



MEDIA RELEASE

Australia's Trust in Institutions Drops Back to Level of Global Financial Crisis

2015 Edelman Trust Barometer Finds Business Has to Earn the Right to Innovate as Australians Skeptical of Overly Rapid Pace of Change

February 6, 2015, SYDNEY— The 2015 Edelman Trust Barometer reveals an alarming contraction of trust across all institutions, reaching the lows of the Global Financial Crisis (GFC) in 2009. Trust in government, business, media and NGOs in the general population is below 50 percent in two-thirds of countries, including the U.S., U.K., Germany, Japan and Australia.

“There has been a startling decrease in trust across all institutions driven by the unpredictable and unimaginable events of 2014,” said Richard Edelman, president and CEO, Edelman. “The spread of Ebola in West Africa; the disappearance of Malaysian Airlines Flight 370, plus two subsequent air disasters; the arrests of top Chinese Government officials; the foreign exchange rate rigging by six global banks; and numerous data breaches, most recently at Sony Pictures by a sovereign nation, have shaken confidence.”

Trust in Business: Earning the Right to Innovate

This year signaled the end of an era of recovery of trust in business, as trust in that institution declined in two-thirds of the markets and is now below 50 percent in 14 countries, the worst showing since 2008. The largest drops occurred in Australia (11 points to 48 percent) as well as Canada (15 points to 47 percent), Germany (12 points to 45 percent), and Singapore (10 points to 61 percent). This is highlighted by drops in the technology industry, which is still the most trusted sector, but which saw declines in trust in most countries for the first time.

For the first time, the Barometer looked at trust and its link to innovation and found that trust issues are hindering acceptance of technological advancements. A majority of Australian respondents believe innovation is happening too quickly (53 percent) and that it is being driven by greed (72



percent) and business growth imperatives (74 percent), while only some (14 percent) see it being done to make the world a better place. More than half (57 percent) feel business is not doing enough testing of new developments and want stronger regulation (45 percent).

“The pace of change has never been faster and innovation has become an even greater imperative for business success,” said Edelman. “Innovation should be a trust accelerator, but today it is not. To invent is no longer enough. There must be a new compact between company and individual, where companies demonstrate that innovations are safe based on independent research, provide both societal and personal benefit and are committed to the protection of customer data.”

Trust levels vary significantly based on the type of innovation. Australians have higher levels of trust in developments in the technology, financial services and health industries, including electronic and mobile payments (55 percent) and personal health trackers (48 percent). However, innovations introduced in the energy and food sectors, such as hydraulic fracturing (35 percent) and genetically modified foods (34 percent), are viewed with far more skepticism. Trust in a particular industry sector does not automatically translate into confidence in that industry’s particular innovation. The food and beverage sector (72 percent) is one of the most trusted in Australia, yet only 38 percent are confident it can develop and implement genetically modified foods.

Respondents identified key actions that would increase trust in an industry to implement innovations: making test results publicly available for review (77 percent), partnering with credible third parties, including academic institutions (69 percent), and running clinical trials or beta tests (64 percent).

“Trusted innovation can only be achieved when business adopts a new transparent framework based on sharing information and fostering collaboration around problems that need solving,” said Tim Riches, Chief Executive Officer for Edelman Australia. “While developing innovations, business must engage in open conversation and meaningfully involve stakeholders. There are plenty of recent examples of big brands being hit with a social media backlash to product innovations that don’t convince customers, and in fact brand-loyals may actually be more likely to revolt. ”

Trust in Government Declines: Less than half of Australians surveyed trust government



Trust in the institution of government also fell in Australia. A year after his confident election night pledge to give Australia a competent and trustworthy government, Prime Minister Tony Abbott and his government languish in public esteem. This steady fall in public opinion has been mirrored in this year's Trust Barometer. In the wake of the Liberal Coalition government victory, the 2014 Edelman Trust Barometer (collected late 2013) showed a 13 point increase in trust in government from the prior year. However, this year's data shows a decline in overall trust in government by Australians – a 7 point drop from 56 per cent to 49 per cent in the eyes of informed publics, a decline exceeded globally only in Malaysia and South Korea.

“The decline in trust in government in 2015 will partly be the electoral equivalent of buyer's remorse – a correction of the ‘hope’ spike new leaders often represent. We see the upside of this effect in the Trust Barometer data from India and Indonesia this year,” said Riches. “More significantly though, is the fact that our new government failed to establish trusted leadership in the hearts and minds of Australians at a time when we need it most.”

Business is not immune from leadership crisis. The decline in trust in the CEO as a credible spokesperson continued for the third consecutive year, with trust levels now at 31 percent in developed markets. In Australia, CEOs (33 percent) and government officials (37 percent) continue to be the least credible sources, lagging far behind academic or industry experts (66 percent) and a person like yourself (55 percent).

“In an environment of increasing uncertainty, leaders from both business and government are under more pressure to provide clarity of future direction. If we sense this is absent we become increasingly inwardly focused and cautious. In order to build trust, leaders need to communicate their vision and strategy – where we're going and why, as well as how it benefits society and contributes to the greater good,” said Riches.

Trust in Media and The New Content Creators

The story for media in 2015 was one not only of waning trust, but also a dispersion of influence from traditional media to social media and digital-first/hybrid media (for example BuzzFeed and



MamaMia). In 2015, online search engines became the more trusted source for general news and information in Australia (62 percent) over traditional media (55 percent).

When it comes to creating content for social networking sites and other online-only information sources in Australia, the most trusted author is one's own family and friends (70 percent). This extends to companies too, where there is an existing relationship with a customer. In fact, a company creating its own content (if one uses the company and/or its products) is a more trusted author (49 per cent) than a journalist (42 percent) or even a celebrity (23 percent).

"In this continuing atmosphere of fear and uncertainty, we should expect to see behavior and discourse that represents skepticism and a flight to the security of social groupings that provide people with a sense of order and care. The Trust Barometer shows us this kind of behavior in the trust attributed to 'a person like myself' as a highly credible spokesperson and friends and family as the most trusted source of information authored on social media and online content sharing sites," said Riches.

Other key findings from the 2015 Edelman Trust Barometer include:

- There is a tangible impact of trust in Australia. More than half (57 percent) of respondents refuse to buy products and services from a company they do not trust, while 49 percent will criticize them to a friend or colleague. Conversely, 76 percent chose to buy products from companies they trusted.
- A majority of respondents (81 percent) believe a company can take specific actions that both increase profits and improve the economic and social conditions in the community where it operates, while three-quarters (75 percent) feel a company can be more profitable by finding ways to solve social and community problems.
- Technology (74 percent), Consumer Electronics (72 percent) and Food and Beverage (72 percent) remain the most trusted industry sectors in Australia. Media is the least trusted industry (41 percent) with the Chemicals (45 percent) and Energy (49 percent) industries also suffering a trust deficit.



- Trust in Social Media as a source for general news and information continues to grow in Australia increasing 16 points from 2013 from 18 percent to 34 percent.

ABOUT EDELMAN AUSTRALIA

Edelman is the world's largest public relations firm, with more than 5,000 employees in 65 cities including over 100 in Sydney and Melbourne, and affiliates in more than 35 cities. Edelman was named one of Advertising Age's "A-List Agencies" in both 2010 and 2011, and an "Agency to Watch" in 2014; Adweek's "2011 PR Agency of the Year;" PRWeek's "2011 Large PR Agency of the Year;" and The Holmes Report's "2013 Global Agency of the Year" and its 2012 "Digital Agency of the Year." Edelman Australia was named Campaign Asia-Pacific's Australia/New Zealand PR Agency of the Year in 2014. Edelman has been awarded seven Cannes Lions including the Grand Prix for PR in 2014. Edelman was named one of the "Best Places to Work" by Advertising Age in 2010 and 2012 and among Glassdoor's "Best Places to Work" in 2011, 2013 and 2014. Edelman owns specialty firms Edelman Berland (research), Edelman Deportivo (creative), Blue (advertising), BioScience Communications (medical communications) and agency Edelman Significa (Brazil). Visit <http://www.edelman.com> for more information.

ABOUT THE EDELMAN TRUST BAROMETER

The 2015 Edelman Trust Barometer is the firm's 15th annual trust and credibility survey. The survey was powered by research firm Edelman Berland and consisted of 20-minute online interviews conducted on October 13th – November 24th, 2014. The 2015 Edelman Trust Barometer online survey sampled 27,000 general population respondents with an oversample of 6,000 informed publics ages 25-64 across 27 markets. 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 www.edelman.com/trust2015

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