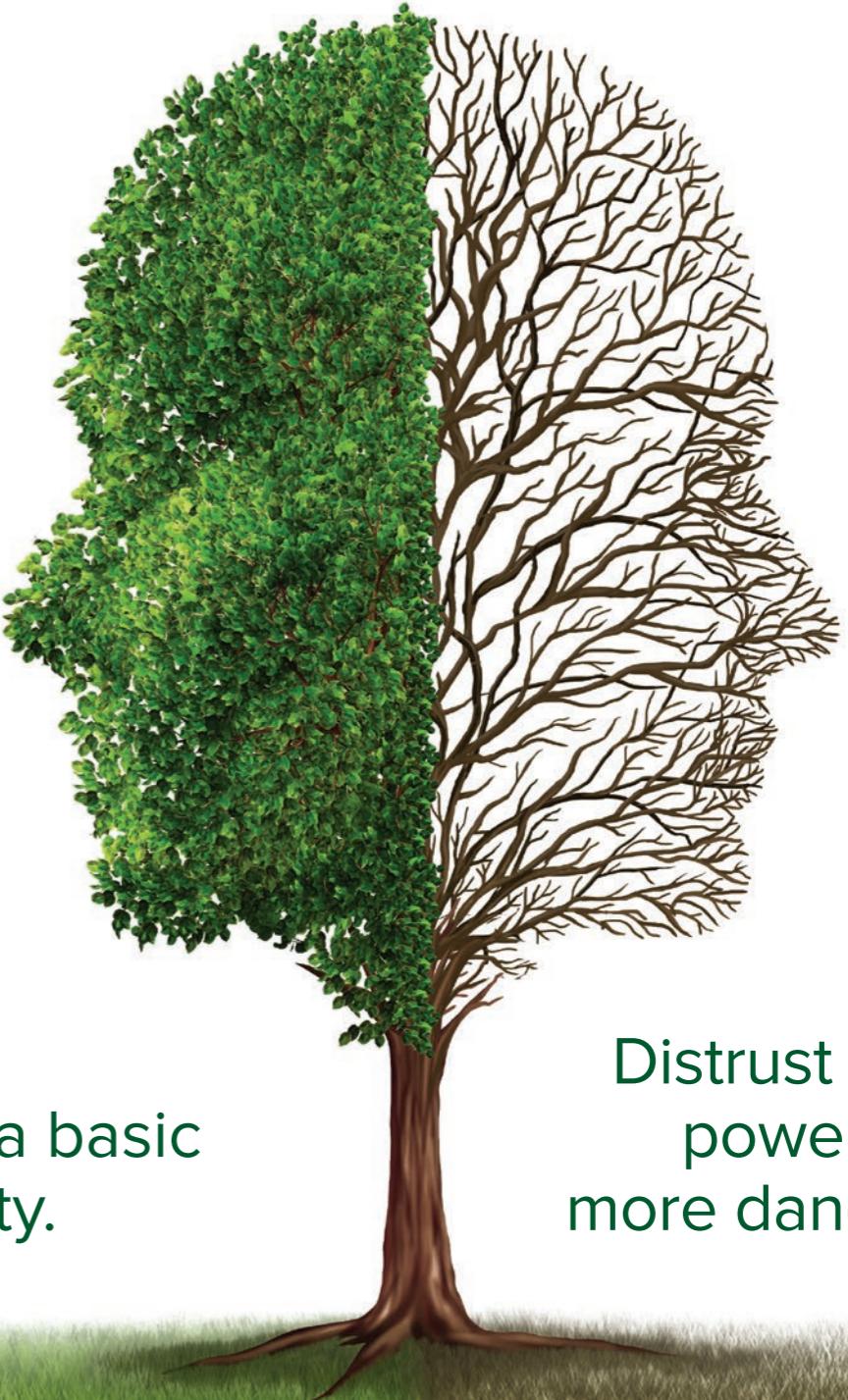


Risk Report



Trust is a basic necessity.

Distrust is more powerful and more dangerous.

RRP \$275

Prepared by: Roy Morgan Research Institute

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By Michele Levine, CEO, Roy Morgan

Trust is Game On | Distrust is Game Over

TRUST is vital to the success of any business but it is DISTRUST that can cause disaster. The key message for business from the Roy Morgan Risk Monitor is that distrust leads to customer churn, loss of market share and a plummeting share price.

Numerous entities try to measure trust, with varying degrees of success. None has the breadth and depth of consumer insight that Roy Morgan has built up over two decades, so none is as accurate as Roy Morgan's trust measurement, now its second year.

However even the best measurement of trust misses the most significant part of the story. The major research program we began in 2017 has revealed that while trust is an essential ingredient in any functional relationship, be it person-to-person or brand-to-customer, it cannot shield against the corrosive effects of distrust.

To really come to grips with this, it's important to understand that distrust is not uncertainty about whether to trust, nor is it an absence of trust. It is something separate, something much darker and more damaging.

This truth, which was hiding in plain sight, has emerged from over 25 waves of research in which we have interviewed more than 30,000 Australians. Our proprietary survey first ascertains which brands Australians trust and why, then determines which brands they distrust and why.

By subtracting distrust from trust, we arrive at a Net Trust Score (NTS) – the true measure of sentiment towards a brand.

Having a low but positive-numbered NTS indicates room for improvement. Having a negative NTS should send a klaxon-call to management and the company board. This is not just a 'marketing' or 'comms' issue. Distrust should be on the Risk Register of every publicly listed company in Australia.

As CEO of Roy Morgan, as well as Principal Researcher for this program, I have found myself focused afresh on just how critical trust is for our company, whose long history is deeply entwined with the history of Australia and Australians, and whose future is now entrusted to me.

Each year we interview fifty thousand people all over Australia, face-to-face in their own homes. They open up to us about every aspect of their lives, including their hopes and fears, and they share highly personal details about their finances, health and much more. These people trust us to share their stories while protecting their privacy. They trust us to use the information they have given us wisely and to always tell the truth. Over the course of the company's history we have conducted such interviews with well over a million Australians. That's a lot of trust from a lot of people. It's a responsibility we take very seriously.

But there are many parts of corporate Australia where trust is regarded in far more abstract terms, something given lip service but very little real thought. We can all reel off recent examples of companies and organisations making business decisions that disregard the impact on their customers and people in the wider community, only to pay a heavy price down the track.

It's easy to forget that trust is what makes a society civilised and functional. And until now it has been easy to overlook the fact that distrust imperils us all.

The underlying reality has become clearer with every wave of research we have conducted: institutional Australia is blithely balanced on a knife edge of distrust. Organisations that fail to track their NTS and effectively address distrust render themselves fragile, vulnerable to brand damage so deep as to be unrecoverable. But for those organisations and executives who seek to understand what drives trust or distrust in their customers – and potential customers – knowledge is power.



Michele Levine

Michele Levine
CEO Roy Morgan



1. Industry Net Trust Score

The Roy Morgan Risk Monitor asks Australians to name, without prompting, brands they trust and brands they distrust, and to give detailed, open-ended reasons for these feelings. We take the percentage of people who trust each brand and subtract the percentage who distrust that brand. The result is a Net Trust Score (NTS) for each brand.

Each year almost 8,000 Australians provide us with a detailed list of brands they trust or distrust and the reasons why. From a base of around 800 different brands mentioned each year, we have identified approximately 200 brands across 25 industries which are mentioned with regularity.

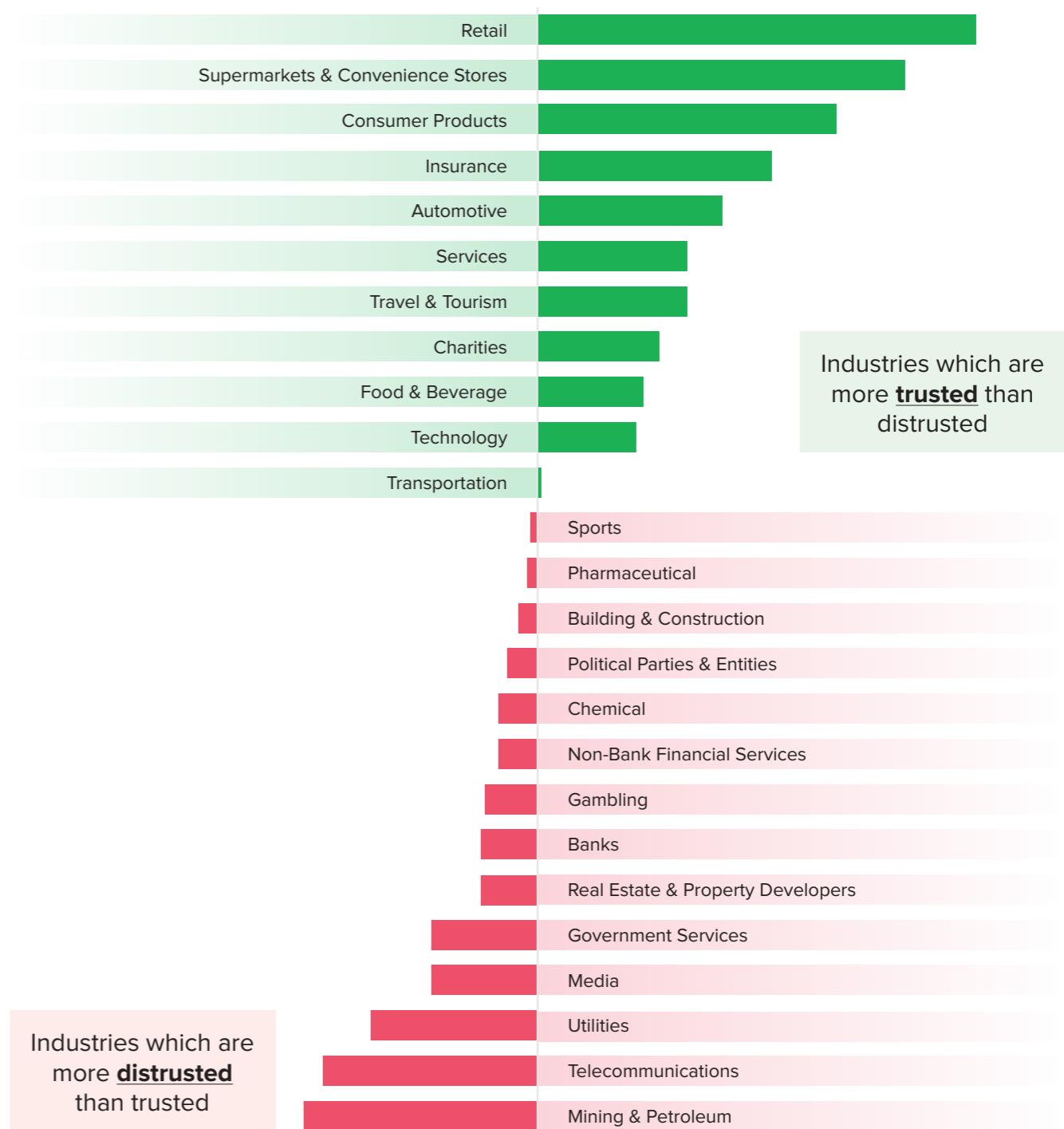
We then categorise brands into their relevant industries and aggregate scores of the relevant brands to calculate an overall Net Trust Score for each industry. As the following chart shows, Retail was the most trusted industry sector in 2018-19, with Mining and Petroleum the most distrusted industry.

In findings that must cause great concern to executives and their boards nationwide, the NTS overview shows that more than half of the industries listed are in negative territory — distrusted overall by the majority of Australians who think of such brands without prompting.

Complementing this overview report, we also offer detailed Roy Morgan Risk Monitor Reports which show brand performance within industries and provide comprehensive insights into these findings, including thematic analysis, actual comments from Australians about their reasons for their distrust and trust of specific brands.

Chart 1 Industry Net Trust Score

July 2018 - June 2019 Net Trust Score



Source: Roy Morgan Single Source (Australia). Risk Monitor, Jul18-Jun19; n= 14,383.
Base: Australians 14+ who answered either Trust or Distrust of brands; n=7,971.

Note: Includes key commercial brands with at least 20 mentions across trust and distrust Jul18-Jun19.



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2. Key Brand Trust and Distrust Rankings

More than 800 brands were nominated unprompted as trusted or distrusted in the Roy Morgan Risk Monitor during 2018-19. This report examines 190 of those brands that received at least 20 mentions for either trust or distrust during the 12 months to June 2019 — 184 of these brands are ‘commercial’ brands and 6 are charitable organisations. Given their unique positioning, the charitable organisations are not included in the commercial brand ranking tables in this section (refer to section 4.8 for Charity industry analysis).

The Trusted Brands table lists 127 commercial key brands with a positive NTS, with Bunnings, ALDI, and Woolworths at the top as most trusted.

The Distrusted Brands table lists 45 key commercial brands that have a negative NTS. Facebook, Telstra, and AMP rank the worst, as most distrusted.

Additionally, 12 brands recorded a neutral NTS, with the number of Australians who distrust the brand equal to the number who trust it.

Whilst brands have been categorised in the following tables as Trusted, Distrusted and Neutral overall, it is critical to note that very few brands are universally trusted or distrusted. Even the majority of brands ranked highest on NTS as trusted by many Australians are distrusted by others, albeit in lower numbers.