2009 Edelman Trust Barometer

Brazil Findings

Brazilian-American Chamber of Commerce
May 19, 2009, New York
## Edelman Trust Barometer at a glance

<table>
<thead>
<tr>
<th>Tenth edition since 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,475 people in 20 countries on 5 continents</td>
</tr>
<tr>
<td>Ages 25 to 64</td>
</tr>
<tr>
<td>College-educated</td>
</tr>
<tr>
<td>In top 25% of household income per age group in each country</td>
</tr>
<tr>
<td>Report significant media consumption and engagement in business news and public policy</td>
</tr>
<tr>
<td>Brazil: N=200 aged 25-64 (N=150 aged 35-64, N=50 aged 25-34)</td>
</tr>
</tbody>
</table>
Agenda

1. The State of Trust Globally
2. The State of Trust in Brazil
3. Lack of Trust Triggers Call for Government Intervention
4. Who Can We Trust?
5. The Business Case for Trust
6. Rebuilding Trust
A decade of insights from the Edelman Trust Barometer

- **2001**: Rising Influence of NGOs
- **2002**: Fall of the celebrity CEO
- **2003**: Earned media more credible than advertising
- **2004**: U.S. companies in Europe suffer trust discount
- **2005**: Trust shifts from “authorities” to peers
- **2006**: “A person like me” is most credible spokesperson
- **2007**: Business more trusted than government and media
- **2008**: Young influencers have more trust in business
### Brazilians over the years…

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Lead global trust in newspaper article coverage</td>
</tr>
<tr>
<td>2005</td>
<td>Trusted business more than government, media and NGOs</td>
</tr>
<tr>
<td>2006</td>
<td>Elected “A person like me” as the most credible spokesperson</td>
</tr>
<tr>
<td>2007</td>
<td>Represented the most demanding population</td>
</tr>
<tr>
<td>2008</td>
<td>For the first time trust in the media was highest</td>
</tr>
</tbody>
</table>
What a difference a year-and-a-half makes
2008: A year unlike any other

Dow Jones Industrial Average: Jan 1, 2008 – Dec 15, 2008
“Every financial system depends on trust... We are in a full-blown crisis because investors and financial managers—the people who run banks, investment banks, hedge funds, insurance companies—have lost that trust.”

– Robert J. Samuelson, *Newsweek*
In U.S., trust in business at lowest level, including post-Enron

A10. [Business in general TRACKING] I am going to read you a list of institutions. For each one, please tell me how much you TRUST that institution to do what is right. Please use 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) Informed publics 35-64 in the United States and UK/France/Germany
A10. Business in General [TRACKING] I am going to read you a list of institutions. For each one, please tell me how much you TRUST that institution to do what is right. Please use 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) Informed Publics 35-64 in the US
Trust in business is country-specific; highest drop in trust was in US

% who trust business to do what is right

A10. [Business in general TRACKING] I am going to read you a list of institutions. For each one, please tell me how much you TRUST that institution to do what is right. Please use 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) Informed publics 35-64 (global 18 countries, excluding Australia, Indonesia)
A60 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? (Bottom 2 Box: Trust less) 25-64 Informed publics in 20 countries
### Brazilians’ trust in companies headquartered in specific countries

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>86%</td>
<td>81%</td>
</tr>
<tr>
<td>Sweden</td>
<td>85%</td>
<td>77%</td>
</tr>
<tr>
<td>UK</td>
<td>77%</td>
<td>77%</td>
</tr>
<tr>
<td>France</td>
<td>76%</td>
<td>77%</td>
</tr>
<tr>
<td>Canada</td>
<td>77%</td>
<td>76%</td>
</tr>
<tr>
<td>Italy</td>
<td>71%</td>
<td>79%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>67%</td>
<td>73%</td>
</tr>
<tr>
<td>Spain</td>
<td>77%</td>
<td>66%</td>
</tr>
<tr>
<td>US</td>
<td>65%</td>
<td>64%</td>
</tr>
<tr>
<td>Ireland</td>
<td>53%</td>
<td>53%</td>
</tr>
<tr>
<td>China</td>
<td>33%</td>
<td>44%</td>
</tr>
<tr>
<td>Russia</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>Poland</td>
<td>39%</td>
<td>35%</td>
</tr>
</tbody>
</table>

A12-24. [TRACKING] Now I would like to focus on global companies headquartered in specific countries. Please tell me how much you TRUST global companies headquartered in the following countries to do what is right. Use the same 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) Informed publics ages 35-64 in Brazil
Business still more trusted than government in 13 of 20 countries

A 8, 10. [Government in general, business in general TRACKING] I am going to read you a list of institutions. For each one, please tell me how much you TRUST that institution to do what is right. Please use 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) Informed publics 35-64 (global 20 countries, including Australia, Indonesia)
Iconic U.S. businesses more trusted in Brazil than in U.S. (Coca-Cola excepted); less trusted in UK/France/Germany

U.S.

UK/France/Germany

Brazil

A38-59. [TRACKING] I am going to read you a list of organizations and companies. For each one, please tell me how much you TRUST that company or organization to do what is right. This time, please use 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) Informed publics ages 25-64 in each country.
U.S. companies are less trusted than British companies, even among Americans

Trust in U.S. Companies

Trust in British Companies

A12-24. [Tracking] Now I would like to focus on global companies headquartered in specific countries. Please tell me how much you TRUST global companies headquartered in the following countries to do what is right. 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) Informed publics ages 35-64 in each country.
Brazil has higher trust in all institutions, except government, compared to the Global Total

% who trust each institution

<table>
<thead>
<tr>
<th></th>
<th>NGOs</th>
<th>Business</th>
<th>Media</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Total</td>
<td>54%</td>
<td>50%</td>
<td>47%</td>
<td>43%</td>
</tr>
<tr>
<td>BRIC</td>
<td>63%</td>
<td>57%</td>
<td>55%</td>
<td>67%</td>
</tr>
<tr>
<td>Brazil</td>
<td>62%</td>
<td>67%</td>
<td>60%</td>
<td>43%</td>
</tr>
</tbody>
</table>

A8-11. [TRACKING] I am going to read you a list of institutions. For each one, please tell me how much you TRUST that institution to do what is right. Please use 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." The higher the number, the more you TRUST them to do what is right. (Top 4 Box) Informed publics 25-64 (global 20 countries)
Technology remains most trusted industry sector globally

Brazil has more trust than rest of the world in all industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Top 4 Box</th>
<th>BRIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>76%</td>
<td>84%</td>
</tr>
<tr>
<td>Biotech/life sciences</td>
<td>66%</td>
<td>69%</td>
</tr>
<tr>
<td>Automotive</td>
<td>58%</td>
<td>71%</td>
</tr>
<tr>
<td>Health care industry</td>
<td>57%</td>
<td>57%</td>
</tr>
<tr>
<td>Retail</td>
<td>56%</td>
<td>64%</td>
</tr>
<tr>
<td>Food</td>
<td>56%</td>
<td>64%</td>
</tr>
<tr>
<td>Energy</td>
<td>55%</td>
<td>72%</td>
</tr>
<tr>
<td>CPG manufacturers</td>
<td>55%</td>
<td>61%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>54%</td>
<td>61%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>51%</td>
<td>61%</td>
</tr>
<tr>
<td>Banks</td>
<td>46%</td>
<td>65%</td>
</tr>
<tr>
<td>Media companies</td>
<td>43%</td>
<td>56%</td>
</tr>
<tr>
<td>Insurance</td>
<td>40%</td>
<td>58%</td>
</tr>
</tbody>
</table>

A25-37. [TRACKING] Now I would like to focus on your trust in different industry sectors. Please tell me how much you TRUST businesses in each of the following industries to do what is right. Again, please use 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) Informed Publics 35-64 in Global Total 20 countries and BRIC
“Madoff has sown the seeds of suspicion everywhere. He has caused us to doubt men and women with whom we have done business with for years. There is no way of knowing if someone is a con artist. The presumption of trust is gone.”

– Nicholas Von Hoffman, The Nation
Trust in government and business in Brazil had notable increases this year.

% who trust each institution

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGOs</td>
<td>56%</td>
<td>62%</td>
</tr>
<tr>
<td>Business</td>
<td>59%</td>
<td>67%</td>
</tr>
<tr>
<td>Media</td>
<td>56%</td>
<td>60%</td>
</tr>
<tr>
<td>Government</td>
<td>20%</td>
<td>43%</td>
</tr>
</tbody>
</table>

A8-11. [TRACKING] I am going to read you a list of institutions. For each one, please tell me how much you TRUST that institution to do what is right. Please use 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." The higher the number, the more you TRUST them to do what is right. (Top 4 Box) Informed publics ages 25-64 in Brazil.
In Brazil, trust in many industries declined. However, trust in Banks increased.

A25-37. [TRACKING] Now I would like to focus on your trust in different industry sectors. Please tell me how much you TRUST businesses in each of the following industries to do what is right. Again, please use 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) Informed publics ages 25-64 in Brazil
Lack of Trust Triggers Call for Government Intervention

“...our problem is not just a deficit of dollars. It’s a deficit of accountability...a deficit of trust.”

– Barack Obama
By 4:1 margin in Brazil and in BRIC, informed publics agree that government should impose stricter regulations and greater control over business across all industries.

**BRIC**
- Agree, 69%
- Disagree, 17%
- Neither agree nor disagree, 14%
- Don’t know, 1%

**Brazil**
- Agree, 71%
- Disagree, 15%
- Neither agree nor disagree, 12%
- Don’t know, 3%

F146. The recent credit crisis and government bail-outs have led to debates on how much governments should intervene to regulate industry or nationalize companies to restore public trust. Please tell me how strongly you agree or disagree that your government should in the future impose stricter regulations and greater control over business across all industry sectors. (Informed Publics 25-64 in Brazil and BRIC)
Four Global Issues: Who Is Responsible for Causing and Solving?

- Financial Credit Crisis
- Energy Costs
- Global Warming
- Access to Affordable Healthcare
Government and business share responsibility for causing global issues

Brazil places more blame than the rest of BRIC on Business for causing global warming, but overall government and business share responsibility for causing global issues.
Government held most responsible for solving these issues

Brazil assigns more responsibility to government for solving global issues

- **Government and regulators**
- **Businesses**
- **NGO**

### Reducing Energy Costs
- **BRIC**: 55%
- **Brazil**: 35%

### Financial Credit Crisis
- **BRIC**: 62%
- **Brazil**: 49%

### Global Warming
- **BRIC**: 47%
- **Brazil**: 23%

### Affordable Healthcare
- **BRIC**: 71%
- **Brazil**: 55%

E138. And which ONE entity do you think should be MOST responsible for (solving each global issue)? Informed Publics 25-64 in BRIC and Brazil.
Business has lost ability to lead unilaterally: Must partner with others to solve global issues

Over 80% of Brazilians believe Business should partner with others to solve global issues

E139. Thinking about the role that business should play in helping to solve global issues such as energy costs, the financial credit crisis, global warming, or access to affordable healthcare, which of these following three statements is closest to your view? Business has to partner with governments and advocacy groups to solve these global issues, it cannot do it alone; OR Business should focus on what they themselves can do on these global issues, whether or not governments or others partner with them; OR Business should not play a part in helping to solve these global issues (Informed publics 25-64 in 20 countries)
Who Can We Trust?
Trust in Information Sources and Spokespeople Declines Across the Board

“Under the circumstances, I am tendering my resignation....I am now prepared to subject myself to the laws of the land and face the consequences thereof.”

– Ramalinga Raju, former chairman, Satyam Computers
Live CEO speeches are most credible sources of company information among both age groups.

Social networking sites (such as Myspace or Facebook)
Personal or non-business blogs or bulletin boards
Free content sources such as Wikipedia or web portals
Business Blogs
Internet search engines e.g. Google news, Yahoo news
Corporate communications such as press releases, reports, and emails
Corporate or product advertising
A company’s own Web site
Conversations with your friends and peers
News coverage on the radio
Television news coverage
Articles in business magazines
Articles in newspapers
Stock or industry analyst reports
Live communication such as a speech or interview from a company’s senior management
Conversations with company employees

C95-110. [TRACKING] Now I’m going to read you a list of places where you might get information about a company. Please tell me how credible you believe each one of them is as a source of information about the company—is it extremely credible, very credible, somewhat credible, or not credible at all? TOP 2 BOX Informed Publics 25-34 and 35-64 in Brazil.
Perceived credibility of all traditional media as sources of information about a company declines in Brazil

Informed publics age 25-64

C95-98,103. [TRACKING] Now I’m going to read you a list of places where you might get information about a company. Please tell me how credible you believe each one of them is as a source of information about the company—is it extremely credible, very credible, somewhat credible, or not credible at all? (Top 2 Box), Informed Publics ages 25-64 in Brazil
Corporate communications such as press releases, reports and emails: 52% in 2008, 23% in 2009
A company’s own Web site: 54% in 2008, 27% in 2009
Corporate or product advertising: 43% in 2008, 21% in 2009
Perceived credibility of digital media as sources of information about a company declines in Brazil

Informed publics age 25-64

Free content sources, such as wikipedia or webportals

- 2008: 53%
- 2009: 23%

Social networking sites such as Myspace or Facebook

- 2008: 31%
- 2009: 15%

C95-98,103. [TRACKING] Now I’m going to read you a list of places where you might get information about a company. Please tell me how credible you believe each one of them is as a source of information about the company—is it extremely credible, very credible, somewhat credible, or not credible at all? (Top 2 Box), Informed Publics ages 25-64 in Brazil
A person like yourself is most trusted spokesperson in Brazil
Younger informed publics find all spokespeople, except a financial analyst, more credible

C95-110. [TRACKING] Now I’m going to read you a list of places where you might get information about a company. Please tell me how credible you believe each one of them is as a source of information about the company—is it extremely credible, very credible, somewhat credible, or not credible at all? TOP 2 BOX Informed Publics 25-34 and 35-64 in Brazil
Perceived credibility of academics/experts as spokespeople for companies increased in Brazil while credibility of other sources declined

Informed publics age 25-64

D112-118. [TRACKING] Now I’m going to read you a list of people. In general, when forming an opinion of a company, if you heard information about a company from that person, how credible would the information be—extremely credible, very credible, somewhat credible, or not credible at all? (Top 2 Box) Informed Publics 25-64 in Brazil
Informed publics need information from multiple sources, multiple voices
And need to hear it only 2-3 times to believe it

61% 2-3 times total

C111. 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. (3-5 times) 25-64 Informed Publics in Brazil
The Business Case for Trust
Reputation, Sales, and License to Operate Driven by Trust and Transparency

“Trust is the cornerstone for the survival of an enterprise and a society.”

– China Daily
In Brazil, “hard” assets like product quality and “soft” assets like trust are all important to corporate reputation.

- Is a company that treats its employees well: 98%
- Offers high quality products or services: 97%
- Has a strong commitment to protect the environment: 96%
- Creates and keeps jobs in your area: 96%
- Is an innovator of new products, services or ideas: 95%
- Is a company I trust: 95%
- Gives value for money: 94%
- Has senior leadership that can be trusted: 94%
- Stays within the spirit and the letter of the law in Brazil: 94%
- Commits time, money and resources to the greater public good: 94%
- Communicates frequently and honestly on the state of its business: 94%
- Has a strong financial future: 94%

B62-73. When you think of good and responsible companies, how important is 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 4 Box) Informed Publics ages 25-64 in Brazil
Through personal action, trust has tangible benefits

<table>
<thead>
<tr>
<th>Action</th>
<th>Trusted (%)</th>
<th>Distrusted (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refused to buy their products/services</td>
<td>77%</td>
<td>91%</td>
</tr>
<tr>
<td>Criticized them to a friend or colleague</td>
<td>72%</td>
<td>84%</td>
</tr>
<tr>
<td>Paid a premium for their products/services</td>
<td>34%</td>
<td>55%</td>
</tr>
<tr>
<td>Shared negative company opinions/experiences online</td>
<td>17%</td>
<td>38%</td>
</tr>
<tr>
<td>Sold shares</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>Recommended them to a friend or colleague</td>
<td>76%</td>
<td>48%</td>
</tr>
<tr>
<td>Shared positive company opinions/experiences online</td>
<td>42%</td>
<td>48%</td>
</tr>
<tr>
<td>Bought shares</td>
<td>91%</td>
<td>88%</td>
</tr>
</tbody>
</table>

B74-78 Thinking back over the past 12 months, have you taken any of the following actions in relation to companies that you trust? Please answer yes or no to each action.

B79-82. Still thinking about the past 12 months, have you taken any of the following actions in relation to companies that you do not trust? Please answer yes or no to each action. Informed publics ages 25-64 in 20 countries, Brazil and BRIC.
"I understand your disappointment, your anger. This situation is perfectly unacceptable."

– Daniel Bouton, former CEO of Société Générale
What We Have Learned

- Diminished trust impedes business license to operate
- Regulation ≠ abdication
- A public company serves shareholders and society
- Partnership is the solution
Public Engagement: A Strategy for Changing Policy and Communication

Private Sector Diplomacy

Mutual Social Responsibility

Shared Sacrifice

Continuous Conversation
Private Sector Diplomacy

Shape policy on world’s most pressing problems, including ones that don’t concern company’s industry

Partner with government, NGOs to drive decision-making and set strategy on major societal issues

“…Come together—government, NGOs and business—in new approach to solving big problems facing our country. …This can work.”

– H. Lee Scott, Jr.,
Former President and CEO, Wal-Mart
Mutual Social Responsibility

Benefit society and the bottom line

Integrate approaches to societal problems into products and services

Involve employees and customers in decisions and actions about company’s social responsibility

Starbucks invites customers to partner as a force for good
Shared Sacrifice

Set collaborative tone for company: we’re all in this together

Equitable compensation (executive pay cuts, bonus forfeiting) sends powerful message

Communicate with employees, welcome their voices

“In order to restore trust, we’ve got to make certain that taxpayer funds are not subsidizing excessive compensation packages. We all need to take responsibility, and this includes executives at major financial firms who turned to the American people, hat in hand, when they were in trouble.”

– Barack Obama, February 4, 2009
Continuous Conversation

Be agile and “of the moment”

Inform, don’t control the conversation

Say... then do as you say

Johnson & Johnson among first companies to join public conversation on health
Questions?

Private Sector Diplomacy  
Mutual Social Responsibility

Shared Sacrifice  
Continuous Conversation