust to tell the truth - % do not trust to tell the truth



Questions

Thank you