

Business Loses Mandate to Lead; Public Calls for Greater Government Regulation Around World

Trust in Business at 10-year Low in United States but High and Rising in BRIC Economies, 2009 Edelman Trust Barometer Finds

January 27, 2009, New York -- Nearly two-thirds of informed publics (62%) trust corporations less than they did a year ago, according to the 10th Edelman Trust Barometer, released today. When respondents in the United States were asked about trust in business in general, only 38% said they trust business to do what is right a 20 percent plunge since last year and only 17% said they trust information from a company's CEO. Both are lower levels of trust than those Edelman measured in the wakes of Enron, the dot-com bust, and Sept. 11.

"It has been a catastrophic year for business, well beyond the evident destruction in shareholder value and need for emergency government funding," said Richard Edelman, president and CEO, Edelman. "Our survey confirms that it's going to be harder to rebuild our economies because no institution has captured the trust that business has lost trust is not a zero-sum game. Business must recast its role in society and move beyond simply generating ROI to its shareholders. It must partner with government and other institutions to assume societal responsibilities." The Edelman Trust Barometers explores trust in four institutions: business, government, media, and NGOs.

This decline in trust also is playing out on Main Street. Seventy-seven percent (77%) said they refused to buy products or services from a company they distrusted the first time the survey explored people's direct actions toward trusted and distrusted companies. Seventy-two percent (72%) criticized a distrusted company to a friend or colleague.

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 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. Globally, the call for government intervention also extends to issues like energy costs, global warming, and access to affordable healthcare, as respondents, by at least a 2:1 margin, say government has the primary responsibility for solving these issues. But business must collaborate: Two-thirds (66%) expect business to partner with governments and advocacy groups to solve these issues.

In contrast to the lack of trust in the Western economies that have historically shaped the global agenda, trust in business in several emerging economies increased. In China, the "trust in business" score rose from 54% to 71% among 35-to-64-year-olds. In Brazil, trust in business climbed to 69% from 61% a year ago. And while trust in banking dropped by 33 percentage points in the United States, trust in banks rose from 72% to 84% in China,

and from 52% to 59% in Brazil.

“People in emerging economies credit business with improved standards of living, which remain at historically high levels. But this trust gain for business may now be at risk, as 79% of Japanese, 56% of Chinese, and 49% of Indian opinion leaders say they have growing concerns about business, and Korea, Mexico, and Brazil report new low levels of trust in CEOs as spokespeople,” said Mr. Edelman.

Respondents say being able to “trust a company” is one of the most important factors in determining a company's reputation. Among a global audience of 25-to-64-year-olds, trust ranks just below the quality of a company's products and its treatment of employees more important than a company's financial future, job creation, giving back to the community, and innovation in products and services. Transparency, defined as frequent and honest communication, also outranks those attributes.

Sixty percent (60%) said they need to hear information about a company three to five times before they believe it. Specialists remain the most trusted purveyors of information about a company, with 62% globally saying an academic or expert on a company's industry or issues would be extremely or very credible. Employees and peers are also considered credible sources of information about a company, with 47% trusting what they hear from “a person like yourself” and 40% trusting conversations they have with employees.

“To regain trust and re-earn the mantle of authority, business needs to make substantive shifts in both policy and communications,” said Mr. Edelman. “This means forging partnerships, effecting real change in business practices from executive compensation to supply chain, and communicating all with transparency. Without this type of public engagement, which fuels trust, it will be difficult for business to help rebuild the financial system or earn the license to innovate, much less operate.”

Other key findings of the 2009 Edelman Trust Barometer include:

Trust in nearly every type of news outlet and spokesperson is down from last year. Trust in business magazines and stock or industry analyst reports last year's leaders decreased from 57% to 44% and from 56% to 47%, respectively.

Globally, only 29% trust information about a company from a CEO down from 36% last year.

Only 13% trust corporate or product advertising down from last year's low of 20%.

In the U.K, France, and Germany, trust in business was already at a low level of 36% among our tracking audience of 35-64-year-olds and stayed there this year. The only EU countries where business made a notable gain in trust were the Netherlands and Sweden.

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 conducted 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.

About Edelman

Edelman is the world's leading independent public relations firm, with over 3,600 employees in 54 offices worldwide. Edelman was named PRWeek's "2008 Large Agency of the Year," Holmes Report's "2008 Global Agency of the Year," and listed as top-10 firm in Advertising Age's "2007 Agency A-List," the first and only PR firm to receive this recognition. In 2007, CEO Richard Edelman was honored as "Agency Executive of the Year" by Advertising Age, and he was cited in 2007 and 2008 as "Most Powerful PR Executive" by PRWeek. For more information about Edelman visit www.edelman.com.

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