

Trust – global and local

The Hugo Group

Wellington

Feb 24 2016

Edelman 2016 Trust Barometer

Trust in Retrospect



Trust is valuable/distrust is toxic



Source: 2016 Edelman Trust Barometer Q371-589. 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. General Population, 28-country global total, questions asked of half the sample. Q377-380. 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. General Population, 28-country global total, question asked of half the sample.

4

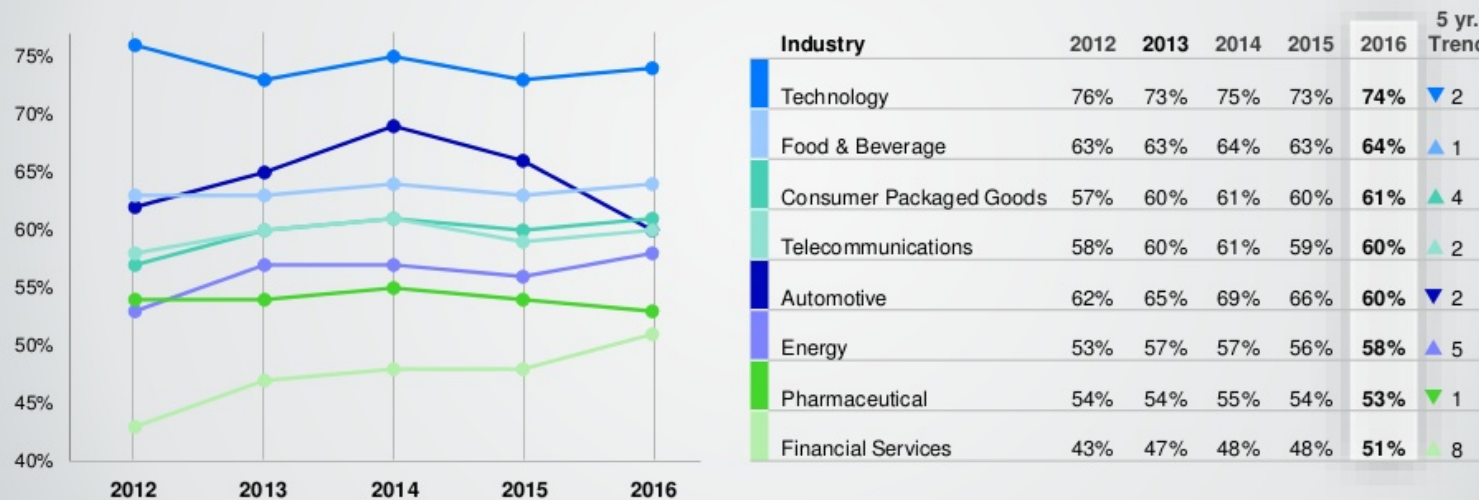
Source: Edelman

The VW effect

Sector Trends: Financial Services Rebounds

Trust in each industry sector, 2012-2016

▲ General Population

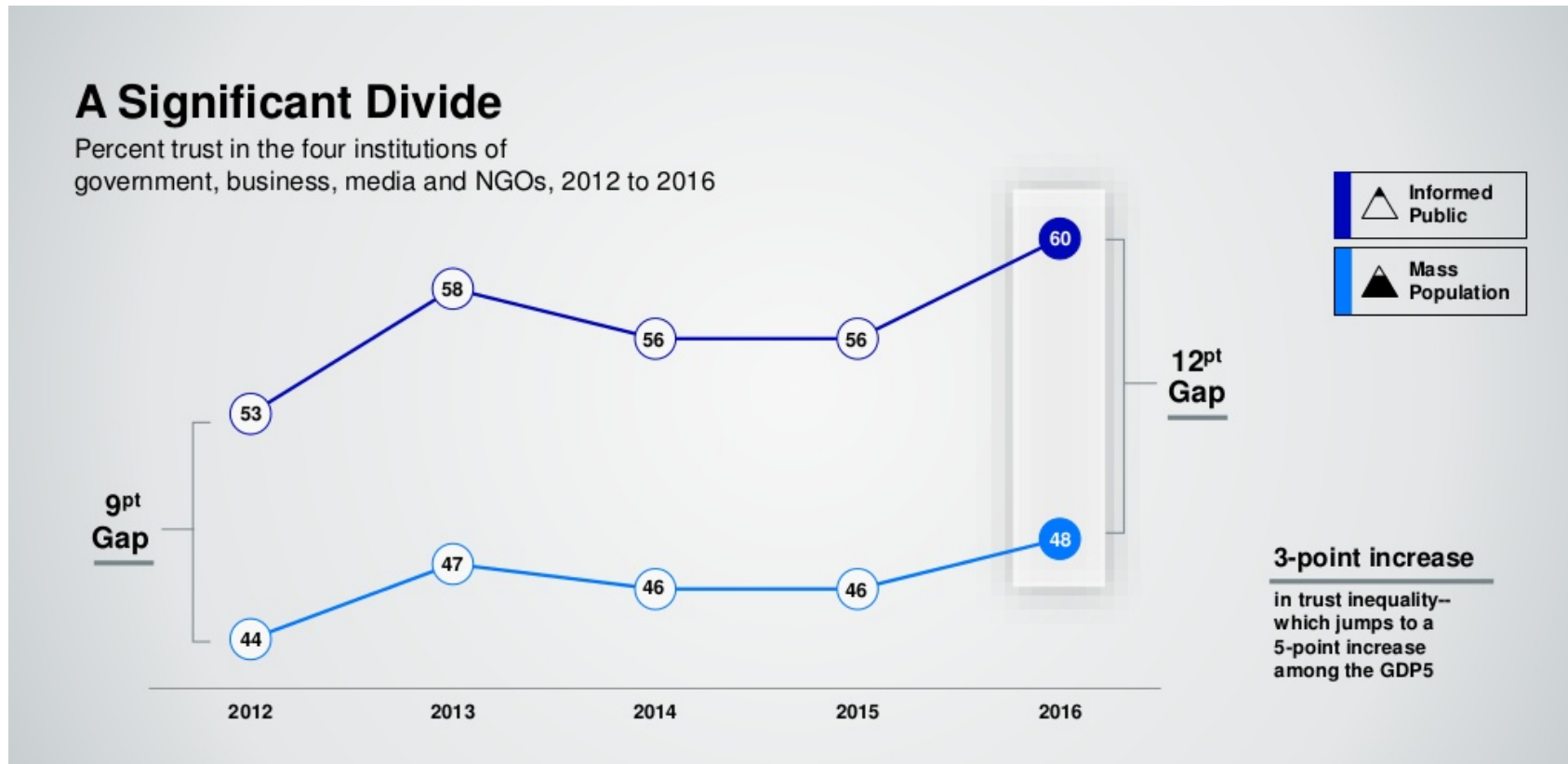


Source: 2016 Edelman Trust Barometer Q45-429. Please indicate how much you trust businesses in each of the following industries to do what is right. Again, please use the same nine-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal". (Top 4 Box, Trust) General Population, 25-country global total. *From 2012-2014, Pharma included as subsector (Q). **From 2012-2015, Pharma included as an industry sector (Q43-60). 2012-2014 data recalibrated as a sector.

26

Source: Edelman

The trust gap



Source: 2016 Edelman Trust Barometer Q1 1-14. 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) Informed Public and Mass Population, 25-country global total.

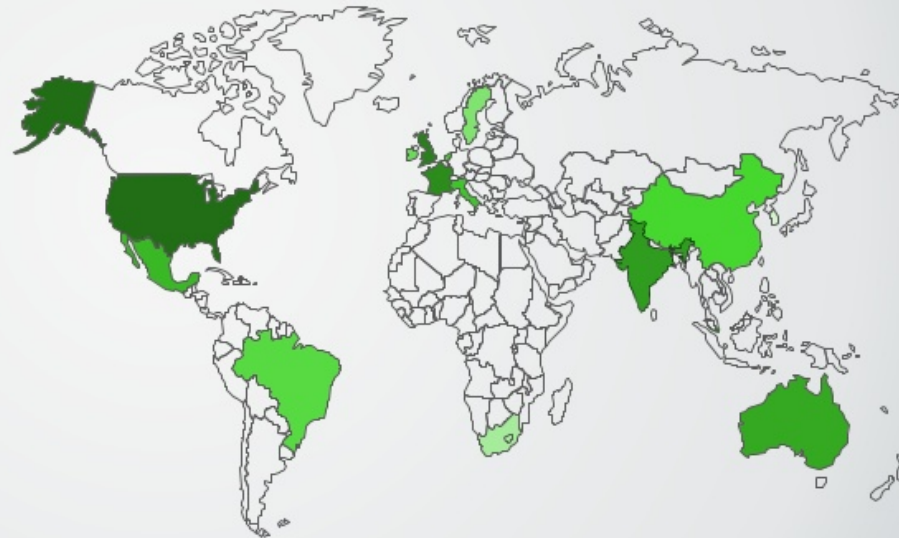
GDP 5 = U.S., China, Japan, Germany, U.K.

Linked to income inequality

A Global Phenomenon

Trust Index, Informed Public vs. Mass Population,
15 countries with double-digit trust gaps in 2016

Country	 Informed Public	 Mass Population	Gap
U.S.	64	45	19
U.K.	57	40	17
France	55	39	16
India	78	62	16
Australia	63	47	16
Mexico	72	57	15
Italy	58	47	11
China	82	71	11
Brazil	58	48	10
Ireland	49	39	10
Netherlands	62	52	10
Sweden	46	36	10
S. Africa	54	44	10
S. Korea	50	40	10
Singapore	72	62	10

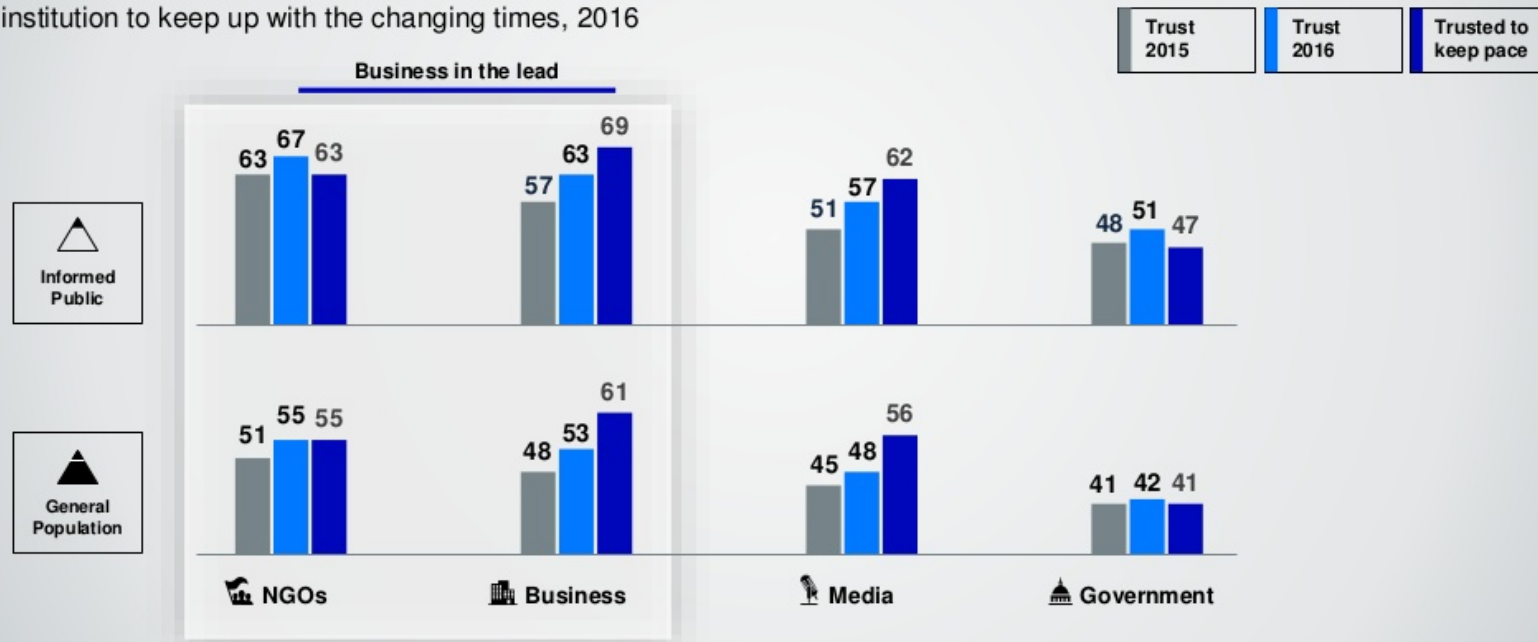


Source: 2016 Edelman Trust Barometer. The Trust Index is an average of a country's trust in the institutions of government, business, media and NGOs, 28-country global total.

It's not all bad news for business

Business Most Trusted to Keep Pace

Percent trust, 2015 and 2016, and percent who trust each institution to keep up with the changing times, 2016



Source: 2016 Edelman Trust Barometer Q11-14. 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), Informed Public and General Population, 27-country global total. Q441-444 Below is a list of institutions. For each one, please indicate how much you trust that institution to keep up with the changing times using a 9-point scale where one means that you "do not trust them at all to keep up with change" and nine means that you "trust them a great deal to keep up with change". (Top 4 Box, Trust) Informed Public and General Population, 28-country global total.

24

Source: Edelman

The Inversion of Influence

Old Model

- Elites have access to more/better information
- Elites' interests interconnected with those of mass
- Becoming an "elite" open to all

**Influence
& Authority**

New Reality

- Peer-to-peer influence more powerful than top-down
- Increasing distrust among mass population
- Mass movements based on dissatisfaction and urgency

The Divide

- Democratization of information and more information
- High-profile revelations of greed and misbehavior
- Income inequality

Influence

Authority

Sources of influence

Transformed Media Landscape

Percent trust in each source for general news and information

▲ General Population



Industry	2012	2013	2014	2015	2016	Millennials	Gap
Search engines*	61	58	61	62	63	66	▲ 3
Traditional media	62	59	61	57	58	58	0
Online-only media**	46	44	47	45	53	58	▲ 5
Owned media	41	40	43	43	46	51	▲ 5
Social media	44	41	44	45	44	51	▲ 7

Millennials
even more trusting
of digital media than
general population

Source: 2016 Edelman Trust Barometer Q178-182. When looking for general news and information, how much would you trust each type of source for general news and information? Please use a nine-point scale where one means that you "do not trust it at all" and nine means that you "trust it a great deal." (Top 4 Box, Trust) General Population and Millennials, 25-country global total.

*From 2012-2015, "Online Search Engines" were included as a media type. In 2016, this was changed to "Search Engines."

**From 2012-2015, "Hybrid Media" was included as a media type. In 2016, this was changed to "Online-Only media."

45

Source: Edelman

US politics – a product of the new trust dynamic?

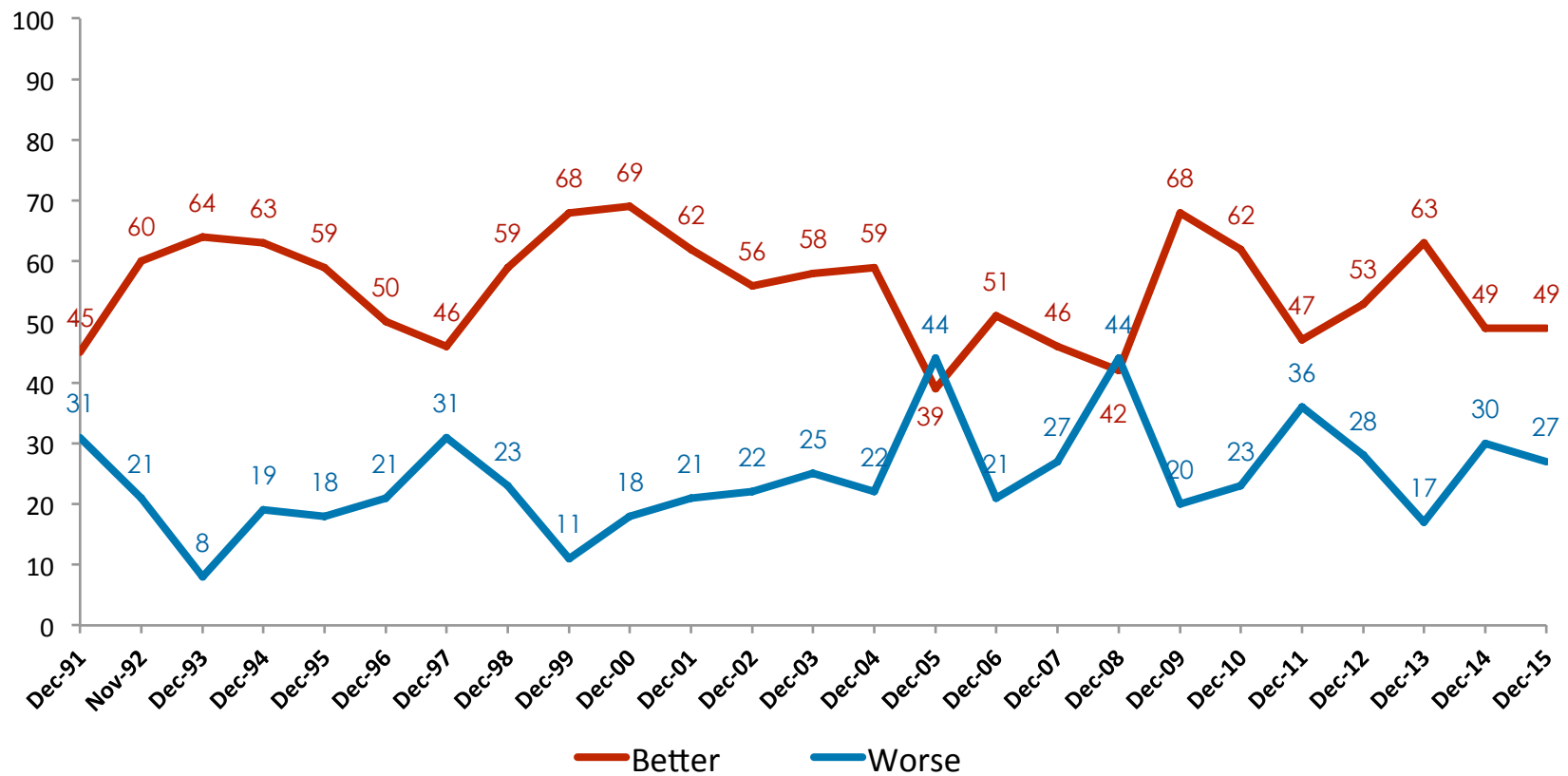
- Tapping into ‘sick of politics as usual’
 - Both political hierarchies: super-delegate influence on candidate selection may worsen this
 - And globalisation: a rising protectionist sentiment
- March 1 “super-Tuesday” primaries crucial
- Trump vs Rubio – Bloomberg?
- Hillary vs Bernie
- More polls currently show Bernie seen more likely than Hillary to beat Trump

A New Zealand context

- relative complacency
- inequality/distrust present

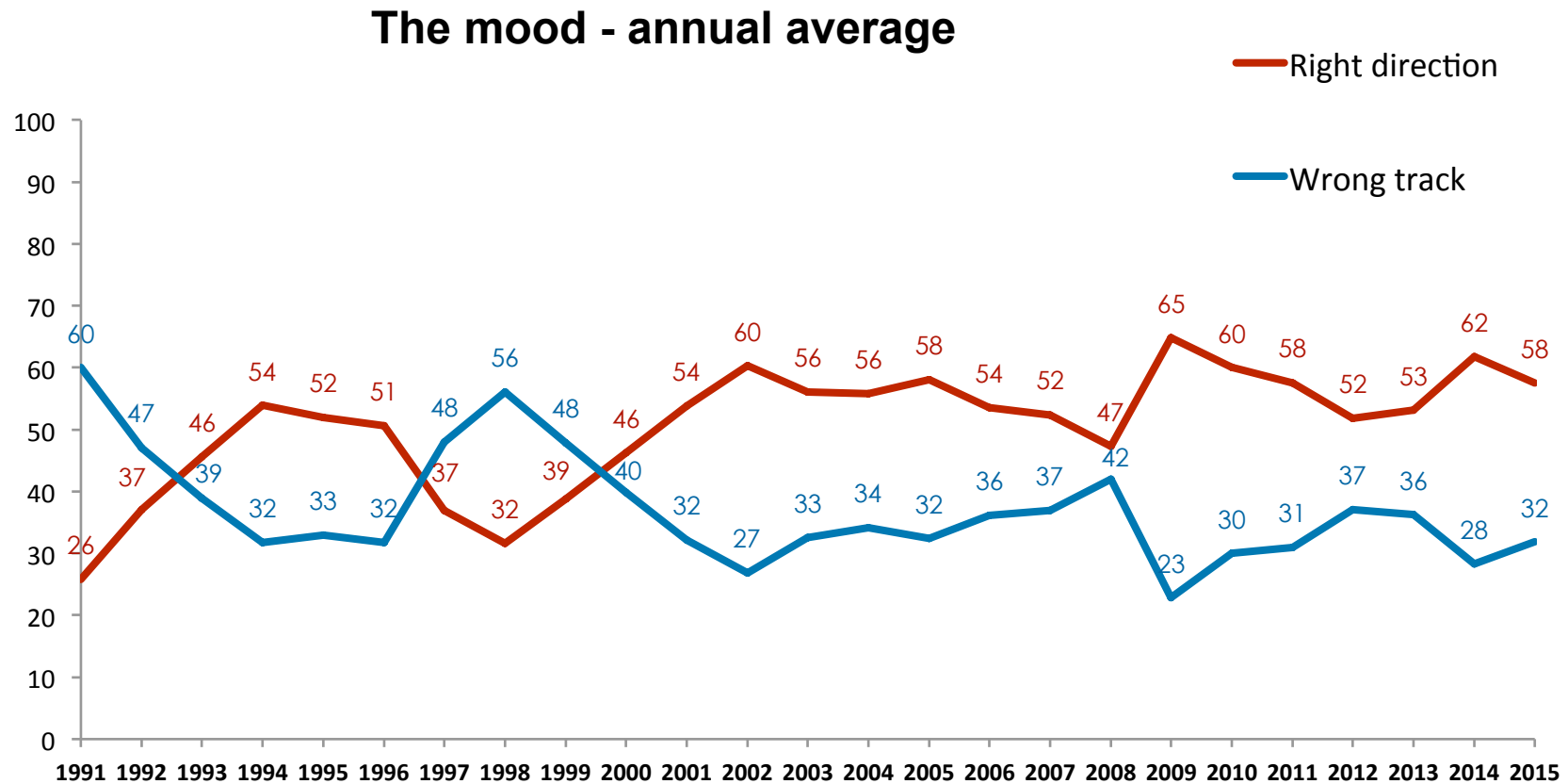
Economic expectations

Expectations for 2016



Source: UMR, Feb 2016

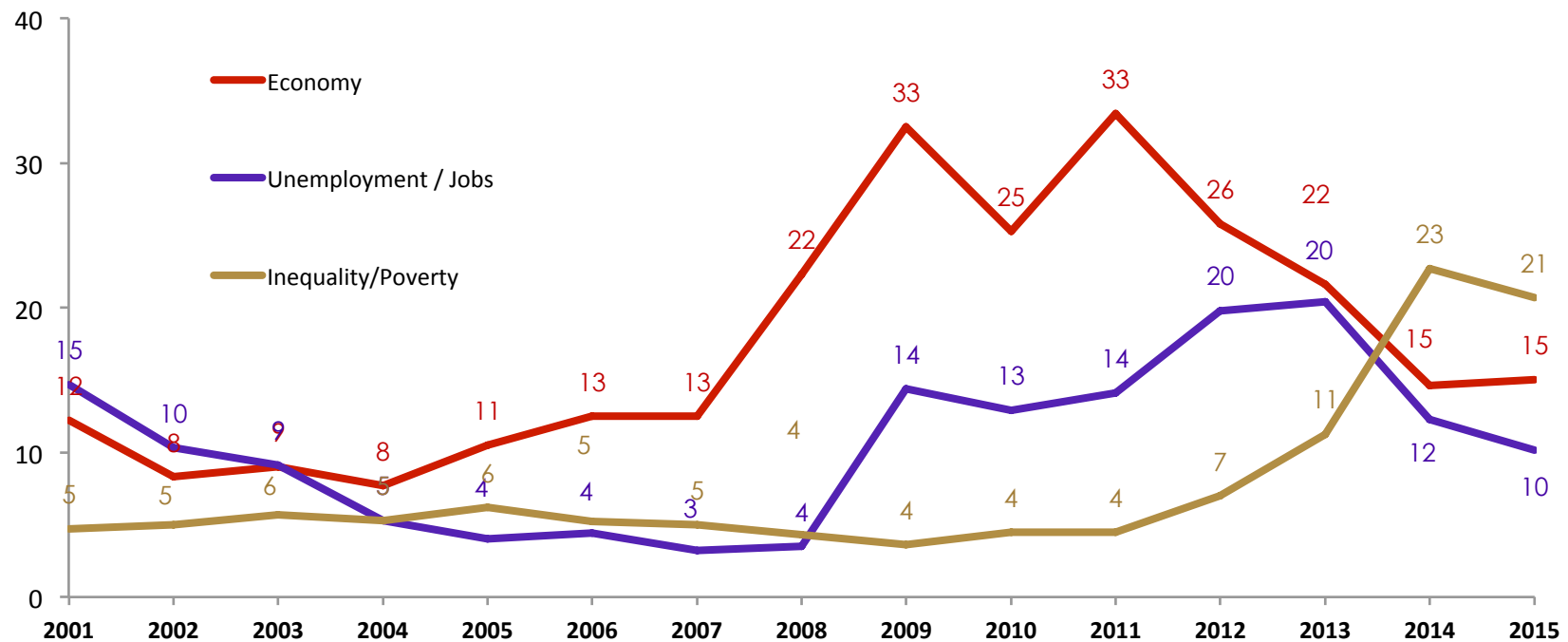
Right/wrong track – long term



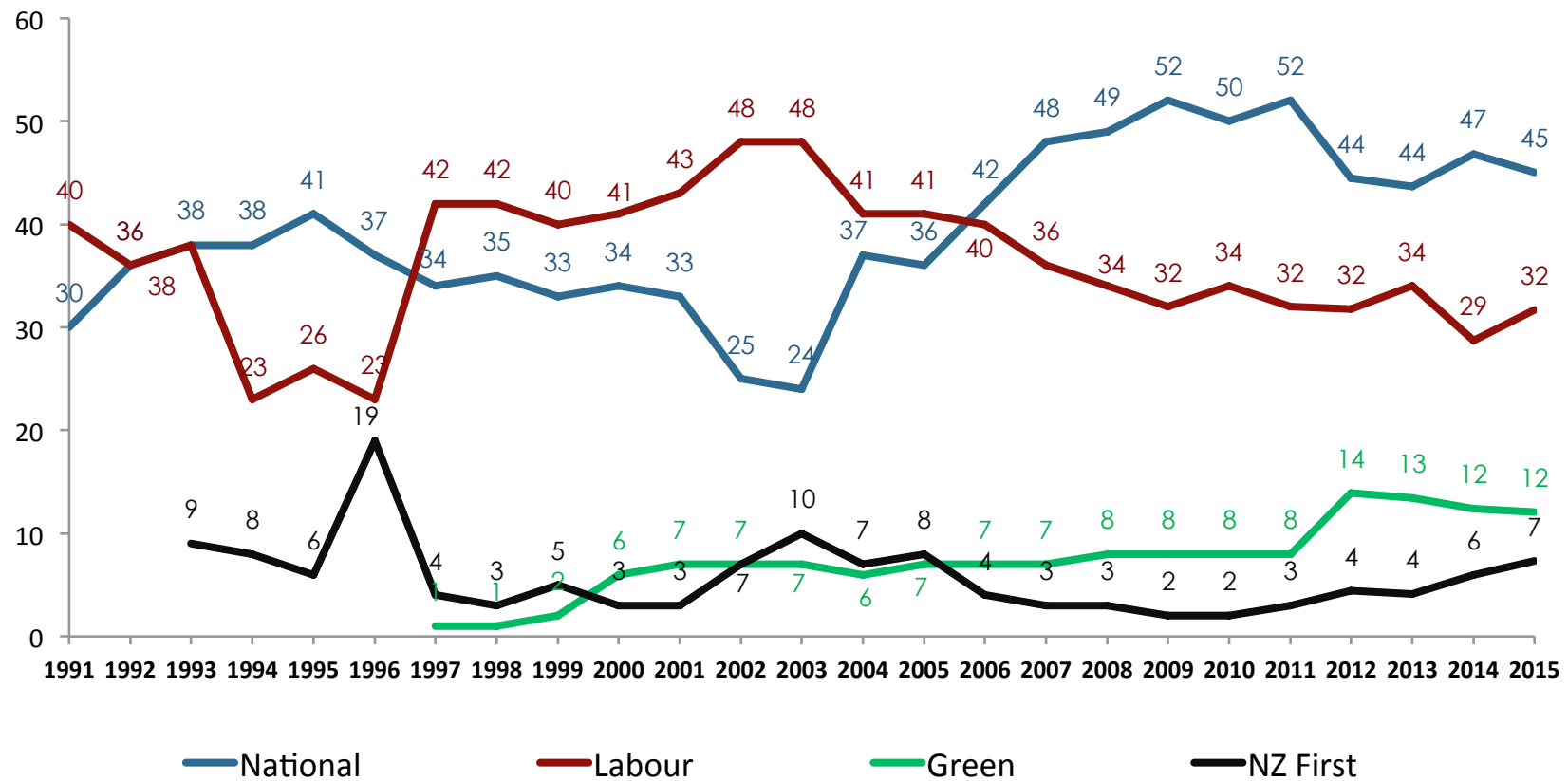
Source: UMR, Feb 2016

The rise of concern about inequality

Most important issue - annual average

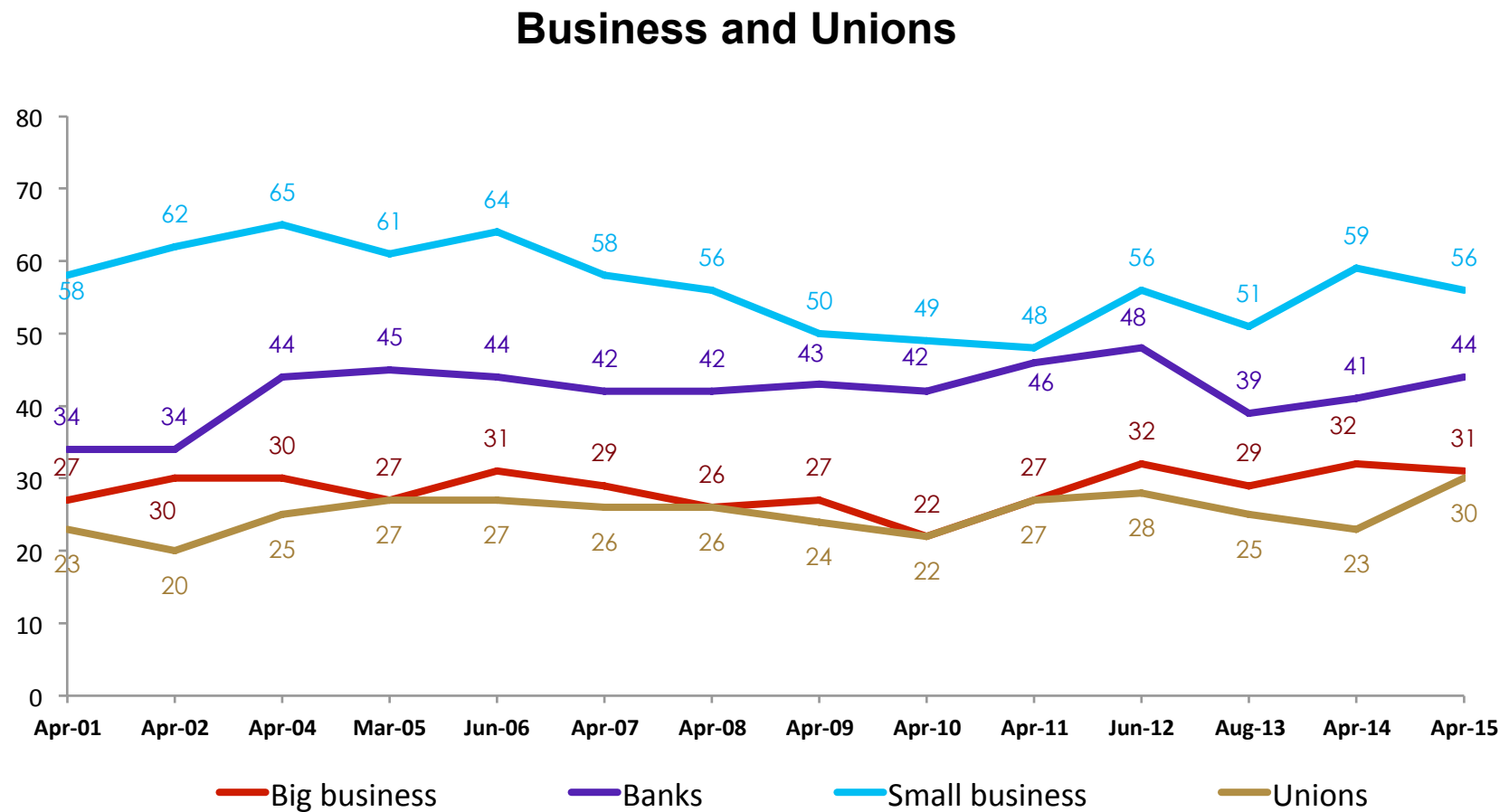


Long term party standings



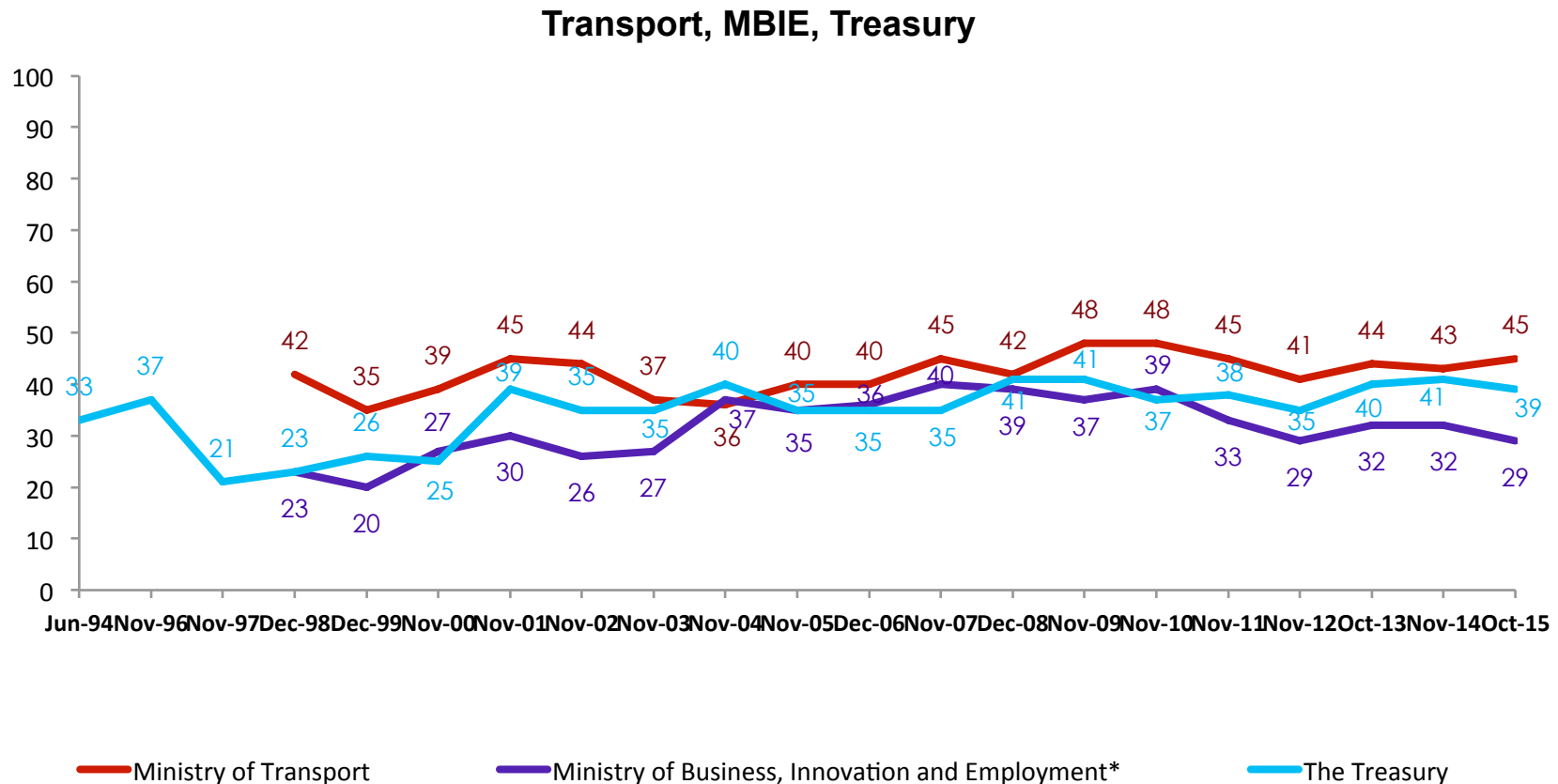
Source: UMR, Feb 2016

Business and unions – public standing



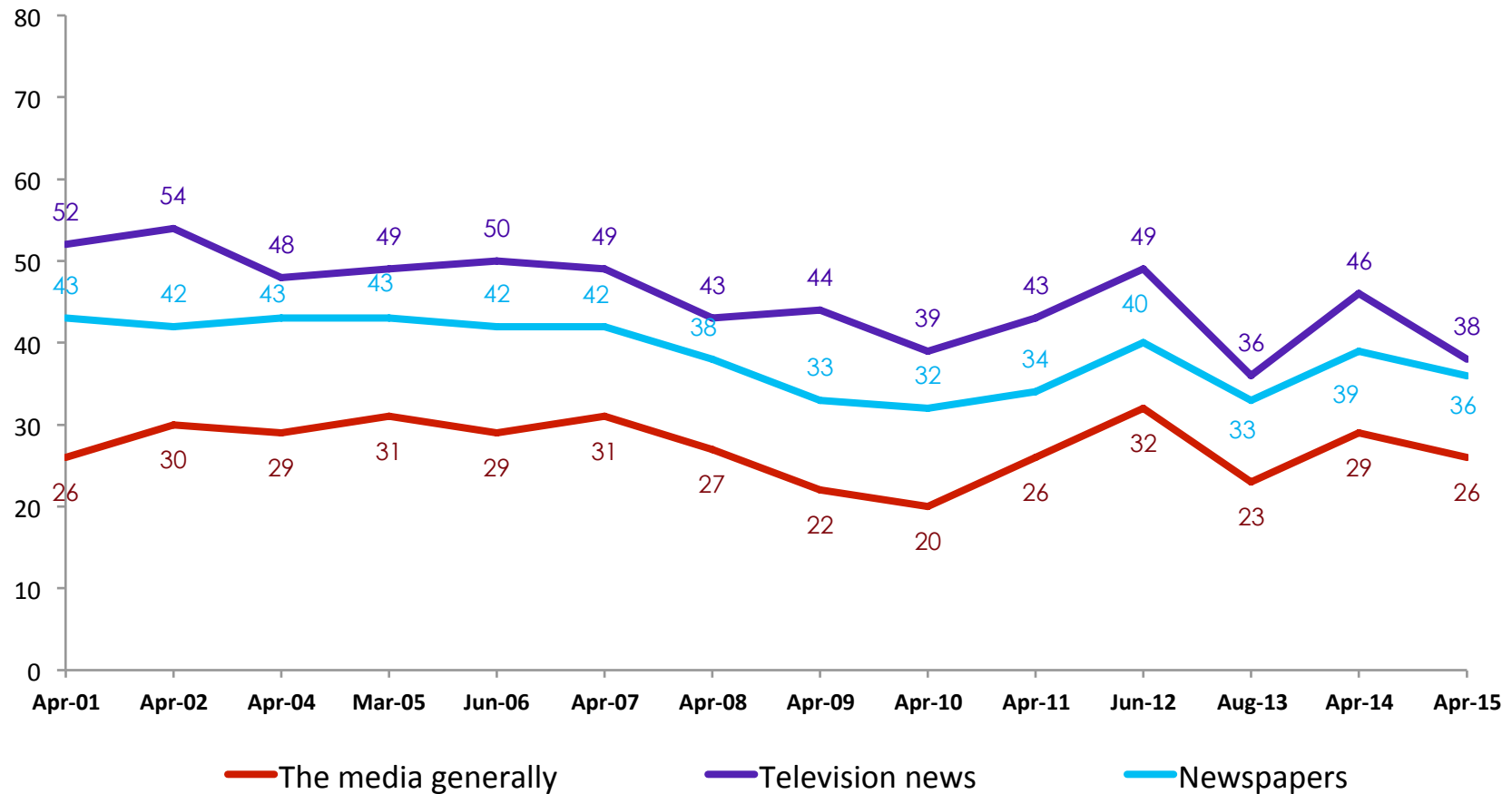
Source: UMR, Feb 2016

Key economic agencies – public standing



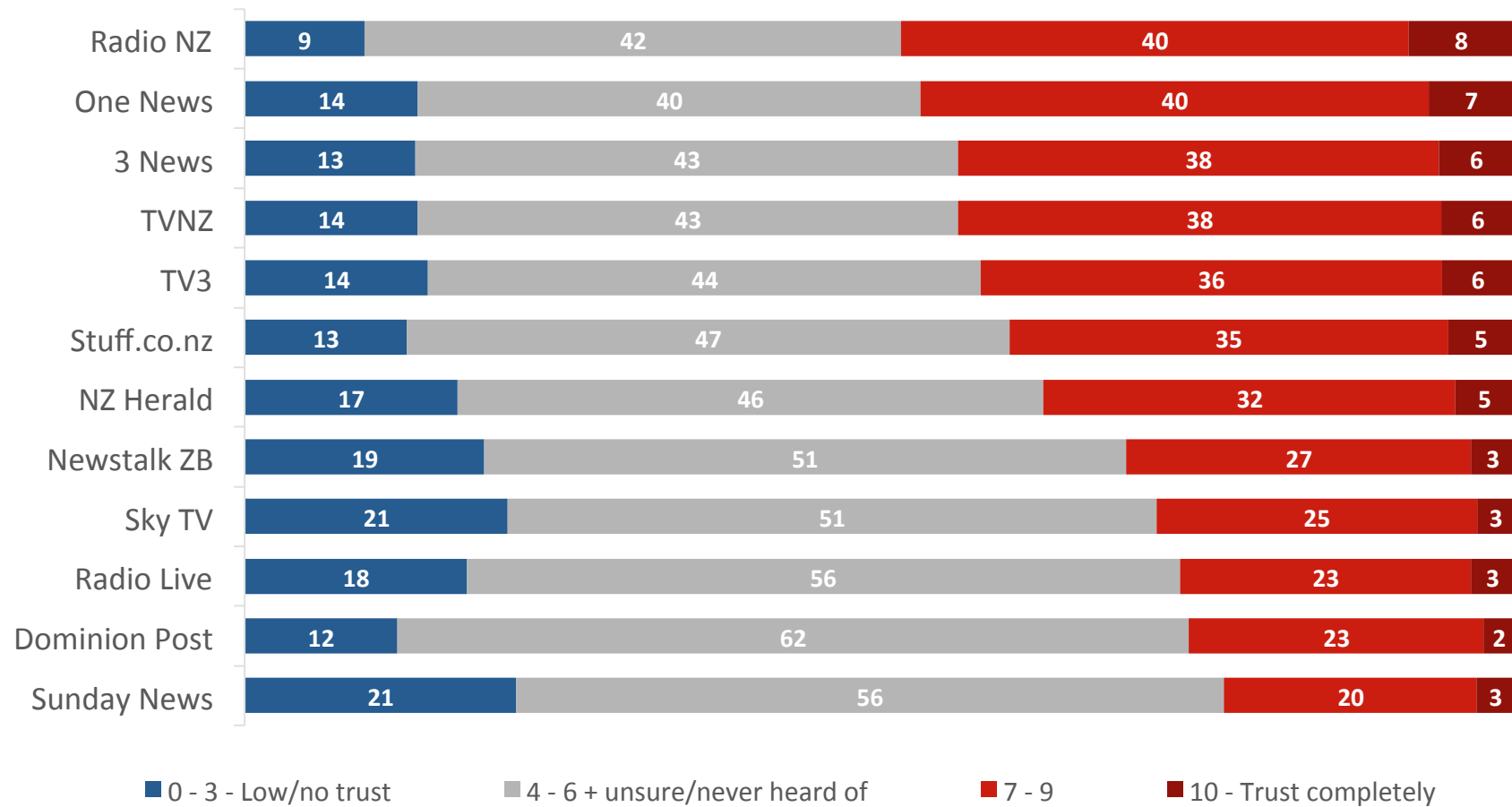
Source: UMR, Feb 2016

Media – public standing



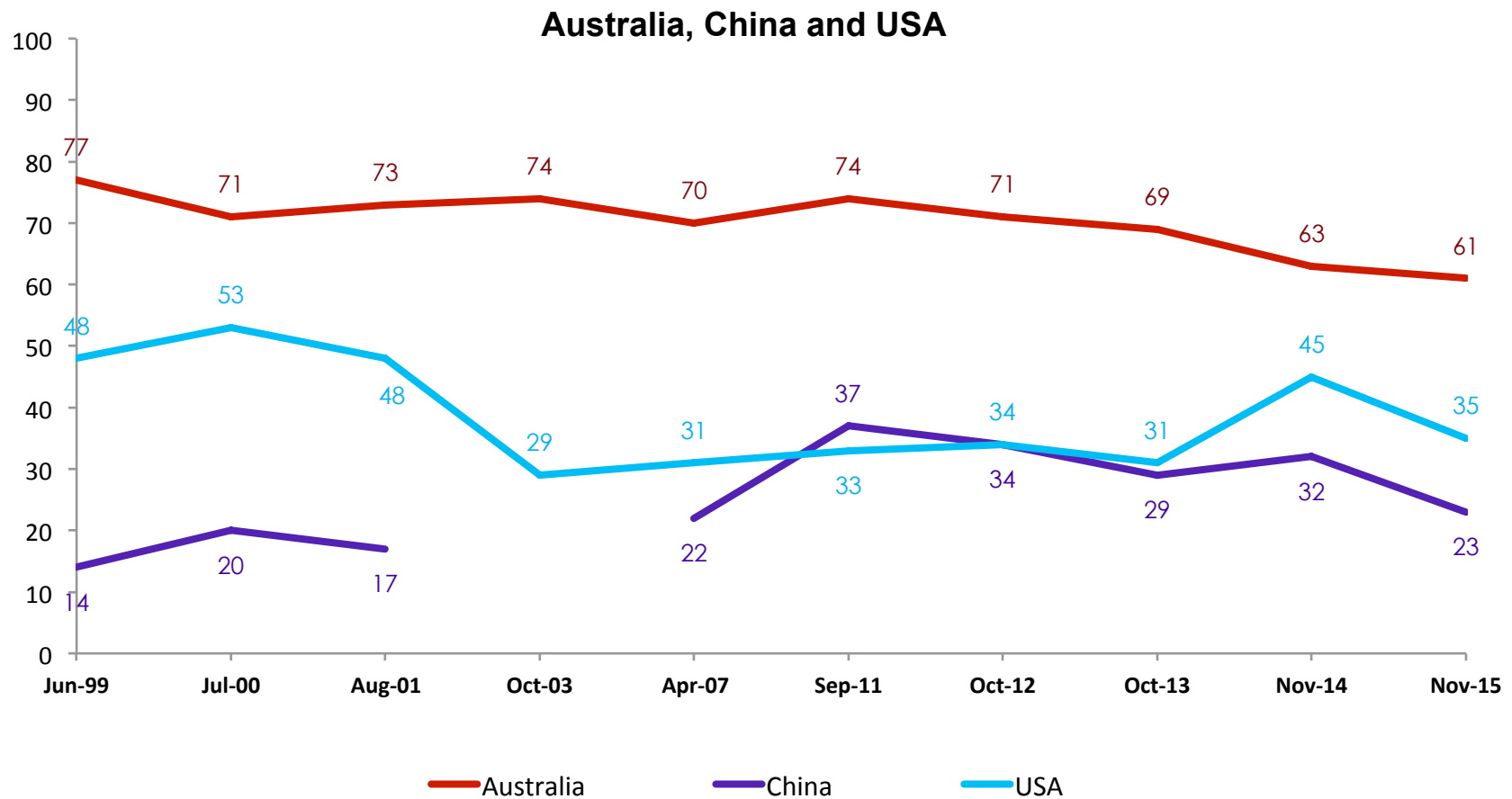
Source: UMR, Feb 2016

Trust in media – RNZ's opportunity



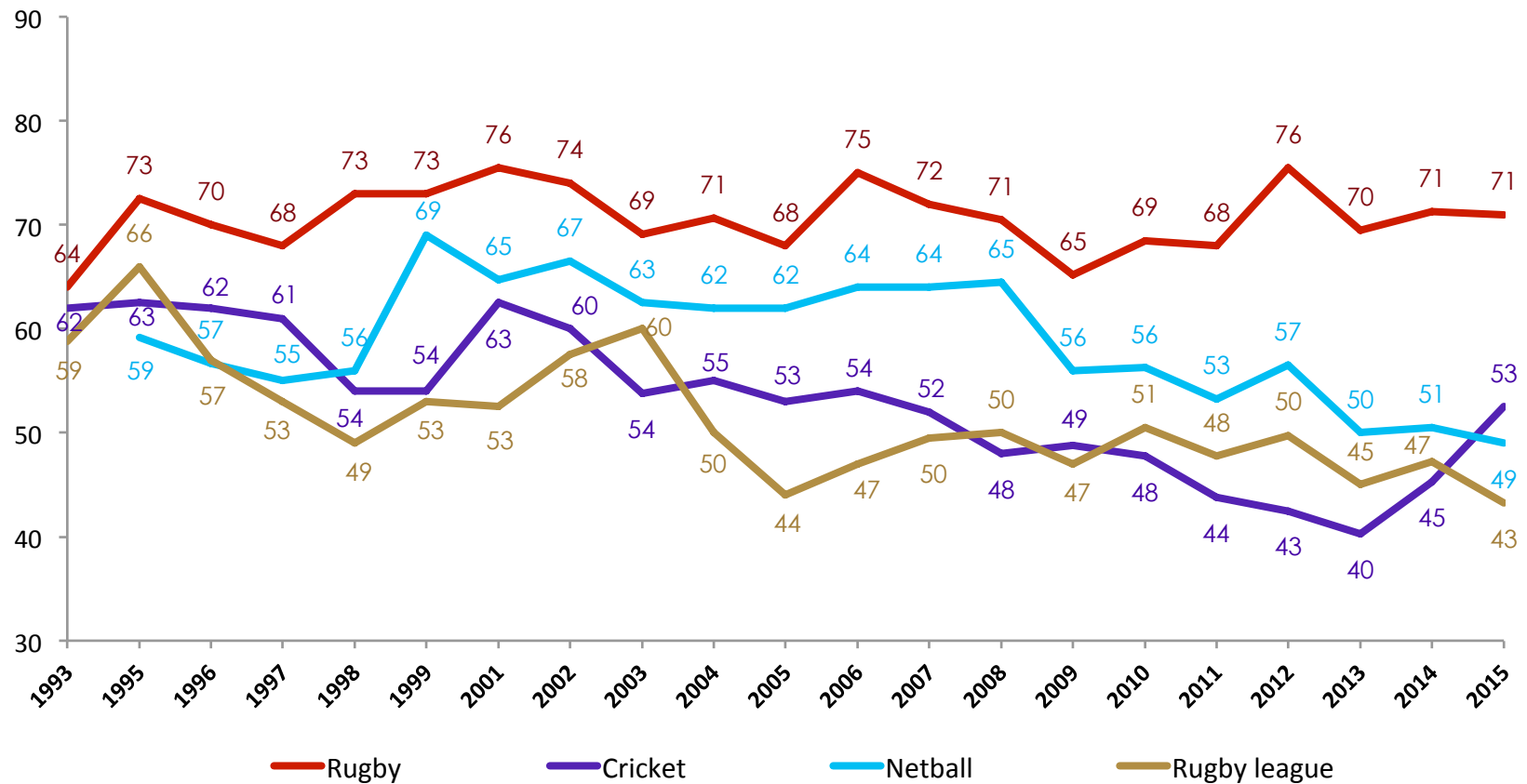
Source: UMR, Feb 2016

Opinion of other countries



Source: UMR, Feb 2016

Winning helps



Source: UMR, Feb 2016

Other political issues

Freshwater reform

- Two important developments:
 - Creation of ‘freshwater management units’
 - Reduces capacity to offset water quality deterioration in one catchment against improvement in another
 - Inclusion of a ‘macro-invertebrate index’ as a monitoring tool
- BUT – no meaningful movement on allocation
 - Frustrating to irrigators
 - Reflects the minefield of iwi aspirations
 - Govt may not want to deal before the election

Productivity Commission on tertiary education

- Weighty issues paper issued Wednesday
- No conclusions, but emphasis of interest on:
 - Relative lack of teaching qualifications among university staff vs lower order institutions
 - The lack of diversity in NZ university offerings
 - All are 'research', none are 'teaching only'
 - Cross-subsidy for research built into student fees
 - Lack of evidence that tertiary qualification is improving national productivity
 - Divergent views between unis and employers about the competence/quality of graduates

Flag change looks like a loser, but...

Flag preference by certainty of voting

