

Edelman Trust Barometer: World's Largest Study on Trust in Institutions

2017 was a year of almost unimaginable upheaval. People in multiple countries rejected their government's leaders or policies, demonstrating their dissatisfaction and distrust by electing reform or outsider candidates, voting to leave trading blocs, or refusing to support treaties negotiated by their governments. Business was rocked by corporate scandals that saw executives investigated and even charged with criminal acts. The mainstream media lost audience as people turned to social media and search for information, advertising results were questioned, and the specter of fake news left the public wondering what was true anymore.

The findings of the 2017 Trust Barometer help explain and provide a roadmap for understanding the forces shaping these movements and events, the shifts in influence and power as the tide of populist action sweeps across many western-style democracies around the world.

Edelman has been studying trust for 17 years, and we are now in our 6th year of surveying an expanded sample across the general online population. This year, we spoke to more than 33,000 respondents in 28 markets.

In each country, the sample is nationally-representative, but do keep in mind that this is an online survey, so we can only be representative of the general *online* population, which in some markets will not represent the full population, especially in developing markets where the online population can be much smaller and the data can skew to those who have the relative affluence to secure online access.

Each year, we also oversample the Informed Public, a segment of the population that is higher-income, college-educated and highly-

informed on business and public policy matters. This year, that represents about 13% of the global sample.

Over the 17 year history of trust we've seen some key themes emerge. While there have been headlines every year, there have also been longer-term trends. As early as 2005, we saw a shift in trust from authorities to peers. In 2006, a person like me, first emerges as credible spokespeople. After the *Great* Recession, we saw a rise in government trust as the people demanded that business be made more accountable for the economic downturn. In 2015, respondents reported their distrust of innovation, saying the pace is too fast and that business isn't focused on innovating for the benefit of people, only their bottom line.

These themes around shifting influence have continued to grow and played a big role in last year's discovery of the growing trust inequality between the informed public and the mass population. Influence and shifting power dynamics continue to shape the conversation in 2017--a year in which trust has reached crisis levels.

Gone are the days of the traditional "pyramid of influence," in which both authority and influence were concentrated in the hands of a small number of elite opinion-shapers. This model was predicated on the belief that the informed public had access to superior information, their interests were interconnected with those of the **mass population** and that becoming 'an elite' was open to all of those who work hard.

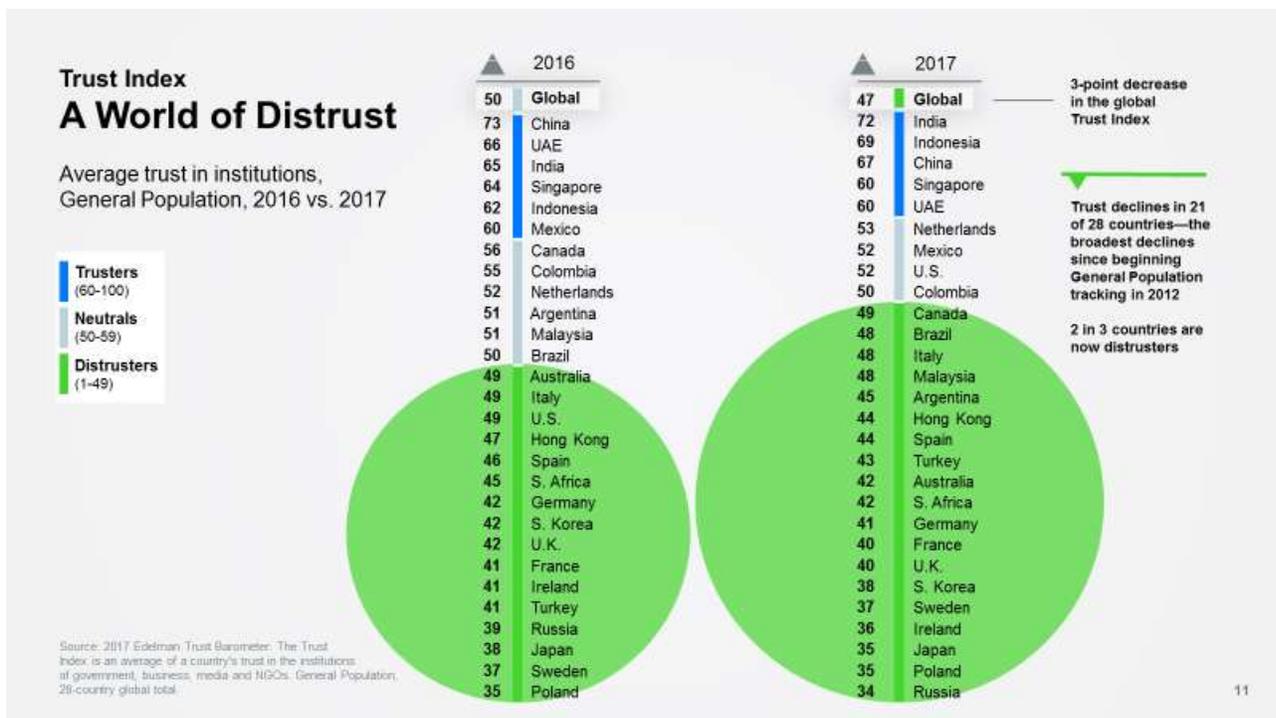
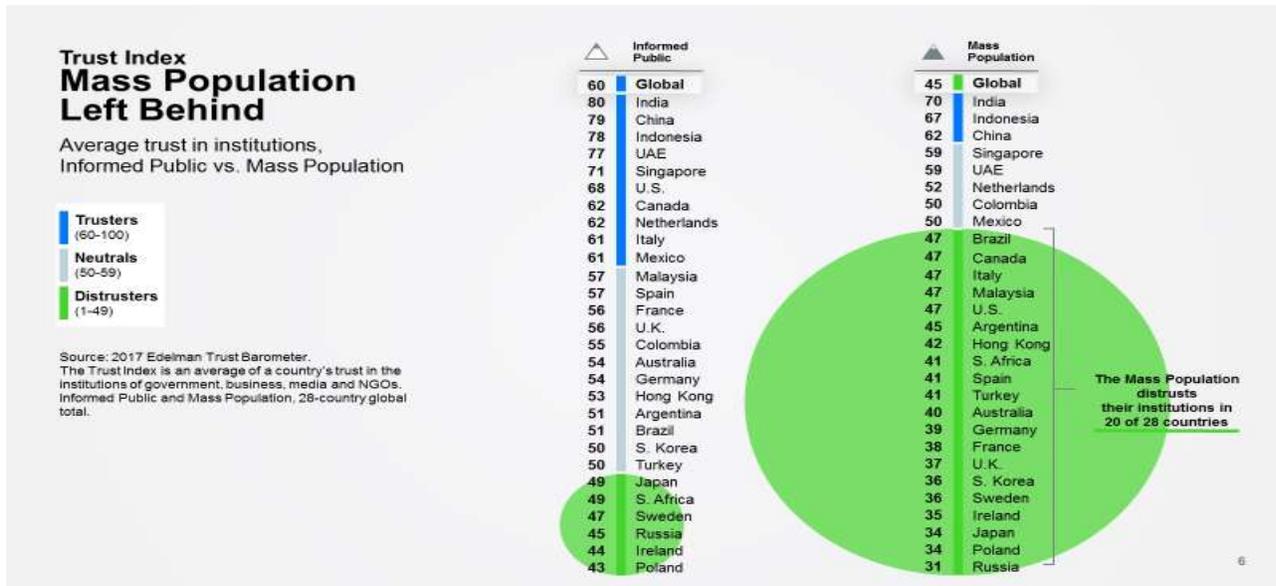
But today, due primarily to the democratization of information, we have seen the pyramid turned upside down. Influence now rests among the mass population, who talk to each other on social media or use search to access information, and no longer need to rely on the more "informed" population for ideas.

Influence is no longer automatically granted to those in authority.

And, as we first saw in 2016, the Mass Population’s view of the world—at a trust level of just 48—is vastly different from that of the top 15% who had a trust level of 60 in 2016.

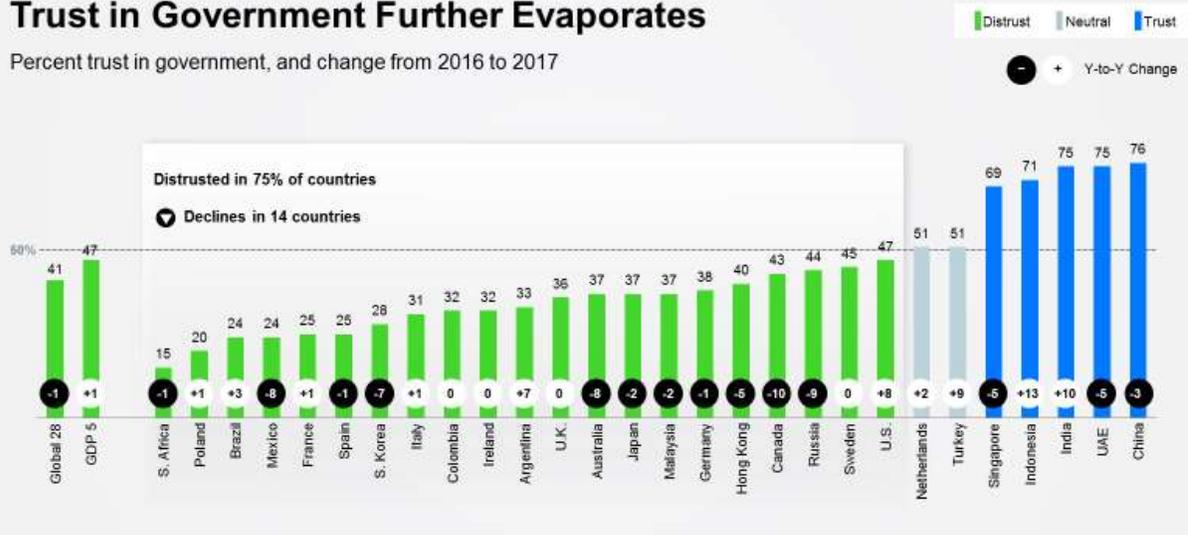
We now live in a world where more than one-third of the countries are trusters among the informed public, while the mass population distrusts their institutions in 20 of 28 countries, and has trust in only 3 of them

This glaring inequality is a situation that is not sustainable.



Trust in Government Further Evaporates

Percent trust in government, and change from 2016 to 2017



Source: 2017 Edelman Trust Barometer Q11-Q20. [TRACKING] [GOVERNMENT 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-country global total

Global 5 = U.S., China, Japan, Germany, U.K.

13

Trust in Government in 2017 has seen a marked decline across a majority of countries. Over the life of the survey, we have seen the movement in trust in government linked to several factors.

Elections are worth a 11 point boost in trust on average. However, the election honeymoon only lasts one year, where we have seen sharp declines a year after the election.

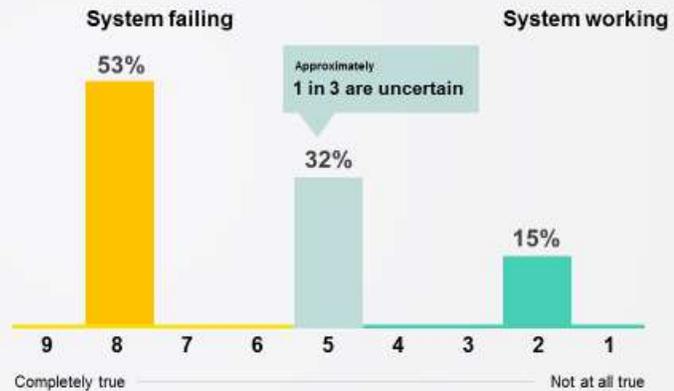
Government **more trusted than business in emerging nations**. China, Indonesia, UAE and Singapore have consistently registered high trust in government. In the case of these four nations, the government has presided over significant economic growth, improved life expectancy, and outcomes for families. You can argue a western liberal democracy perspective about the challenges and ways in which some of these outcomes were achieved, but, for people in those countries they are less worried about how it was achieved, rather, it happened. Business in these nations must have a partner not supplier mantra if they are to take advantage of the government led economies.

Historically, **business is more trusted than government** across the world. And, NGO's have held the top spot, slightly ahead of business. Media has also generally been more trusted than government across the world for the life of the survey.

Majority Believe the System is Failing Them

How true is this for you?

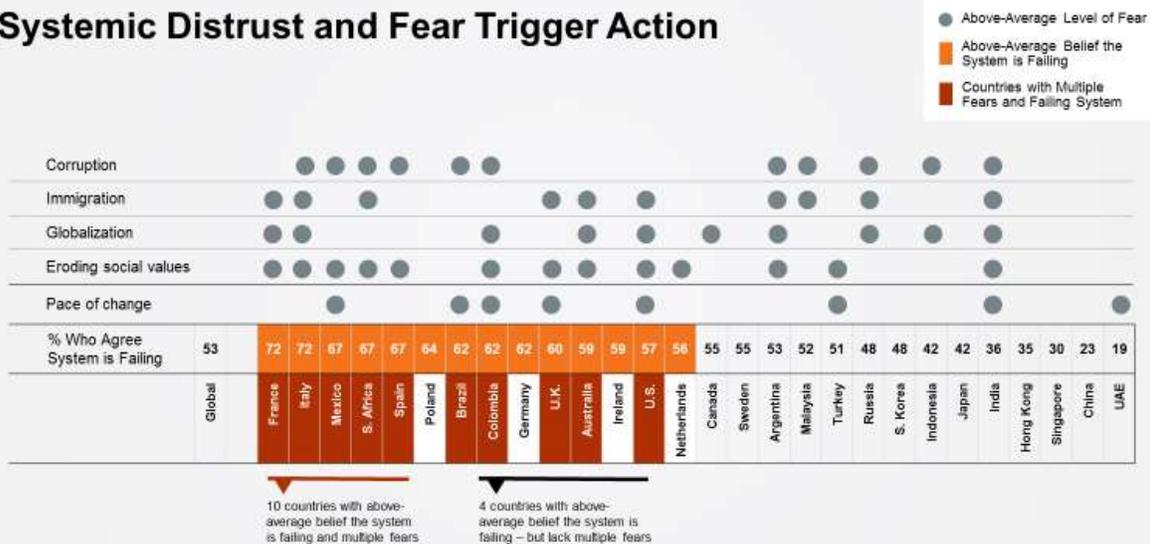
- Sense of injustice
- Lack of hope
- Lack of confidence
- Desire for change



Source: 2017 Edelman Trust Barometer Q672-675, 678-680, 688-690
For details on how the "system failing" measure was calculated, please refer to the Technical Appendix.

20

Systemic Distrust and Fear Trigger Action



Source: 2017 Edelman Trust Barometer. Corruption: Q695-697, Globalization: Q681-684, Eroding social values: Q676 and Q759, Immigration: Q685, Pace of innovation: Q677, System is failing: Q672-675, 678-680, 688-690. For details on how the societal fears and the "system failing" measure were calculated, please refer to the Technical Appendix. The margin of error for the countries' scores was added and subtracted from the global mean. Countries were considered above the global average if their score was higher than the global mean plus the margin of error.

28

This is where the crisis in trust can have serious consequences. The list of 10 countries that combine an above-average systemic lack of faith with multiple societal fears reads like a who's who from the list of recent populist actions – from Brexit in the U.K., the election of Trump in the U.S., the overthrow of the Italian government's reform package, and the resulting change in government, the rejection by the Colombian people of the peace treaty negotiated by their government – all of these shifts in power occurred in countries that had a higher-than-average belief that the system is broken, as well as multiple societal and economic fears.

Also of note are the 4 countries where the majority have lost faith in the system—but have not yet developed multiple societal or economic fears. These countries – Poland, Germany, Ireland, **and** the Netherlands – should consider themselves to be on notice. Once the majority of the population believes that the system is no longer serving them, they also become vulnerable to the fears that can catalyze anti-establishment actions.

Interesting to note that India has high levels of fears, but its people currently believe in its system—in thinking about the deeply rooted caste system in this country, combined with trust in the present government, this situation perhaps becomes better understood.

Fake News in the US: Flash Poll

We are just out of the field on a flash poll in the U.S. taken last week, with 1,000 members of the general population and an oversample of 113 Silicon Valley-based tech employees on the impact of fake news on trust in mainstream media. The sad conclusion that has been drawn by a majority of Americans is that fake news is created by the media with a motive, destruction of political opponents. The logical end point is establishment of echo chambers, in which one reads only that which one agrees with. It is the end of the town square that allowed for the discussion of issues based on mutually agreed facts.

Here are the key findings of the study:

Fake news is decreasing trust in traditional news organizations. Thirty-six percent said that their trust has decreased “a lot,” 26 percent said trust has decreased “a little.” The biggest decline is among Republicans, with 49 percent saying that their trust has decreased “a lot” and 25 percent saying trust has decreased “a little,” for a total of 74 percent. Contrast this to Democrats with a decline of 50 percent, with 22 percent.

The most popular definition of fake news is “sloppy or biased reporting by news organizations” (47 percent), followed by an “insult being over-used to discredit news stories that people do not like” (39 percent). This has a political tinge...Republicans are much more inclined to believe that there is biased reporting (57 percent) than Democrats (38 percent), while Democrats are inclined to believe that fake news is a term used to discredit certain stories (47 percent) than Republicans (32 percent).

Fake News is changing consumption behaviors. Over half (51 percent) said they are now more careful about where they get news. They are also fact-checking and verifying sources more than ever before. Nearly a quarter of respondents said it has made them doubt the truth of almost every news story they see.

Despite protestations to the contrary, a near majority believe that social platforms are media companies. This pertains especially to Twitter, which is seen by nearly a 5 to 1 margin as more media than technology company, and to a lesser degree, Facebook. And more than half of our respondents blame social platforms for spreading fake news.

The most frequently proposed remedies include large fines against companies that publish fake news, requirements to label the source of content (earned and paid), requiring companies to screen for fake news and educating the public to distinguish falsehood from truth.

We have locked ourselves into a cave of our own making. We have become tribal and defensive. The mainstream media is categorized as elitist and politicized, unable to carry out its vital role of truth-telling



as the fourth estate in global governance. We opt instead for opinion based on personal experience, using the social platforms as equivalent or superior forms of communication. Given this environment, business needs to take control of its own story, with every company becoming a media company. The employees become the most important audience and then most credible spokespeople, empowered to speak on behalf of the company to friends, family and customers. In so doing, we can reverse this inexorable slide toward judgment based on passion instead of fact.