

Edelman Japan: 2006 Stakeholder Study



Research Objectives



To examine and understand:

- Trust in Japanese institutions and information sources
- The drivers of stakeholder opinions of corporations in Japan
- The drivers of responsible corporate behavior / Corporate Social Responsibility (CSR) in Japan
- Japanese stakeholder opinion compared to the opinion of stakeholders in other Asia-Pacific markets (especially regarding attitudes towards Japanese corporations)

Research Study Overview



- **Second Annual Edelman Japan Stakeholder Study**
- Conducted by **Harris Interactive**
- 140 x 40 minute face-to-face interviews in Tokyo, conducted June-August 2006
- Part of the Edelman Asia-Pacific 2006 Stakeholder Study, which surveyed 1,050 in key national markets during the same period

Seven Japanese stakeholder groups:

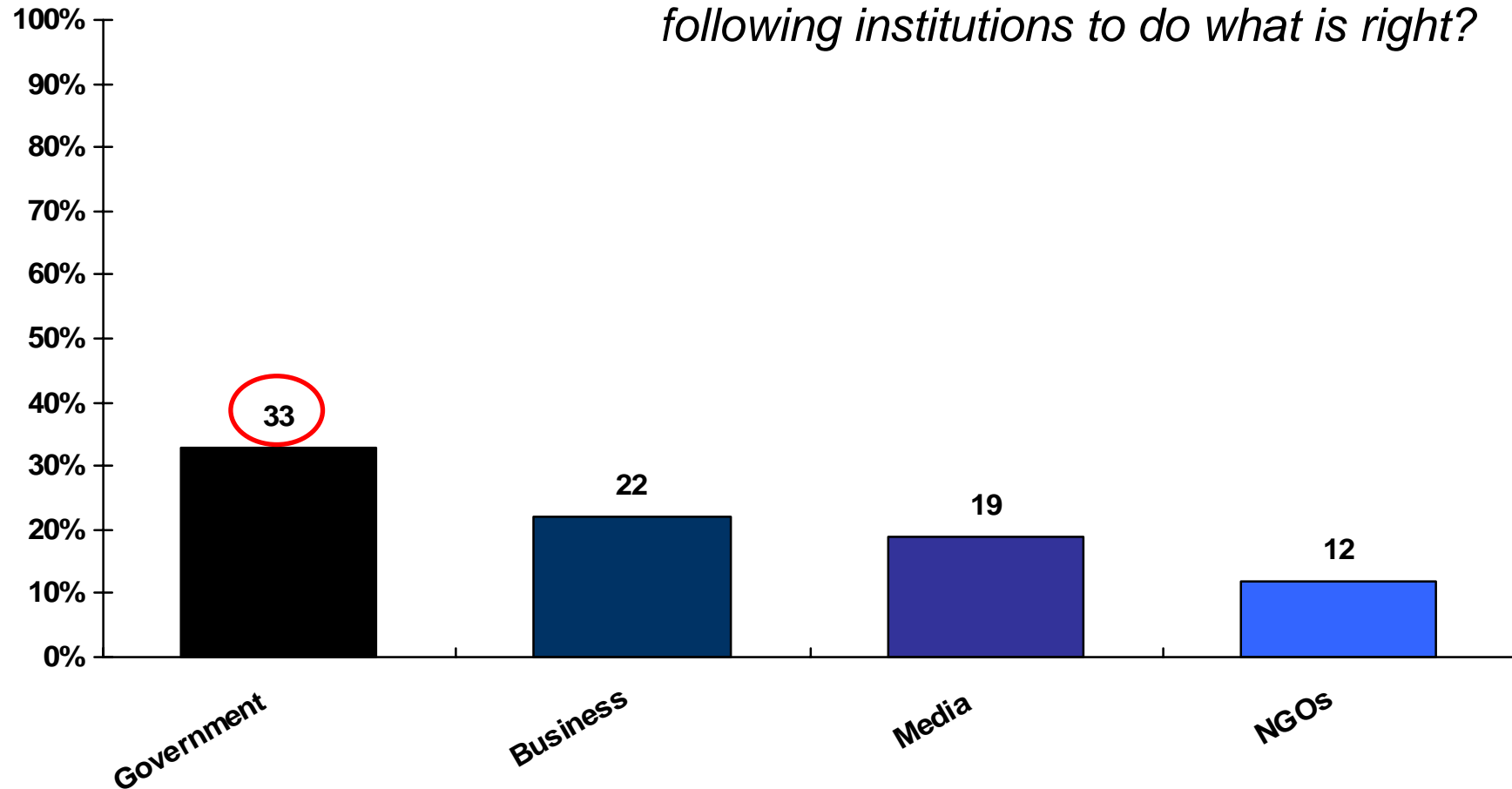
- Government officials
- NGOs/ trade associations
- Institutional investors
- Media
- Senior business executives
- Employees
- Up-scale consumers

The State of Trust



Trust in Institutions

How much do you trust each of the following institutions to do what is right?



(Percentage equals top three box score for each institution on a 1-10 scale)

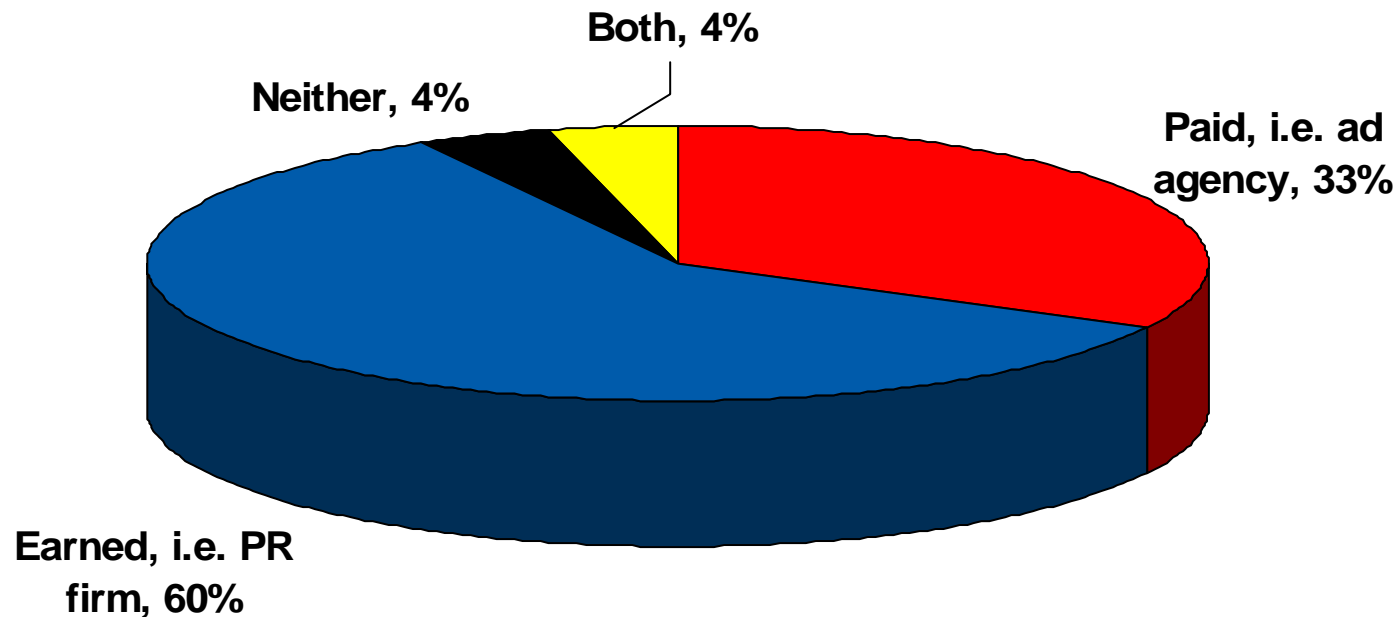
Sources and Channels



PR versus Advertising

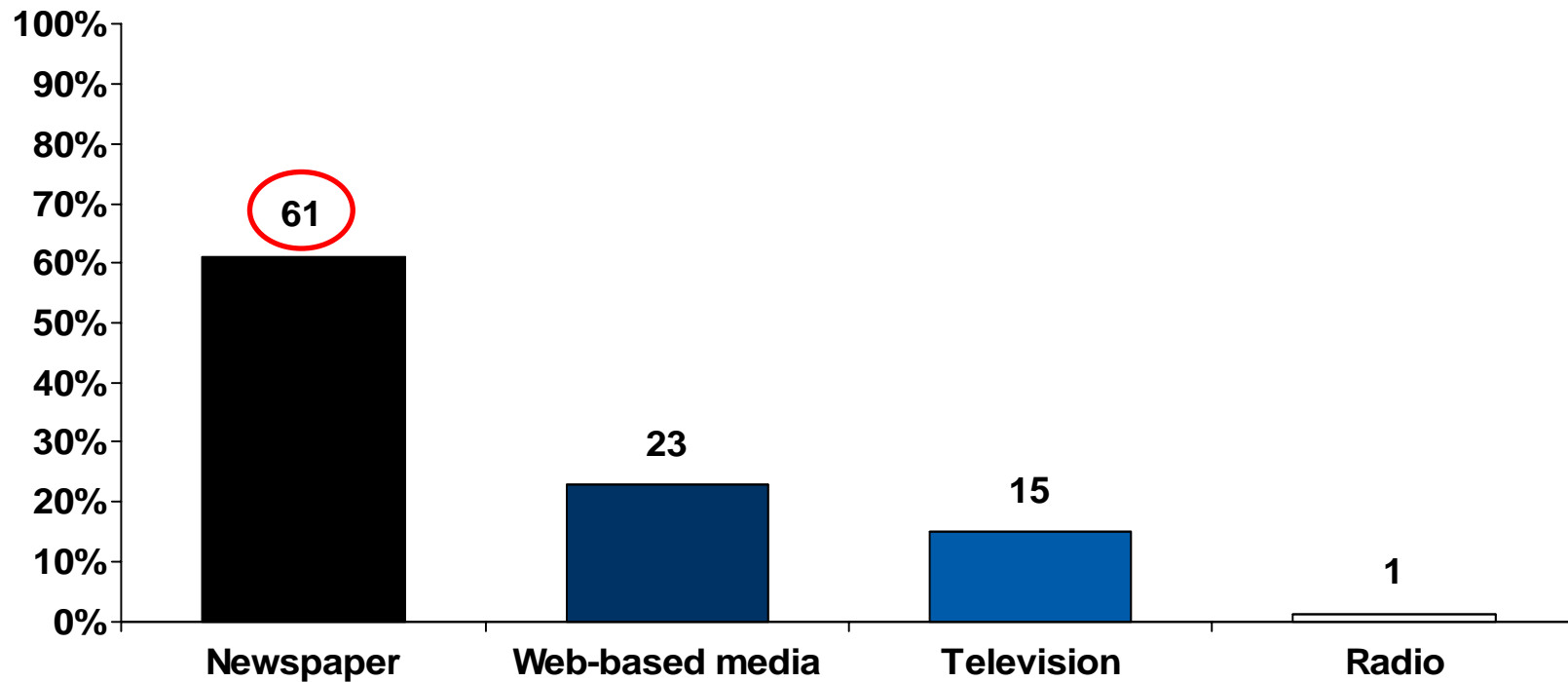
Some companies communicate with their stakeholders primarily through paid media coverage using an advertising agency. Other companies communicate with their stakeholders primarily through earned media coverage using a public relations agency.

Which approach do you think is more effective?



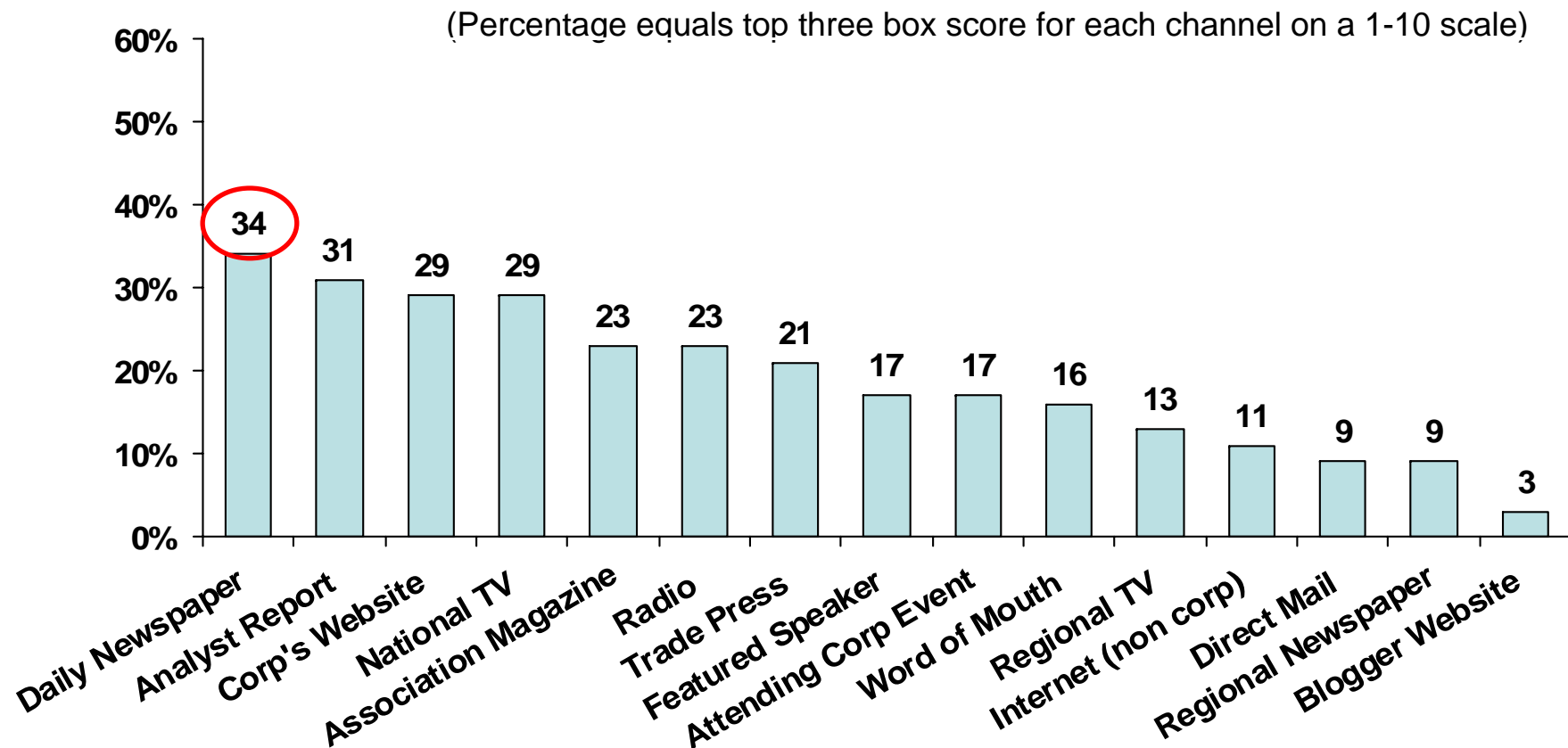
Media Turned To First

What type of the following media do you turn to first for trustworthy information/news?



Trusted Communication Sources

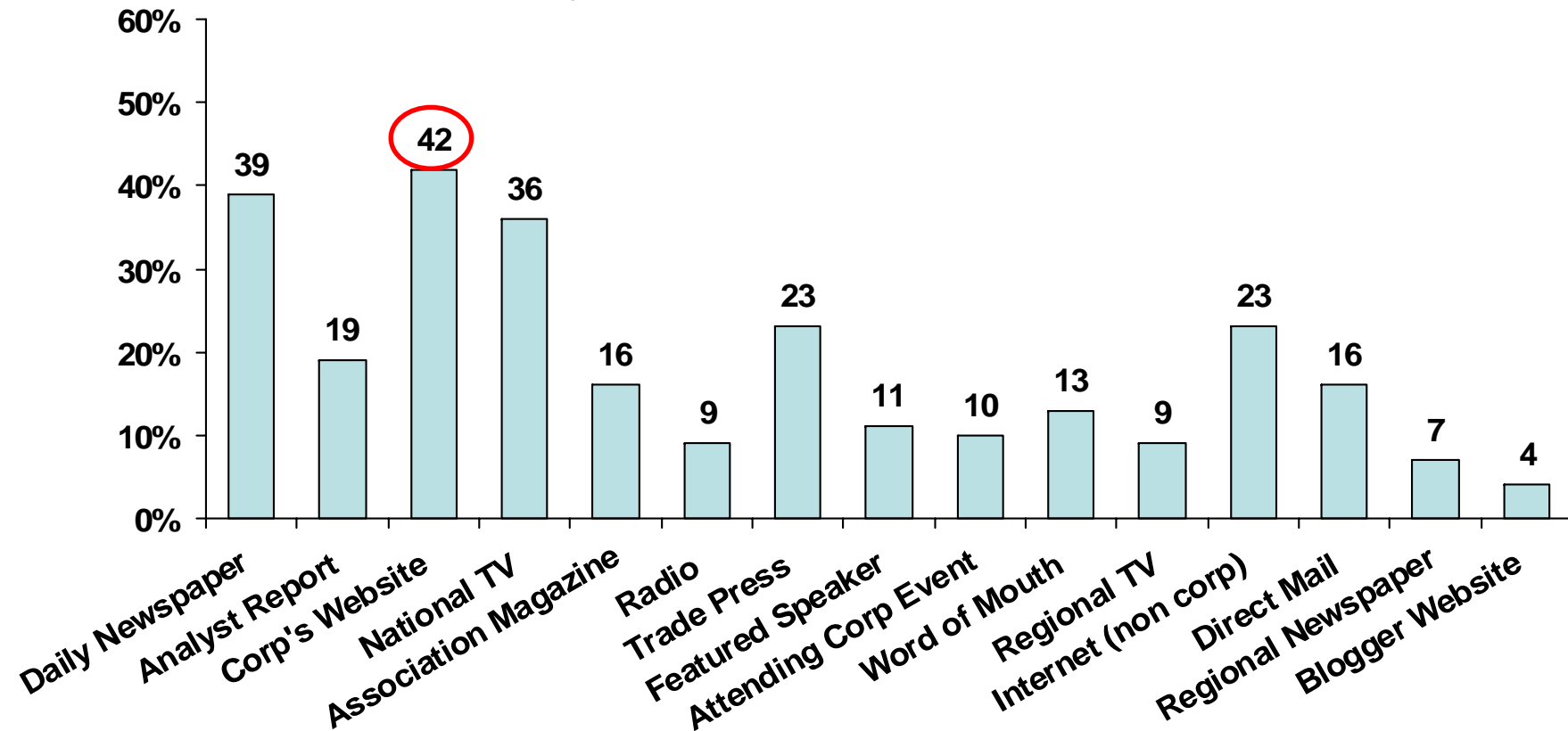
How trustworthy and believable do you feel certain communication vehicles are when passing information along about a corporation?



Likelihood of Using Information Sources

How likely are you to use each communication vehicle to get information about a corporation?

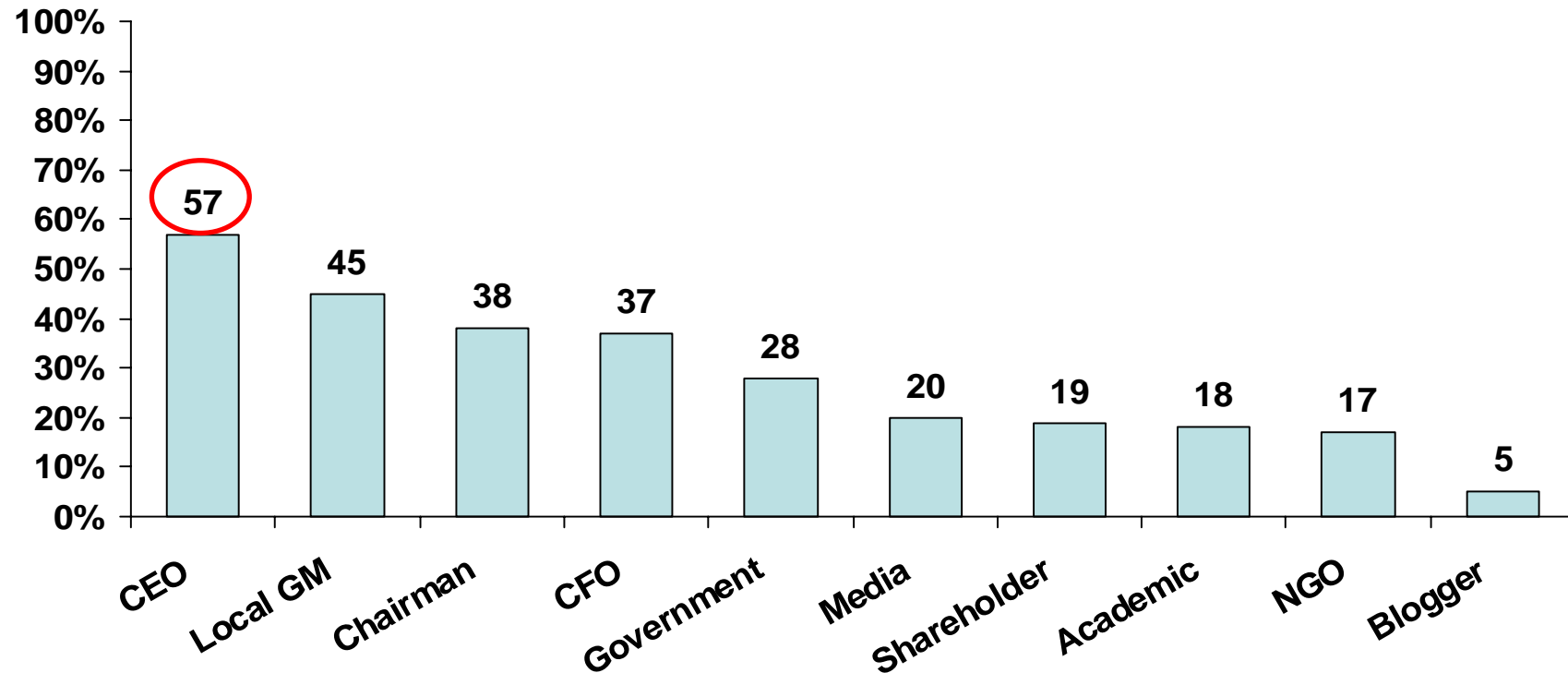
(Percentage equals top three box score for each channel on a 1-10 scale)



Trust in Spokespeople

How trustworthy and believable do you feel each person is when passing information along about a corporation?

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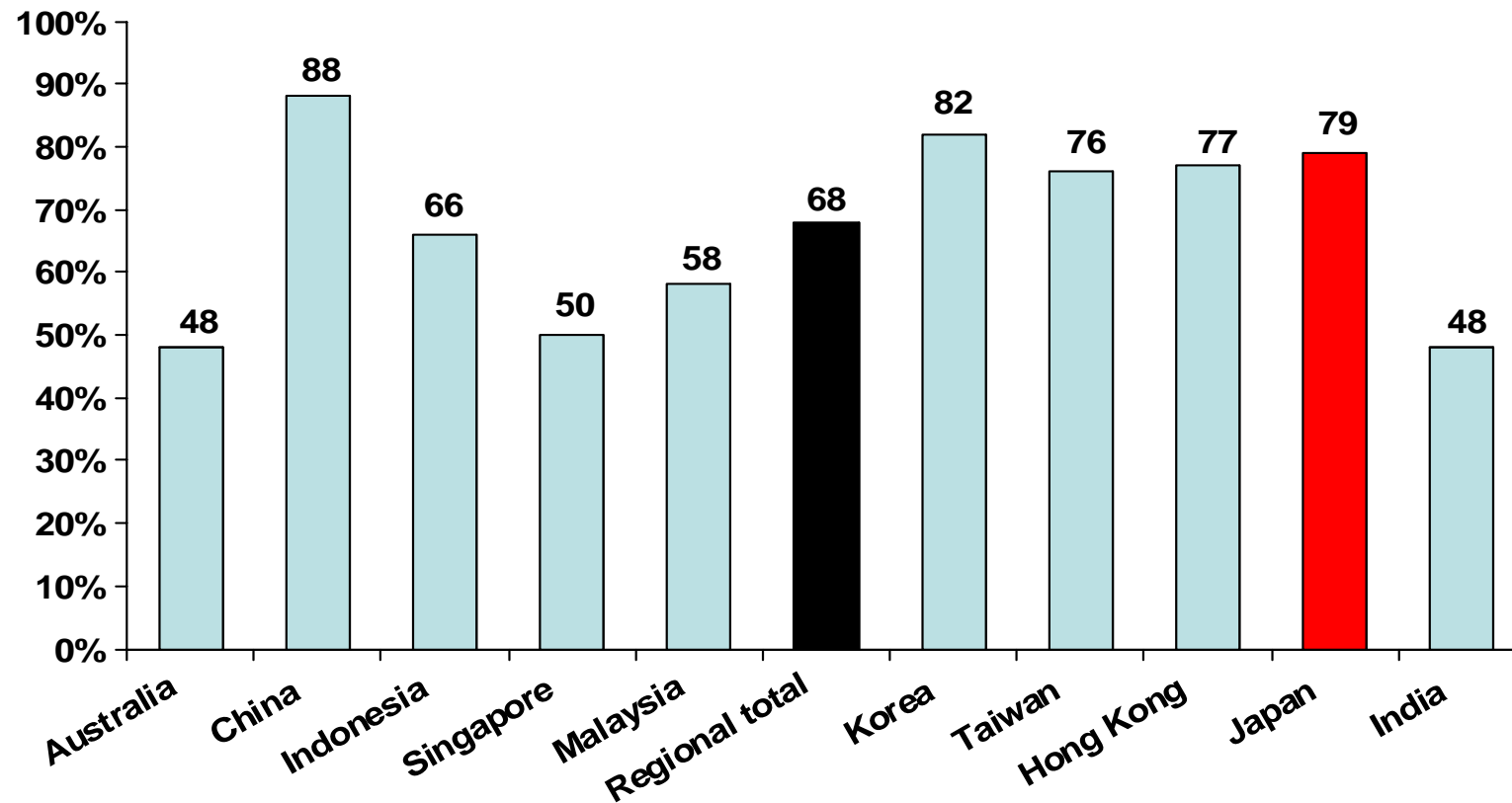


Blogging



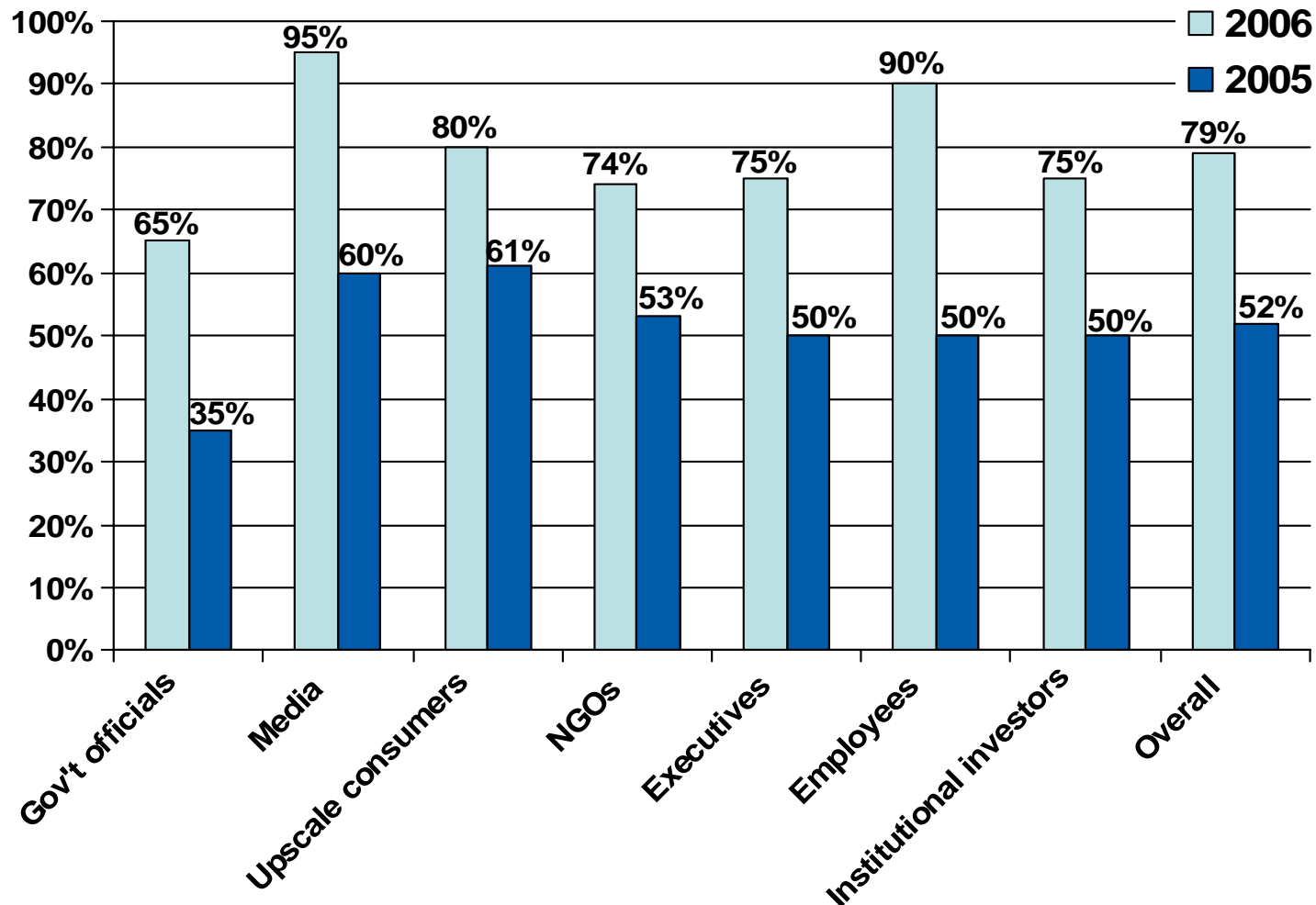
Stakeholder Blogging Levels in Asia

Have you ever done any 'blogging' yourself, or visited 'blogs' on the internet?



Blogging by Stakeholder Group

Have you ever done any 'blogging' yourself, or visited 'blogs' on the internet?



Opinion Drivers in Japan



Stand-out Characteristics

What is the first thing you notice that makes companies stand out from the rest?

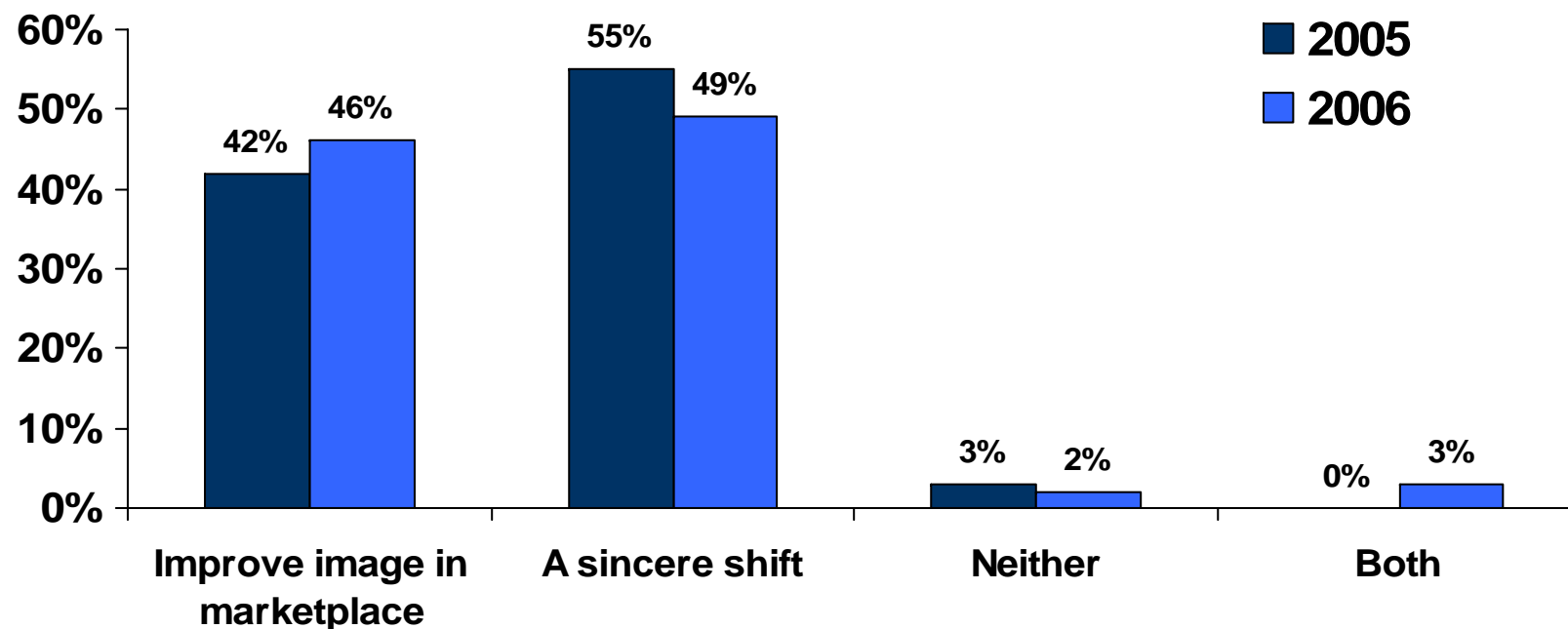
Stand-out characteristics of corporations in Japan	2006	2005
Brand/Product quality	44%	38%
Management/Leadership	11%	24%
Innovation	9%	1%
Employee development/Employee benefits	9%	12%
Active promotion/Advertising	7%	1%
High profit/Profitable	6%	9%
Staff quality/Attitude	6%	6%
Environmental protection	6%	0%
Production efficiency/Workflow	5%	3%
Corporate culture	4%	8%
Sales/Marketing strategy	4%	6%
Company image/Reputation	4%	3%

‘Good and Responsible’ Corporations



CSR Sincerity

“Some people believe that corporations are paying more attention to Corporate Social Responsibility today as a way to improve their image in the marketplace. Others believe that increased attention to corporate social responsibility is a sincere shift in the ways corporations do business.” Which point of view do you agree with most?



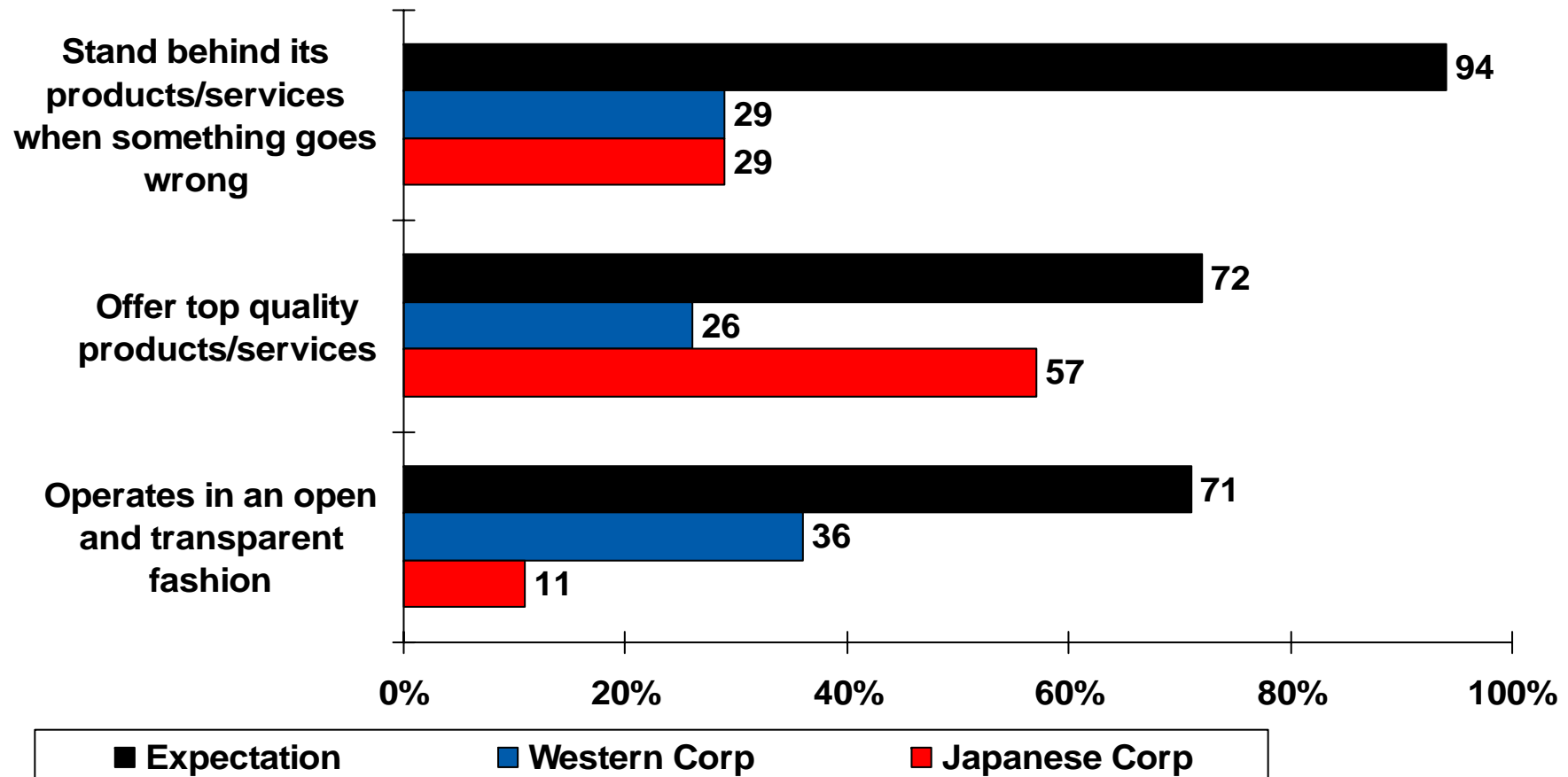
Responsible Corporate Characteristics

How important are the following characteristics for good and responsible corporations?

'Good and responsible' corporate characteristics in Japan	2006	2005
Stand behind its products/services when something goes wrong	94%	94%
Offers top quality products/services	72%	76%
Operate in an open and transparent fashion	71%	70%
Provides senior leadership that can be trusted	65%	71%
Concerned about/active in doing something about community welfare	62%	48%
Communicates frequently and openly with employees	46%	41%
Makes products that really impress other people	43%	37%
Works hard at building relationship with core shareholders	24%	21%

Japanese and Western Corporations: Living-up to Responsible Characteristics?

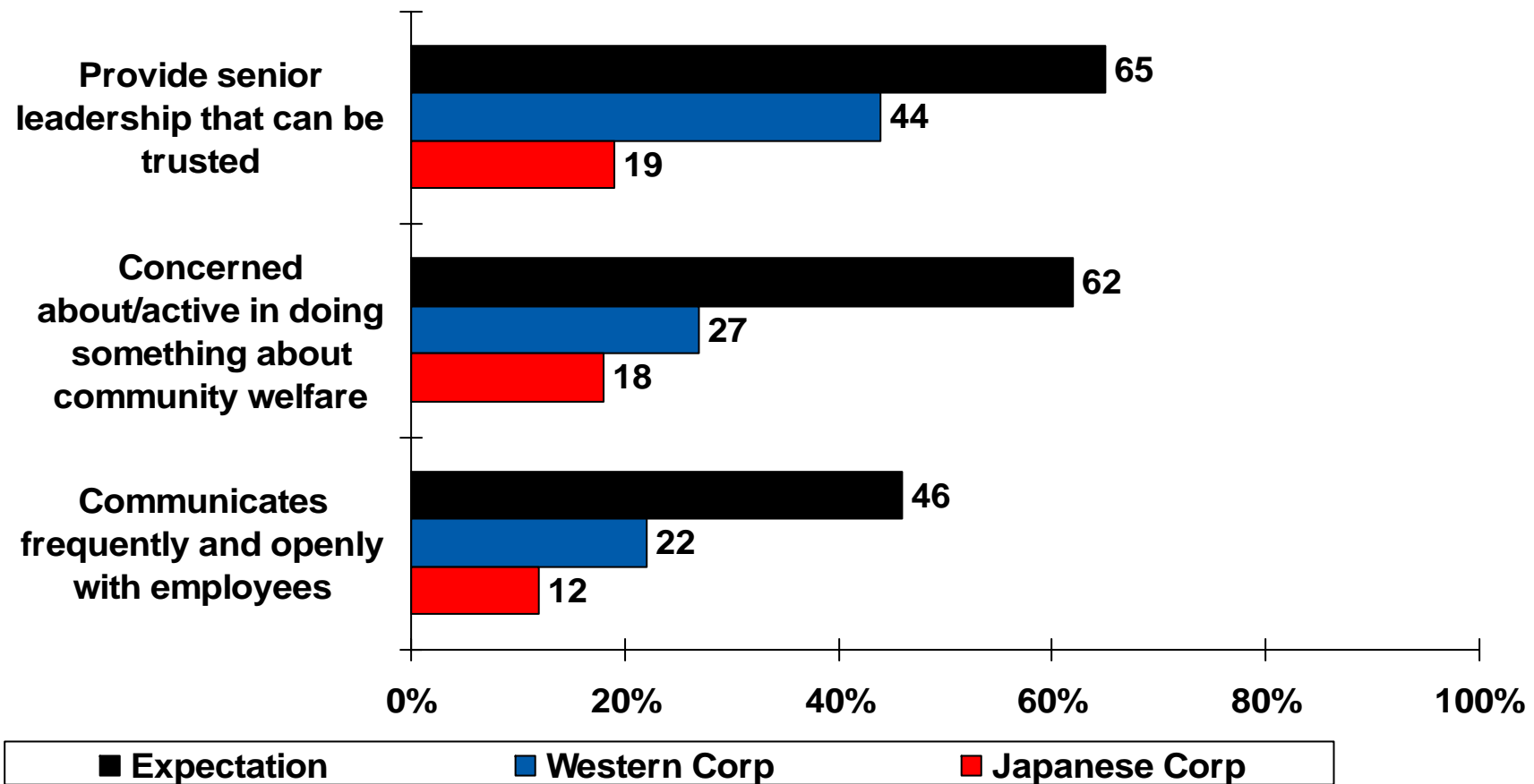
What degree do you believe different types of corporations live up to each characteristic?



(Percentage equals top three box score for each characteristic on a 1-10 scale)

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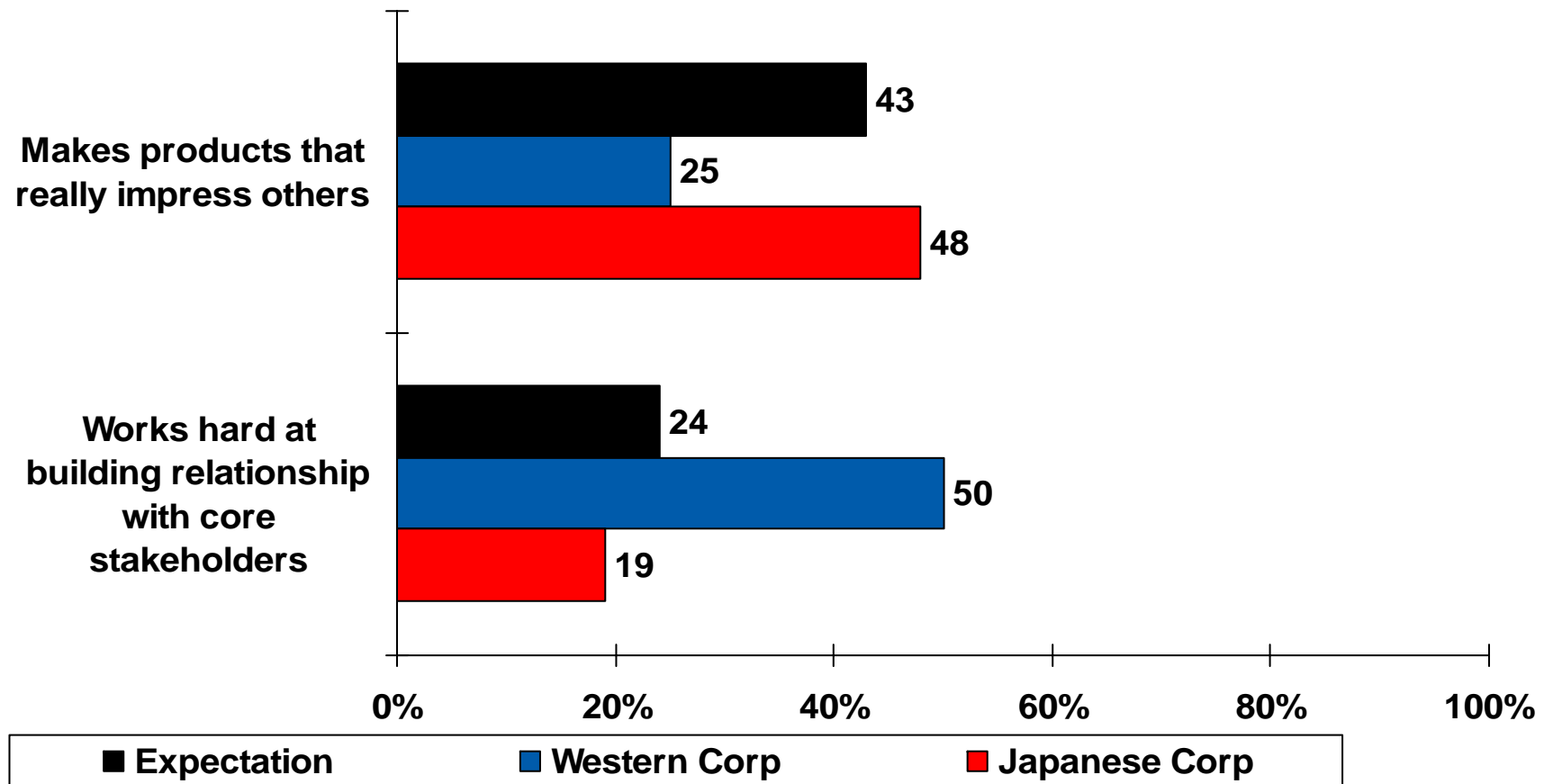
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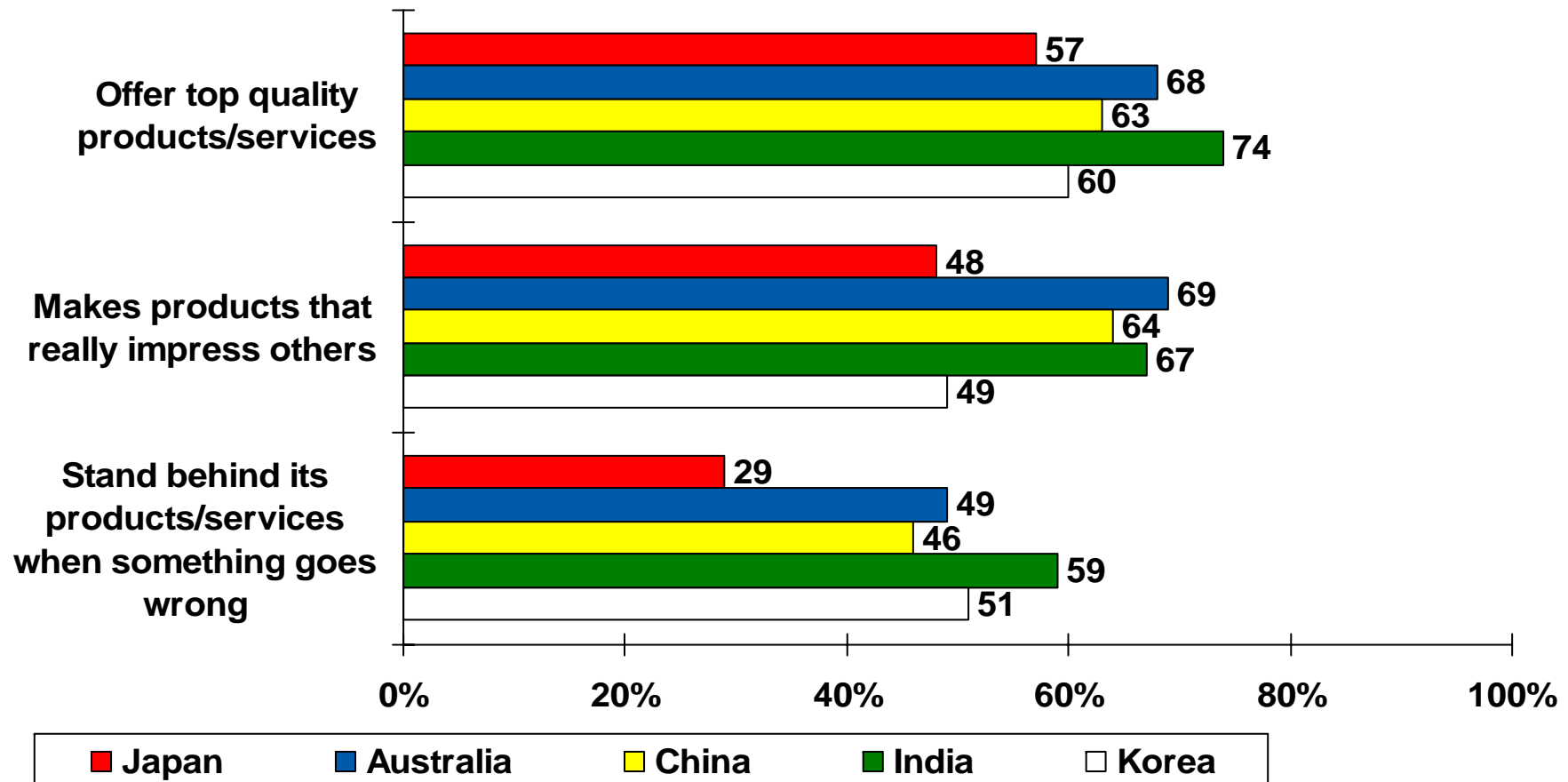
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Japanese Corporations in Asia: Living-up to 'Good and Responsible' Characteristics?

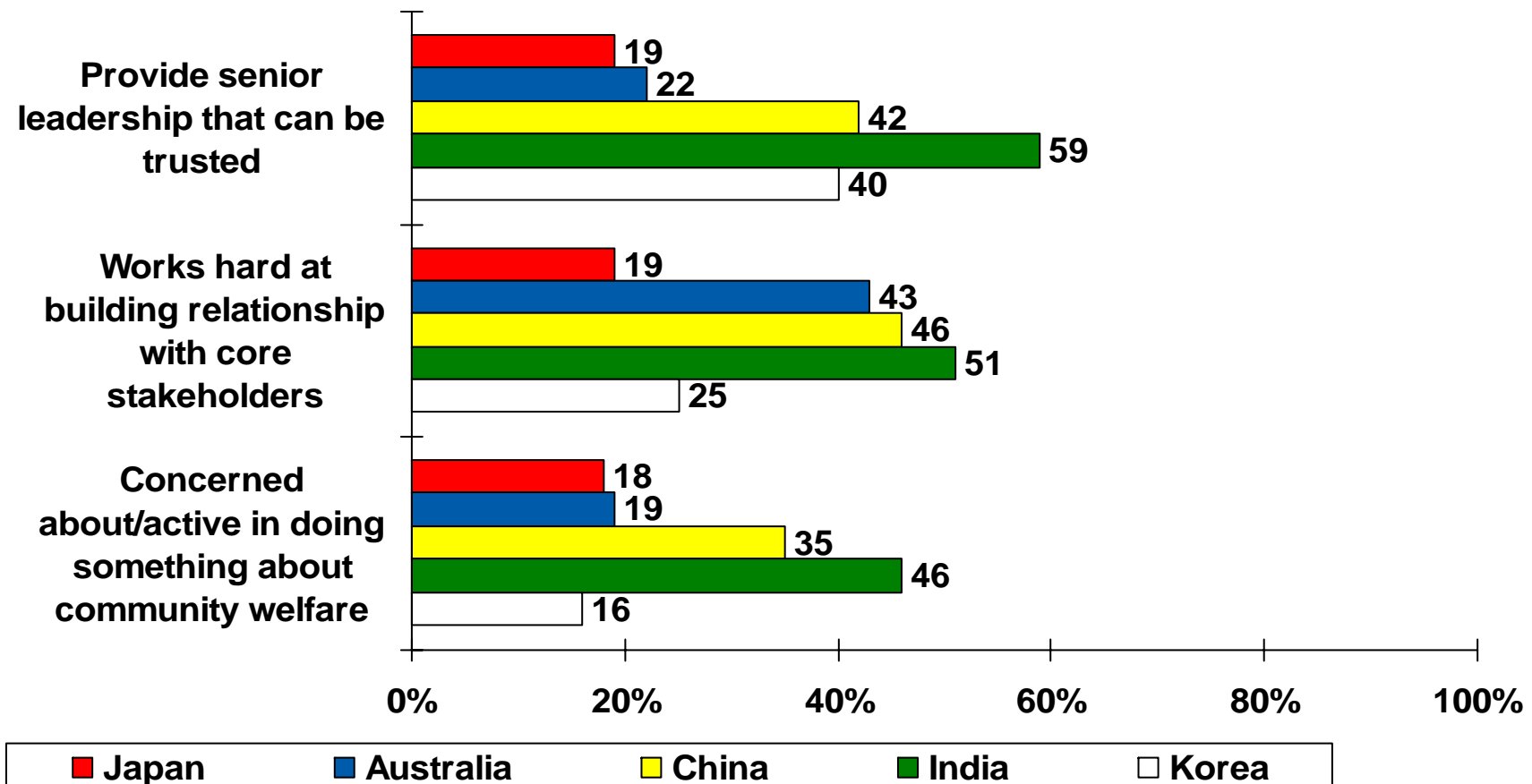
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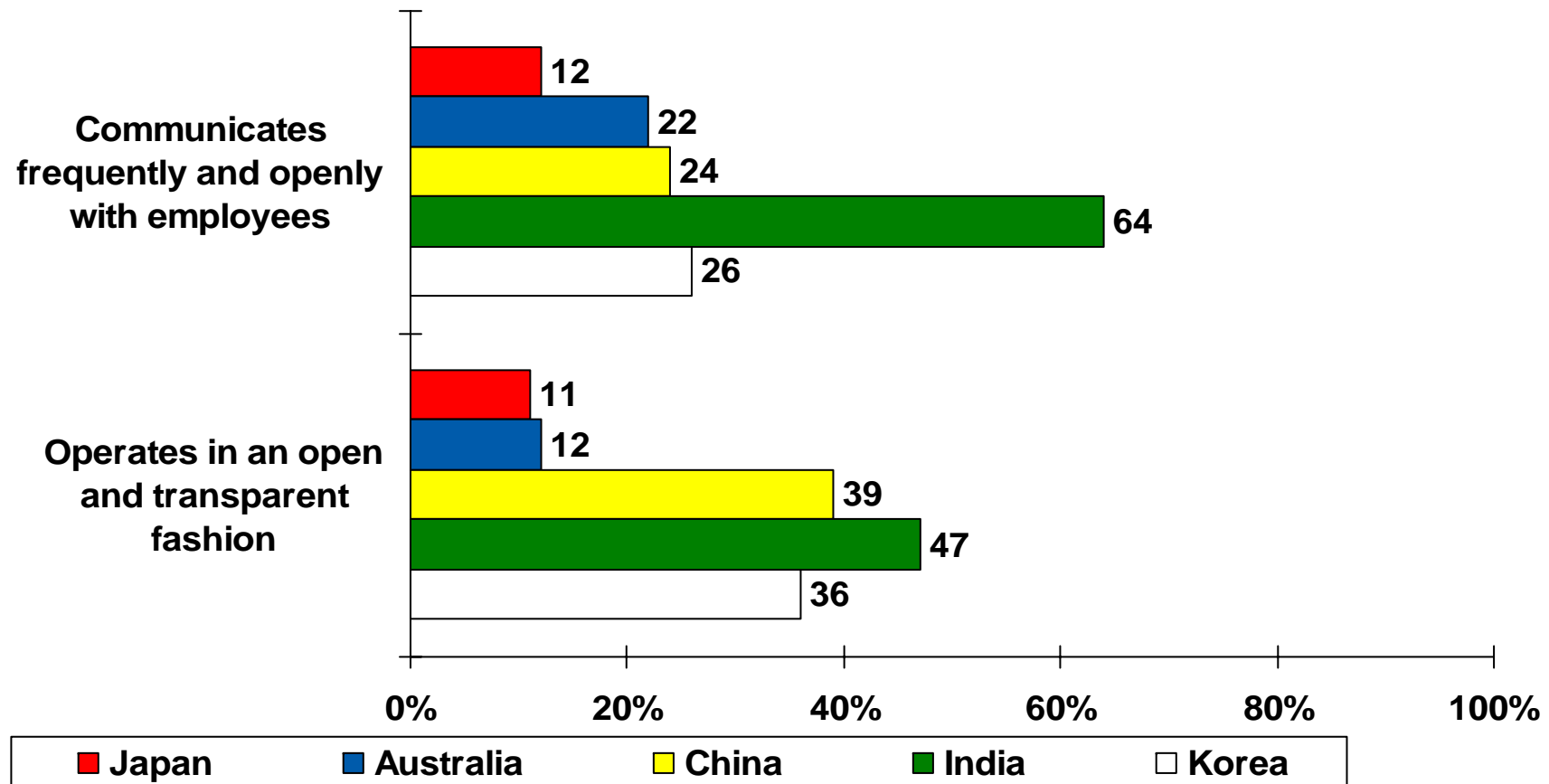
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Japanese Corporations in Asia: Living-up to 'Good and Responsible' Characteristics?

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Japanese Stakeholder Conclusions

- **Trust in institutions is not high among Japanese stakeholders**, underscoring the need for credible and consistent communications by those institutions to regain trust
- **PR-earned media coverage is more trusted than advertising-purchased coverage** among Japanese stakeholders, so marketers should respect the power of public relations and consider re-balancing their budgets accordingly
- **Among media channels, newspapers continue to be the most trustworthy and believable**, but stakeholders are more likely to actually use corporate websites to get information about a company; therefore, every company should have an online PR strategy and engage with the Internet media
- **The CEO remains a credible source of information** about a corporation among Japanese stakeholders
- Each Japanese stakeholder group shows a **dramatic increase in blogging activity compared to last year**

Japanese Stakeholder Conclusions



- Brand/product **quality is the first thing that Japanese stakeholders notice** about a company that make it stand out
- **Japanese stakeholders are divided concerning whether corporate CSR programs are sincere** or instead motivated by image-building...so 'CSR PR' must always be rooted in reality and backed by tangible 'proof points'
- **Japanese stakeholders say that 'a company standing behind its products/services when something goes wrong' is the top characteristic of a good and responsible corporation**, which shows the massive importance of the crisis communications discipline which is the province of the public relations industry. Western and Japanese companies are failing to live-up to expectations for that characteristic
- **Japanese corporations are seen to be providing top quality products that impress others**, while Western corporations get higher marks for transparency, senior leadership that can be trusted, internal communications and building relationships with stakeholders

Asian Stakeholder Attitudes Towards Japanese Corporations

- **Blogging levels among Japanese stakeholders are higher than the Asia-Pacific average**, but lag the blogging level of stakeholders in China and Korea
- **Across Asia-Pacific, Japanese companies score very high for offering top-quality products and services and making products that impress others**
- Interestingly, **Japanese stakeholders rank Japanese companies significantly lower than Australian, Chinese, Indian and Korean stakeholders** when it comes to:

Standing behind products and services when something goes wrong

Providing senior leadership that can be trusted

Working hard at building relationships with core stakeholders

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