



TRUST IN AUSTRALIAN BUSINESS PLUMMETS 50 PER CENT; WEB INCREASES AS A MORE TRUSTED MEDIA SOURCE AT EXPENSE OF TELEVISION AND RADIO

Third annual Edelman Australia Stakeholder Study also reveals increased focus on “tangible action” as corporate reputation driver

Sydney -- September 20, 2007 -- An annual study of business stakeholders in Australia shows a drop of 50 per cent in levels of trust for business.

Over the past 12 months, the number of opinion leaders identifying corporate Australia as ‘being trusted to do what is right’ decreased 50 per cent from 24 per cent to 11 per cent of respondents.

“While the last 12 months has had a relative absence of large corporate scandals compared to recent years, business’ role in the broader operating environment and its affect on other stakeholders received continued attention. This dramatic drop in trust in business needs to seen against the spate of product recalls in the past year, high levels of corporate profit, executive pay trends and the ongoing debate about employee rights and the role business should play in education, natural resources management and workplace changes,” said Asia-Pacific Edelman President, Alan VanderMolen.

“Australian opinion leaders want less talk and more action from institutions, in particular business. Across the board, the study is showing an increase in stakeholder expectations of institutions,” he said.

The study, *Edelman Stakeholder Study: Trust at the Crossroads in Australia*, which is part of global public relations firm, Edelman’s annual Asia Pacific Stakeholder Study conducted by Harris Interactive Inc., examines the opinions of 140 opinion leaders including senior government representatives, institutional investors, senior business executives, media, high net-worth individuals and heads of NGOs and trade associations.

The Changing Media Landscape

When asked which media do you turn to first for trustworthy information, respondents again nominated newspapers as first (53% up from 49% in 2006). Web-based media continues to grow as the second choice for trusted information (34% up from 29%). However, both radio and television declined as sources of information (radio 8% down from 12 % and television 6% down from 10%).

“Newspapers still reign supreme in Australia as a trusted source of information for opinion leaders. However, online media is closing the gap year on year,” VanderMolen said.

“The democratisation of media online is changing the way people view its information – people are more trusting of their ability to cross-check facts from various online sources and find what they perceive is the truth,” Mr Vandermolen explained.

Drivers of business reputation in Australia

Opinion leaders ranked product quality (29% in '07 up from 14% in '06) and after sales service (28% up from 5%) as the ‘stand out’ characteristics of Australian companies ahead of profit, leadership and integrity for the first time.



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“Stakeholders want business to demonstrate the tangible ways it makes a difference to customers,” Mr VanderMolen said.

According to study respondents, the characteristics of a ‘good and responsible’ Australian corporation included, in order of priority; senior leadership that can be trusted (93%), stand behind its products and services (92%), operate with transparency (85%), and offers quality products and services (84%).

“The study shows that stakeholders’ expectations of business have risen. Higher scores across the board show that opinion leaders want business to do more in all areas,” Mr VanderMolen added.

“Another telling example is stakeholders’ desire for business to take action on climate change with 92 per cent believing business ‘can do more’ to reduce its impact. Addressing climate change makes good business sense with 79 per cent of respondents saying they will pay more for products or services from a company that publicly commits to climate change,” Mr VanderMolen said.

Ends.

About the Edelman Study – ‘Edelman Stakeholder Study: Trust at the Crossroads in Australia’

This was Edelman’s fifth annual Asia Pacific Stakeholder Research study, the third year with qualitative data from Australia, conducted in partnership with Harris Interactive Inc., one of the world’s leading research houses. The research objective was to understand which factors are most important to stakeholders when corporations build relationships with them.

Within this, the research examined:

- Trust in Asia Pacific institutions and information sources
- The drivers of stakeholder opinions
- The drivers of responsible corporate behaviour / Corporate Social Responsibility

The regional respondents represented six different stakeholder groups, including:

- Senior business executives: C-Suite executive decision makers
- Institutional investors
- Government officials: Mid-range officials or above, such as senior officers and senior executive officers
- Media: Senior Business Editors/Reporters/Journalists and Producers
- NGOs/trade associations: Managers or above working in institutions, charity organizations, industry associations and/or trade associations
- Up-scale consumers: Middle to upper class consumers with buying power; work in multi-national corporations and large corporations

About Edelman

Edelman helps build the world's leading companies and brands by understanding and mastering the "Relationship Imperative". As the world's largest independent public relations firm, Edelman has some 2,800 professionals in 49 offices.

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