

Trust & Purpose Survey 2011

EVIDENCE-BASED COMMUNICATIONS. INFORM. MONITOR. MEASURE. **SUCCEED**



ABOUT THE SURVEY

Burson-Marsteller commissioned Penn Schoen Berland (PSB), the global market research and consulting firm, to carry out the Trust & Purpose survey. PSB completed 3,161 online interviews among the general population in the following countries from 5 May to 16 May, 2011: Belgium, Denmark, Estonia, France, Germany, Greece, Italy, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and United Kingdom. Data was weighted to age and gender demographics for each country.

We live in turbulent times. The continued uncertainty stemming from the global economic and financial crisis that erupted in 2008, together with the corporate and banking excesses that were uncovered during this period are having a fundamental impact on consumer confidence. The result - as shown by our first European Trust & Purpose survey - is a steep decline in trust in a range of organisations.

It is not an exaggeration to say that the downturn has had a catastrophic impact on trust in corporations and the people who lead them. The financial crisis and banking collapse have transformed the way people view companies and corporate leadership. And while trust in business is not high, it is even lower in media, central government and religious leaders.

Trust in business varies and depends on a combination of factors. Overall, Europeans trust local companies the most, national a little less and international least of all. Similarly, people trust front-line staff to tell them the truth about a corporation, as opposed to its CEO, who is seen as motivated by personal profit and greed. Trust is no longer something that companies and their corporate leadership can take for granted – it has to be earned by nurturing a close relationship with consumers and other stakeholders and consistently proving a commitment to the values that are important to them.

So what can business do to re-build trust with their stakeholders? The study shows that over two thirds of people believe that having a strong Corporate Purpose is important. Almost 80% say they would rather pay more for products and services that are delivered and produced responsibly and fairly. However, the challenge for companies and those who communicate on their behalf, is that a majority

sees companies as dishonest and believes that most communications from companies are lies.

In 2010 we carried out our first Purpose Impact Ranking together with IMD business school. The study ranked 213 European companies in 10 industries according to the effectiveness of their Corporate Purpose. It also carried out analysis which demonstrated that a strong and well communicated Corporate Purpose can impact financial performance by up to 17%. Corporate Purpose requires companies to be honest about what they do – and honesty builds trust. So Corporate Purpose is a fundamental part in rebuilding the trust between corporations and the people that matter to them.

The European Trust & Purpose survey shows that rebuilding trust is one of the most fundamental challenges faced by companies operating in Europe. Purpose helps guide companies by acting as the standard against which all business decisions are validated. Companies need to show they are trustworthy – not just say it. Companies with a Purpose look at the imprint they and their products leave on society as a whole, including their employees and customers. Their Purpose is embedded into their overall corporate strategy, well communicated and understood both internally and externally. Having a Corporate Purpose and sticking to it, even when deviating from it would be more convenient or financially rewarding in the short-term, builds trust over time and companies who are successful at communicating their Purpose will be the leaders in the challenge of restoring trust.

Jeremy Galbraith
CEO, Burson-Marsteller Europe,
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Local is best

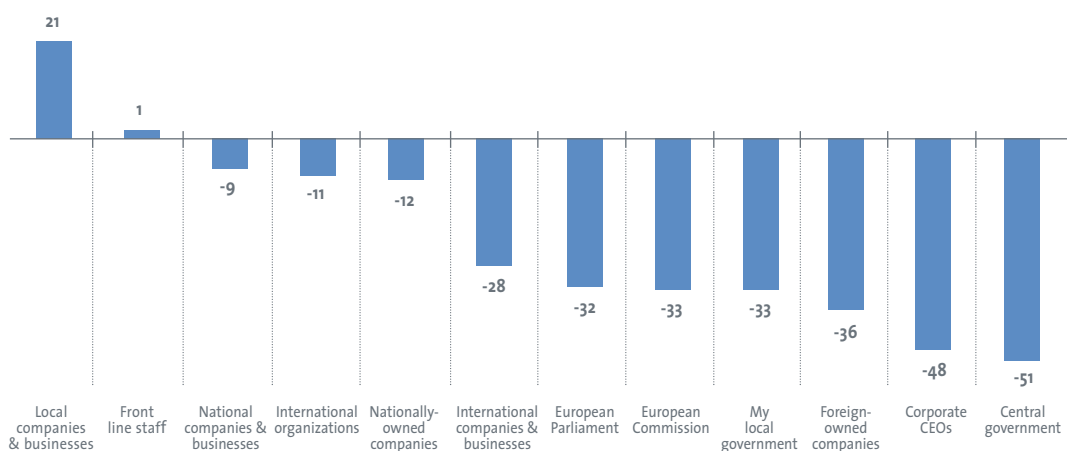
While local businesses are most trusted, overall trust in companies and organisations is very low. CEOs and central government are the least trusted and trust in them has decreased significantly compared to two years ago (chart 1).

The decline in trust in corporate CEOs is the most marked in Spain, Portugal and Sweden (chart 2). Least trusting of central government are Portugal, Greece and Spain. Trust in central government is also low in Belgium (at the time the survey was carried out Belgium had been without central government for 11 months).

Over 50% of Europeans are more likely to trust companies from Europe. In terms of which foreign countries are most trusted, companies from Australia, Japan and the US are the most trusted, with trust for companies from the BRIC countries being very low very low. 64% of respondents say they don't trust companies from Russia (charts 3 & 4).

Chart 1 Provenance is a key factor in trust in business and organisations

- While local businesses are most trusted, overall trust in companies and organisations is very low. CEOs and central government are the least trusted



Compared to two years ago, are you more or less trusting of..?
 (Showing Among All, Net Trust (Much more + Somewhat more trusting) – (Somewhat less + Much less trusting))

Chart 2 Most trusting of companies and organisations per country

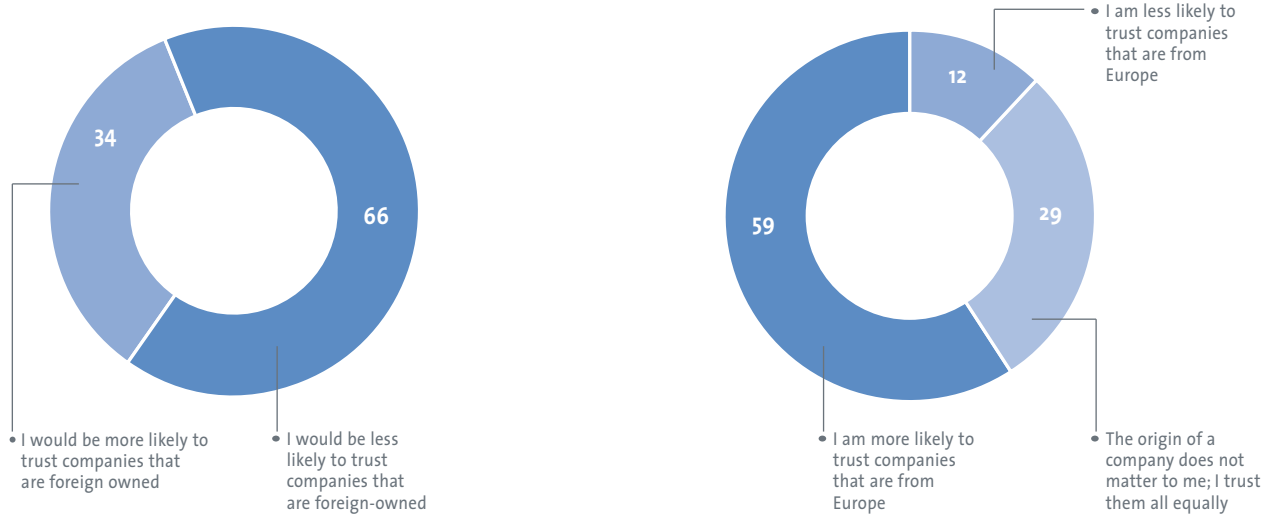
- Overall, trust is very low across all markets towards industries and companies

	UK	FR	IT	DE	SP	SE	NO	NL	CH	BE	EE	DK	GR	PT
Local companies and businesses	25	19	-10	38	6	25	26	34	41	17	-16	42	7	-7
Front line staff	-10	-5	-7	17	-1	-32	12	14	17	-11	15	12	3	-43
National companies and businesses	-35	-24	-16	1	-6	-7	0	-8	23	2	-20	4	-18	-20
International organizations (e.g. United Nations)	-14	-10	0	-11	-7	-23	9	-13	-8	-19	-21	3	-53	-3
Nationally-owned companies	-25	-16	-24	13	3	-22	-18	10	22	12	0	-13	-78	-11
International companies and businesses	-40	-37	-19	-27	-22	-45	-39	-14	-36	-24	1	-25	-17	-5
European Parliament	-51	-27	-16	-40	-23	-44	-51	-34	-30	-26	-12	-41	-29	-13
European Commission	-52	-31	-21	-41	-18	-47	-41	-33	-23	-19	-5	-42	-40	6
My local government	-43	-23	-44	-14	-46	-41	-18	-12	-15	-39	-38	-11	-65	-9
Foreign-owned companies	-56	-36	-19	-46	-26	-38	-49	-36	-36	-43	-58	-46	-16	-30
Corporate CEOs	-54	-49	-44	-29	-68	-59	-52	-39	-52	-37	-37	-42	-51	-64
Central government	-53	-46	-52	-44	-77	-47	-46	-27	-48	-68	-47	-26	-78	-84

Compared to two years ago, are you more or less trusting of..?
 (Ranked by Among All, Showing Net Trust (Much more + Somewhat more trusting) – (Somewhat less + Much less trusting))

Chart 3 Trust is strongest on the home front

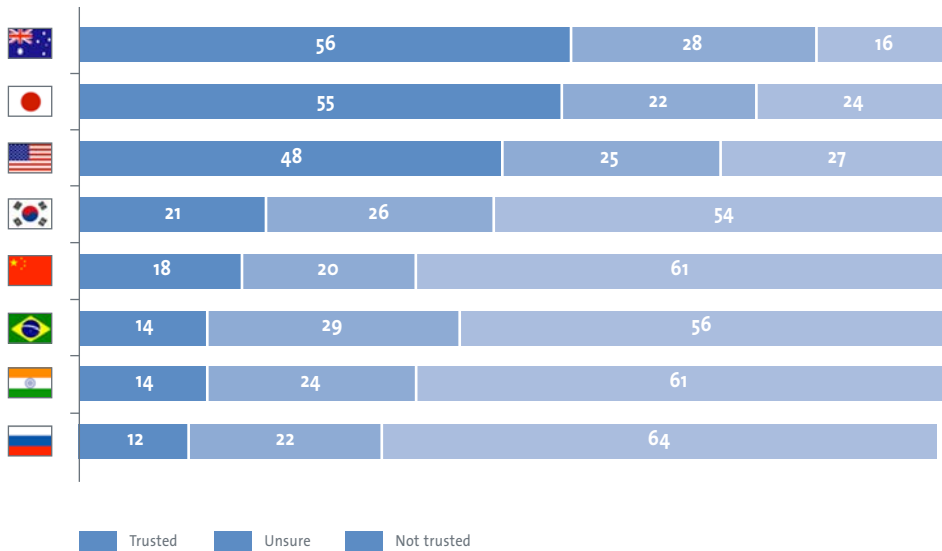
- Trust is far stronger for national companies over foreign-owned ones through over a quarter say the origin does not matter



Which of the following is closer to your opinion? (Showing Among All)

Chart 4 Australia, Japan and the US are the most trusted countries

- Australian companies rank the highest
- Trust for the BRIC countries is very low



Thinking about foreign-owned companies, how much do you trust companies from each of the following countries? (Showing Among All)

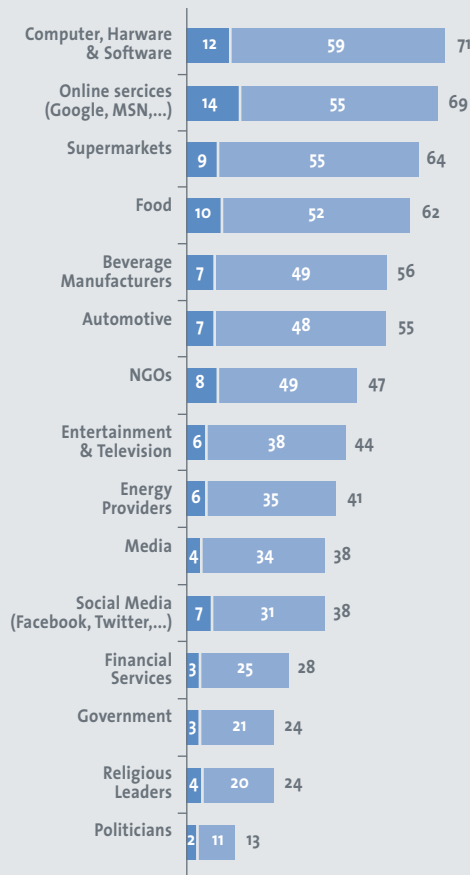
The reputation of traditional thought leaders has been severely damaged – honesty and good value are important

Many industry groups are more trusted than traditional thought leaders. Trust in computer technology, supermarkets, food & beverage and automotive is higher than in media, central government, religious leaders and politicians; religious leaders and politicians are even less trusted than the financial services sector. Social Media is slightly less trusted than traditional media.

The most important characteristics for consumers when considering which companies to buy goods and services from are “honest and trustworthy” and “products and services are good value”. Fair treatment of employees and high quality products and services are also important (charts 5 & 6).

Charts 5&6 Many industry groups are more trusted than traditional thought leaders

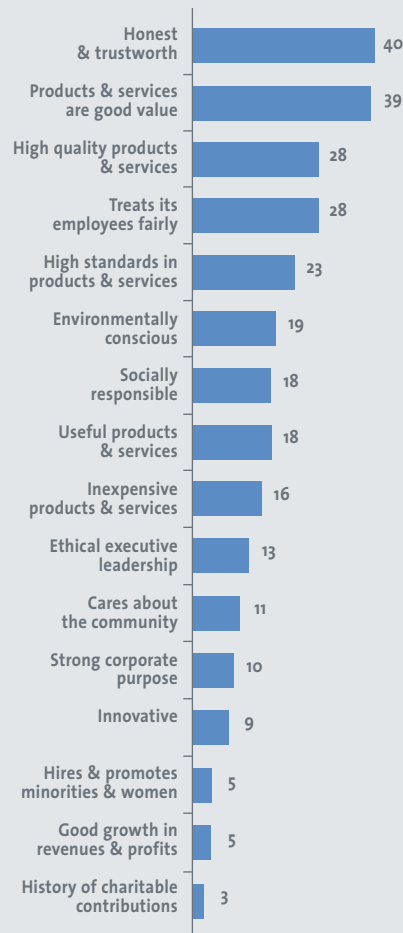
- Technology, food and beverage and car companies are the most trusted, traditional community leaders (NGOs, the media, government, politicians and religious leaders) are least



For each of the following, please indicate how trustworthy you consider each group or industry to be...? (Showing Very/Somewhat Trustworthy on a four-point scale for Among All)

Honest & Trustworthy and good value are important when purchasing products

- People tend to focus on the basics of good value and honest and trustworthy companies over traditional CSR and philanthropy



Thinking about what is important to you about companies, which of the following would you say important when considering which companies to purchase products or services from? (Showing Among All – Respondents allowed to pick up to three)

The phrase most closely identified with Corporate Purpose is “Balancing making money with acting responsibly” (chart 7). This fits with the theme of our 2008 survey which concluded that companies that deliver on Purpose & Performance* are viewed as role models and are more trusted.

Two thirds of respondents in the European Trust & Purpose survey said a strong Corporate Purpose is important and close to 80% said they would rather pay more for products and services that are delivered and produced responsibly and fairly (chart 8) – this does not mean they all would but it is an important indication of consumer intent. While consumers believe a company’s highest priority should be its consumers, the majority feel however that companies put profits first. Even more worrying, many feel that companies have become more dishonest over time and that most of their communications are lies (chart 9). Companies’ websites are regarded as less trustworthy than personal contacts, third party watchdogs, search engines and national TV news. Corporate websites are perceived as dishonest and externally-focused, designed only to sell products and services.

The 2010 Purpose Impact Ranking found that a strong, strategically coherent and well communicated Corporate Purpose is associated with up to 17 % better financial performance and builds trust with stakeholders. Communicating Corporate Purpose more effectively is also a growing trend as companies increasingly understand its impact on financial performance and the importance of their social role. Corporate Purpose explains up to 8% of the variation of the financial performance of leading European companies within the same industry.

Corporate Purpose communication is therefore an increasingly important strategic tool for companies and one that few business managers and corporate communications departments can afford to ignore – especially in these times of declining trust.

Chart 7 Corporate Purpose goes hand-in-hand with business performance

- While acting responsibly is important, money making is seen as part of the definition



Which of the following do you think most closely defines 'Corporate Purpose' (Showing Among All)

* In 2008 Burson-Marsteller conducted a proprietary survey on the theme of Purpose & Performance in cooperation with Penn, Schoen & Berland in 11 European countries amongst 200 leading corporate executives and opinion-makers (CEOs, presidents, government officials, financial analysts, academics, NGOs, journalists, and communications heads / managers). The research evidenced that 40 % of a company's reputation is determined by its Purpose and 60 % by its Performance. Striking a balance between substance and responsibility in a world where corporations are expected to deliver on profit and ethics is imperative. However, there is an in-built tension between the two objectives, and management must find a way to strike the right balance.

Chart 8 Responsibility and fairness are important

- A strong corporate purpose is important
- And consumers say they would rather pay more for products and services that are produced responsibly

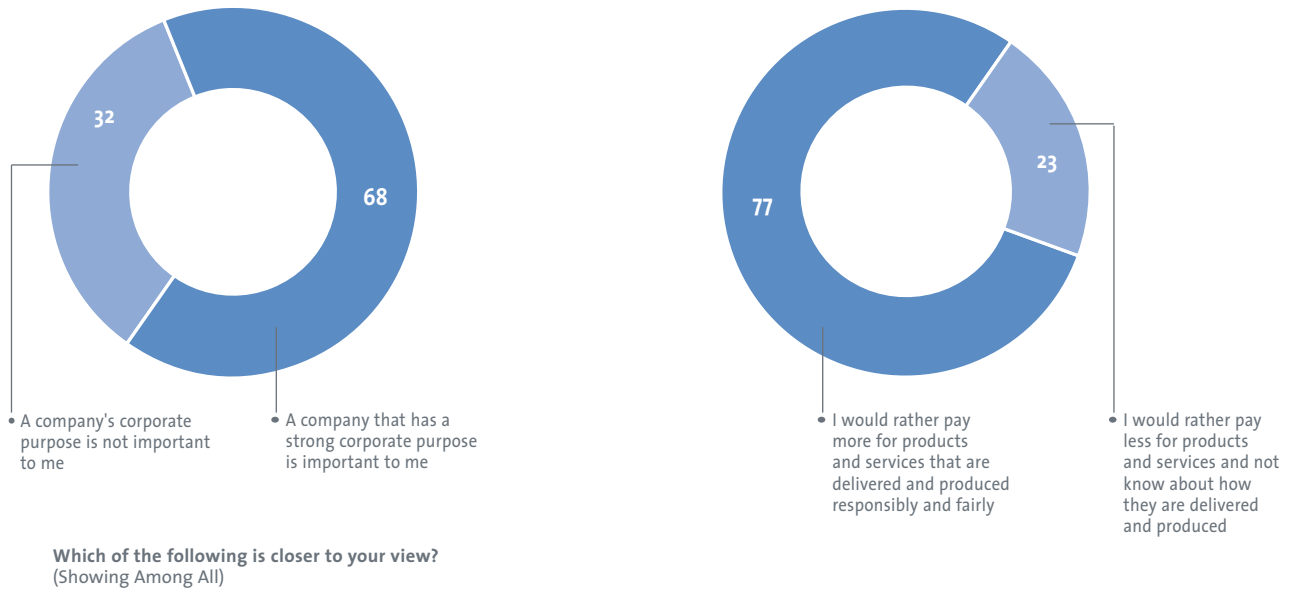
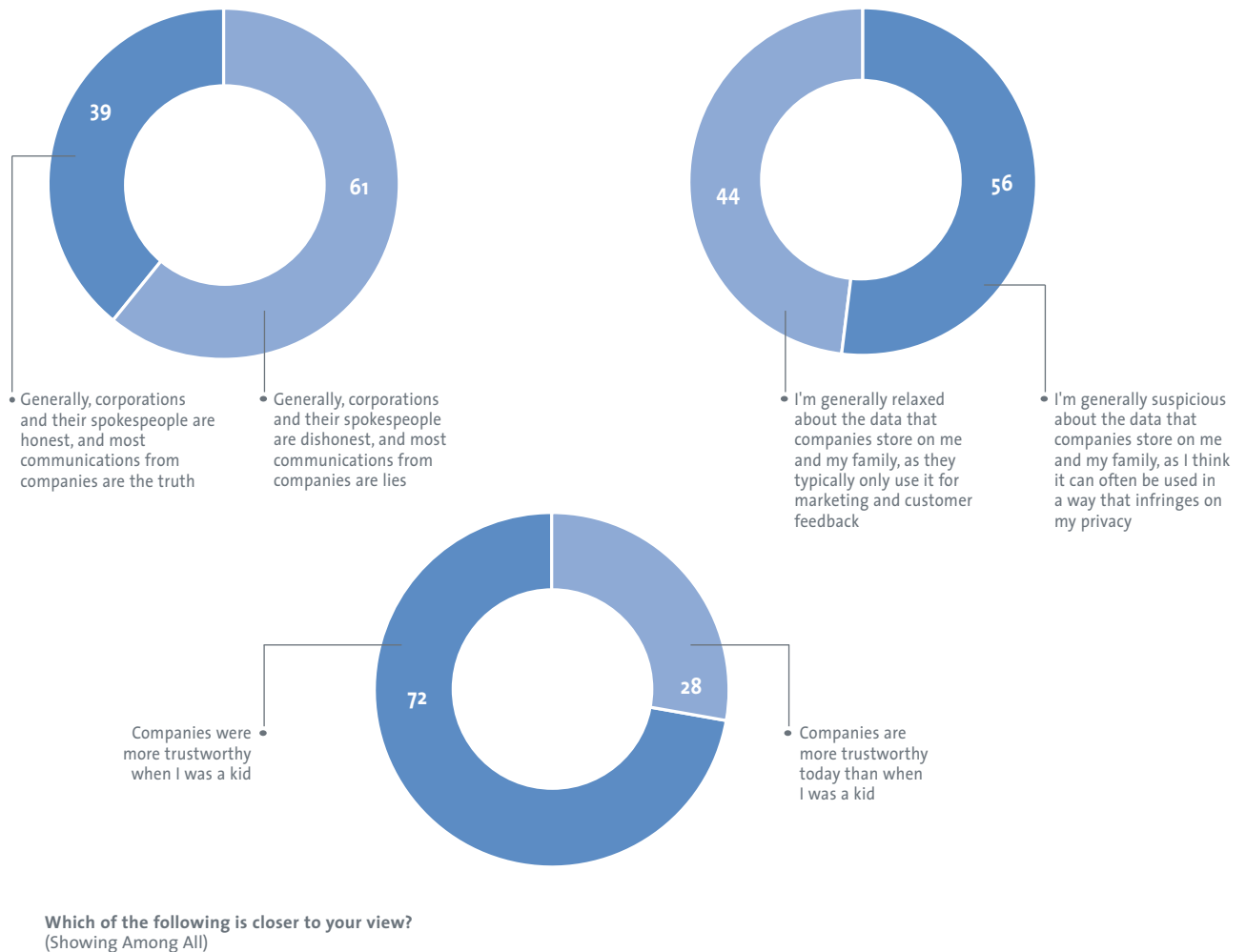


Chart 9 And companies are seen as dishonest

- Many feel that companies have become more dishonest over time and that they cannot be trusted with personal information



Key steps to agreeing and communicating Corporate Purpose

1	2	3	4	5
<p>Identify internal and external stakeholders – these will range from senior management and other employees to consumers, regulators, media and other audiences.</p> 	<p>Develop your Corporate Purpose - what is our “reason for being”? What is the standard against which our business decisions are validated?</p> 	<p>Agree and communicate Purpose internally – and ensure it is received and understood. Remember that employees are your Ambassadors and most trusted spokesmen and need to buy into the strategy and message first.</p> 	<p>Integrate Purpose with the broader corporate strategy and link it to all key strategic initiatives.</p> 	<p>Communicate Purpose externally to stakeholders – and ensure it is received and understood.</p> 



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