



CONNECTED CRISIS

*2021 Study
China*





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ABOUT THE STUDY

Edelman DXI conducted primary research among business executives, in order to understand their views on the shifting landscape when it comes to crisis management.

Purpose of the research

Understanding executives' level of preparedness to crises, and the tools and platforms they use in response to crisis

Audience

100 x crisis management / business continuity executives per market – all individuals have a decision-making role for their organisation when it comes to crisis management. We ensure a mix of industries within the sample.

Markets

The study was conducted across 9 markets. The results presented here are specific to Canada.

Canada, China, France, Germany, Saudi Arabia, Singapore, South Africa, UK, USA



Fieldwork

- The fieldwork for this 15-minute online survey was conducted between 7th July 2021 and 16th July 2021.
- A mix of company sizes have been surveyed – based on number of employees, as well as annual turnover – and industries on a global level.
- Statistical significance has been tested on 95% confidence level.





A WORLD OF CRISIS



**PANDEMIC EFFECTS RIPPLE
ACROSS BUSINESSES**



**SOCIAL MOVEMENTS LEAD TO
A RECKONING FOR BUSINESS**



**CLIMATE CHANGE DRIVING
BUSINESS EVOLUTION**



**CYBER ATTACKS EVOLVING
AND INCREASING**

WE ARE IN A WORLD OF CRISIS.

Crises can no longer be seen as **moments in time**.

91%

of executives have faced at least one large crisis with business impact over the past three years

88% global average



Executives have faced, on average, **five different types of crises over the past 3 years**, from cybersecurity and cybercrime issues through to digital attacks and product failures.

Edelman 2021 Edelman Connected Crisis Study. Q1. How many crises would you say your company has faced over the past 3 years? Base size: All respondents – 100 in China. // Q2. Which of the following types of crises has your company faced in the past 3 years? Base size: All respondents – 100 in China.

NEW CRISIS DYNAMICS ARE DISRUPTING BUSINESSES

The pervasive impact of digital channels has changed the way issues are formed, spread and sustained.



ACTIVISM IS EVERYWHERE

Nearly 9 in 10 (87%) executives say that recent social, diversity and inclusion activism is making crisis more difficult to manage
74% global average



SYSTEMIC ISSUES RIPPLE THROUGH ECOSYSTEMS

3 in 4 (76%) of executives say that crisis situations increasingly put their whole business at risk
68% global average



WEAPONIZATION OF CRISIS

85% say misinformation and disinformation issues pose an increasing threat to companies
75% global average



RISE OF THE “MEGA CRISIS”

A majority of executives (87%) say the digital-first landscape (i.e. use of social media and digital channels) is making issues and crises more difficult to manage
75% global average



92%

**OF EXECUTIVES BELIEVE THAT, IN A WORLD
WHERE EVERYTHING IS CONNECTED, IT HAS
NEVER BEEN MORE IMPORTANT TO BUILD
CORPORATE AND BRAND RESILIENCE**

80% GLOBAL AVERAGE

Edelman 2021 Edelman Connected Crisis Study. Q19. To what extent do you agree or disagree with the following statements? 'In a world where everything is connected, it has never been more important to build corporate and brand resilience'. Base size: All respondents – 100 in China.

CRISES ARE MULTIFACETED AND DIVERSE

Cybercrime and cybersecurity is a key concern in China, with 4 in 10 executives having faced these issues over the past few years

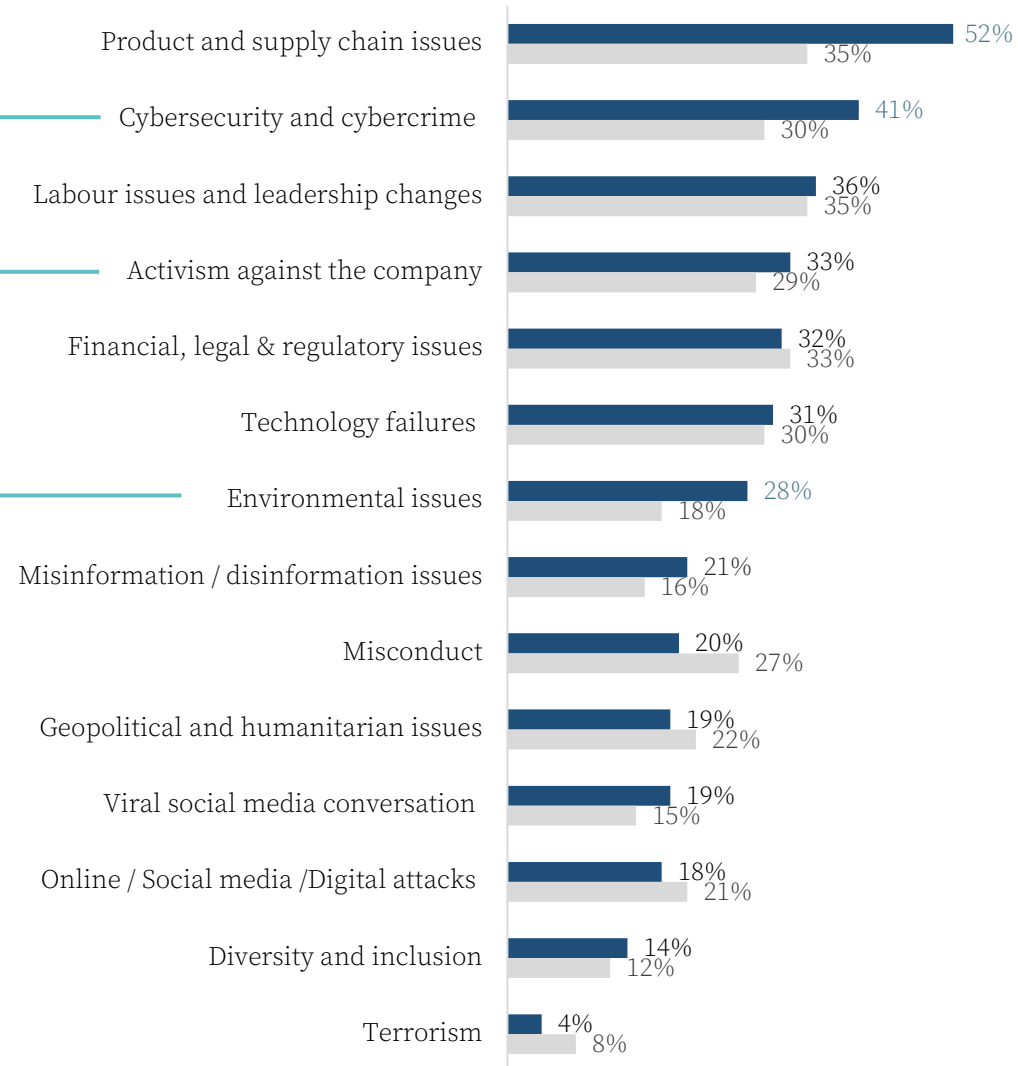
Includes consumer, employee and shareholder activism

Environmental issues stand out as a key issue in China, higher than the global average

% who have said their company has faced the following issues in the past 3 years

Figures in light blue are significantly higher or lower than the global average (95% confidence).

■ China figures
■ Global figures



Edelman 2021 Edelman Connected Crisis Study. Q2. Which of the following types of crises has your company faced in the past 3 years? Base size: All respondents – 100 in China. Figures in blue are significantly higher or lower than the average and figures in purple are significantly lower than the average (95% confidence interval).

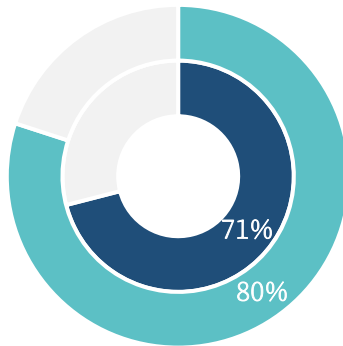


LIKELIHOOD OF FACING A CRISIS IS INCREASING

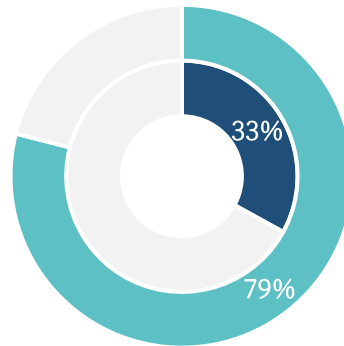
% who have said their company has faced this issue in the past, and is likely to face each of the following issues in the next 3 years

- has faced this issue in the past 3 years
- is likely to face this issue in the next 3 years

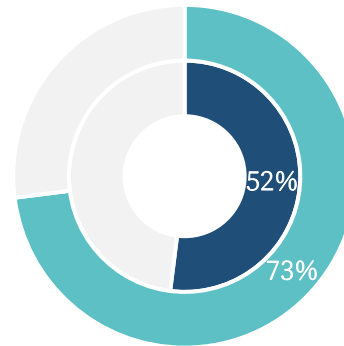
Digital issues
(including cybercrime and cybersecurity, viral social media conversation, online / social media or digital attacks)



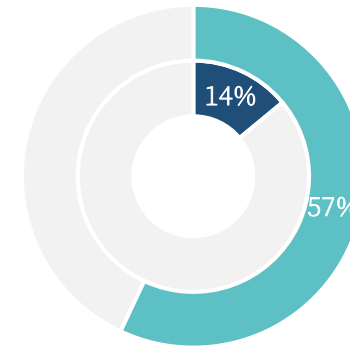
Activism against the company
(including employee, shareholder and customer)



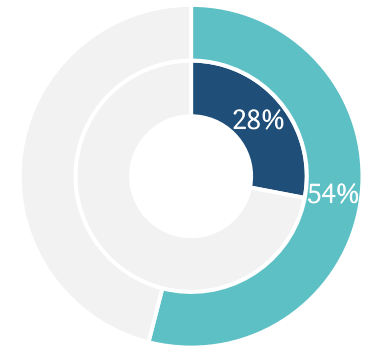
Product & supply chain issues
(including product failure, quality or integrity issues or supply chain issues and disruption)



Diversity and inclusion related issues



Environmental issues
(including natural disasters)



Digital issues (including cybercrime and cybersecurity, viral social media conversation, online / social media or digital attacks) and activism (including employee, stakeholder and customer activism) are the most anticipated issues

Edelman 2021 Edelman Connected Crisis Study. Q2. Which of the following types of crises has your company faced in the past 3 years? Base size: All respondents – 100 in China. // Q4. How likely do you think it is for your company to face each of the following issues in the next 3 years? Top 3. Base size: All respondents – 100 in China.

FREQUENT AND DISRUPTIVE IS THE NEW NORM.

% who say their company is likely to face the following issue over the next 3 years...

Figures in light blue are significantly higher / figures in grey are slightly lower than the global average (95% confidence).

Activism, and misinformation, are key anticipated issues in China – even higher than global average.



87%

Consumer activism
against the company
63% global average



80%

Shareholder activism
against the company
62% global average



71%

Misinformation /
disinformation issues
57% global average



63%

Cybersecurity and
cybercrime
62% global average



61%

Online / social media /
digital attacks
54% global average



58%

Viral social media issues
59% global average



57%

Diversity and inclusion
issues
51% global average



55%

Technology failures
52% global average



44%

Employee activism
against the company
62% global average



COMPANIES ARE NOT PREPARED.

Less than 1 in 3 executives feel very well prepared to manage any given issue.

Misinformation / disinformation issues feature among the most anticipated issues over the next few years; yet only 1 in 2 say their company is well prepared to handle these.

Only 1 in 2 executives say their company is well prepared to manage consumer activism against their company; despite this being one of the most anticipated issues over the next few years.

% who have said their company is well prepared / very well prepared to manage each of the following crises

Very well prepared + Well prepared

Very well prepared

Well prepared



Edelman 2021 Edelman Connected Crisis Study. Q8. To what extent do you agree or disagree with the following statements about your company's preparedness to crisis? Top 2. Base size: All respondents – 100 in China. // Q4. How likely do you think it is for your company to face each of the following issues in the next 3 years. Top 3. Base size: All respondents – 100 in China. // Q7. And now, thinking about the potential issues that could affect your company, how well prepared do you feel your company is to handle them should they arise. Top 2. Base size: All respondents – 100 in China.





PREPARING FOR ACTIVISM

ACTIVISM IS ON THE RISE

ACROSS CONSUMERS AND SHAREHOLDERS PRIMARILY

% who say their company is
likely to face the following
issue over the next 3 years...



87%

Consumer
*activism against
the company*
63% global average



80%

Shareholder
*activism against
the company*
62% global average



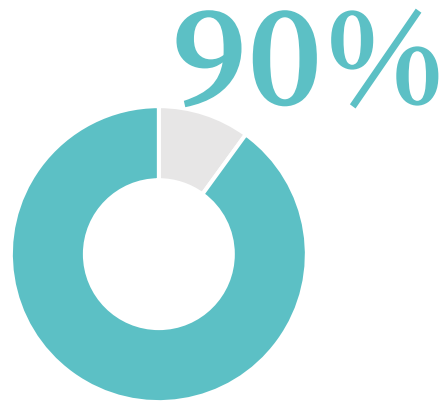
44%

Employee
*activism against
the company*
62% global average



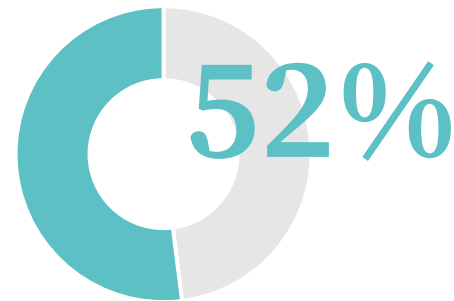
EXECUTIVES RECOGNIZE THE IMPACT ACTIVISM CAN HAVE

Activism impacts both reputation and operations.



*"I am concerned **employee / consumer** activism can have a ripple effect across my company"*

69% global average



agree activism may have a high impact on business reputation and operations

53% global average

But less than
1 in 3

executives say they are very well prepared to handle activism-led crises



EXPECTATIONS OF BUSINESS TO ADDRESS SOCIETAL ISSUES

This pressure arises both internally and externally, presenting an additional challenge in response to crisis.

90%

*“My company is facing **external** pressure to be more vocal about key societal issues”*

68% global average

91%

*“My company is facing **internal** pressure to be more vocal about key societal issues”*

68% global average



INTERNAL PRESSURE IS ON THE RISE

Employees are prepared to support or criticize their employer.

81%

“My company has seen a rise in employee activism over the past 3 years”

68% global average

83%

“Employee activism poses a growing threat to the reputation of my company”

67% global average

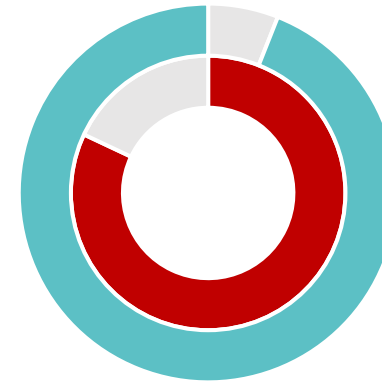
Percent who say employees in their company have spoken in favour, or against, their efforts

94%

Advocates

*“Employees within my company have spoken up to take a stance on societal issues, **supporting** our company’s approach”*

71% global average



82%

Detractors

*“Employees within my company have spoken up to take a stance on societal issues, **criticizing** our company’s approach”*

68% global average

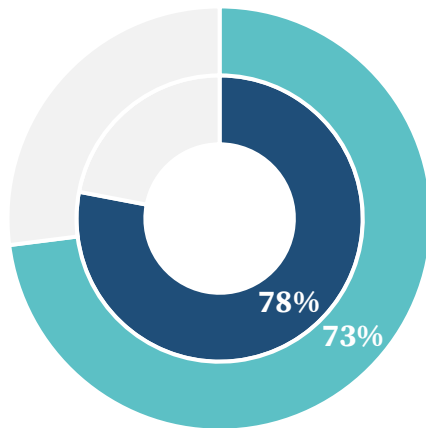


RESPONSE TO STAKEHOLDER EXPECTATIONS STILL NEEDS TO IMPROVE

3 in 10 executives do not feel their company is well equipped to respond to consumer, customer or employee expectations.

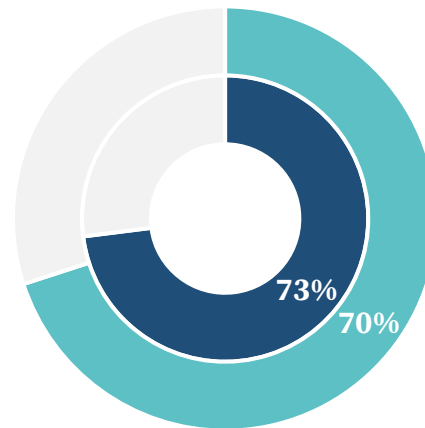
Social initiatives

(e.g., diversity and inclusion)



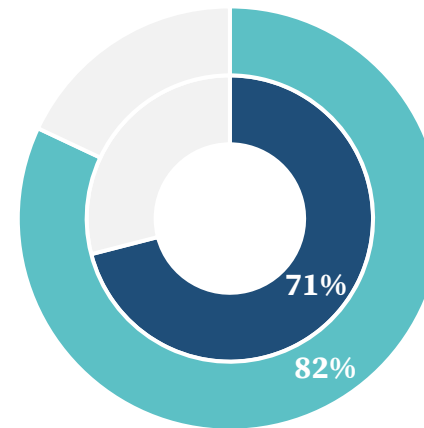
Environmental initiatives

(e.g., climate change)



Purpose initiatives

(i.e., doing good for society)



■ My company is well equipped to respond to respond to **consumer and customer** expectations on...

■ My company is well equipped to respond to respond to **employee** expectations on...





ADAPTING TO THE DIGITAL LANDSCAPE



THE DIGITAL-FIRST LANDSCAPE POSES KEY CHALLENGES IN MANAGING CRISES

**SPEED & CROSS-CHANNEL APPROACHES
HAVE CHANGED THE WAY WE CAN RESPOND TO CRISES.**

87%

“The digital-first landscape (i.e., use of social media and digital channels) is making issues and crises more difficult to manage”

75% global average

91%

of executives say that the speed of social media activity has changed the way they can manage crises

Significantly higher than the global average of 79%

89%

of executives say that the speed of social media activity worries them in their response to crisis

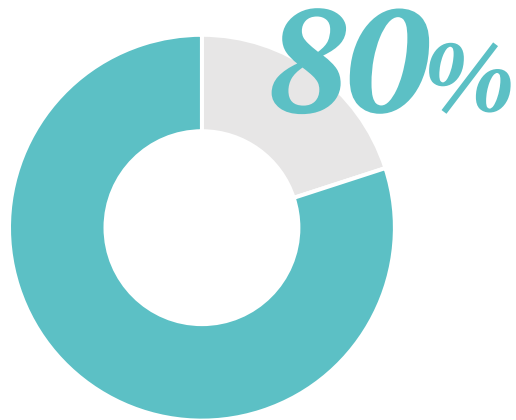
74% global average

1 in 3

executives would not say that their company is well prepared for the need to respond quickly across communications channels in its crisis preparedness plans (search, media buying, media relations, employee channels, etc.)

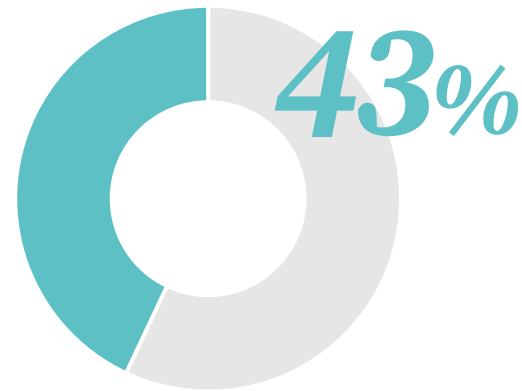
EXECUTIVES EXPECT TO FACE DIGITALLY-ROOTED ISSUES

But only 1 in 4 executives consider that their company can anticipate and handle them.



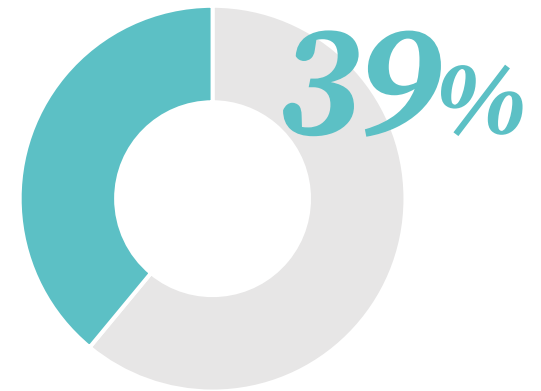
Said their company is likely to face digital issues in the next 3 years

75% global average



“Thinking about digital crisis management, my company’s ability to anticipate and identify risks today is very good”

31% global average



“Thinking about digital crisis management, my company’s ability to handle crises when they arise today is very good”

29% global average



WHILE THE MAJORITY REALIZE THE NEED TO INTEGRATE DIGITAL RESPONSE TACTICS, FEW ARE EQUIPPED TO DO SO

86%

of executives say that communicating through press releases and scripted responses is no longer enough in responding to crisis

77% global average

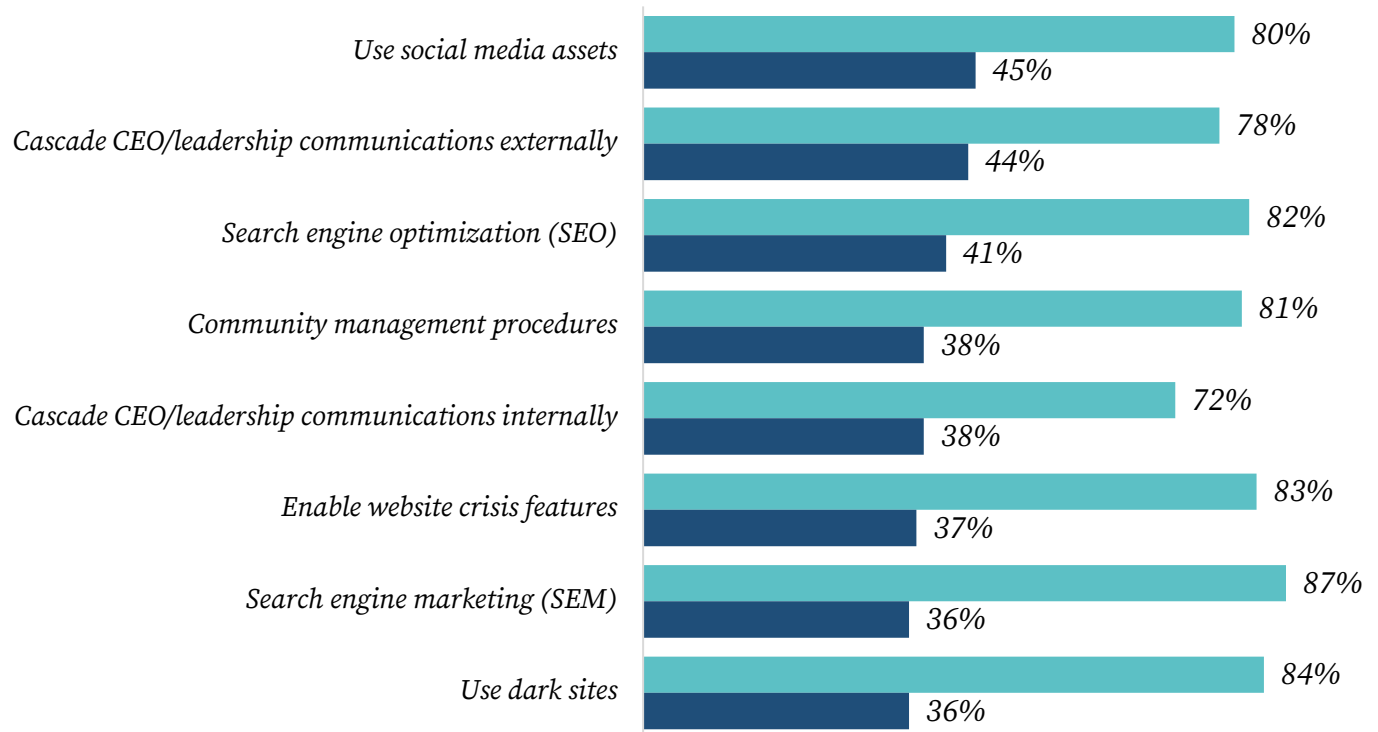
But less than

1 in 2

are always prepared to use other channels in their response

Assets used in response to a crisis

- Recognizes this as a useful channel or asset
- Always prepared to use these channels or assets when facing a crisis



Edelman 2021 Edelman Connected Crisis Study. Q14. To what extent is your company prepared to use the following assets in its response to crisis? 'Our company is always prepared to do this'. All respondents – 101 in China. // Q15. And how useful are or would be each of the following in helping your company's crisis management? Very Useful / Extremely Useful. Base size: All respondents – 101 in China. // Q19. To what extent do you agree or disagree with the following statements? NET Agree. Base size: All respondents – 101 in China.



INSTINCT STILL DRIVES DECISION- MAKING

All sources of data are under-utilized in China, despite executives recognising their value.

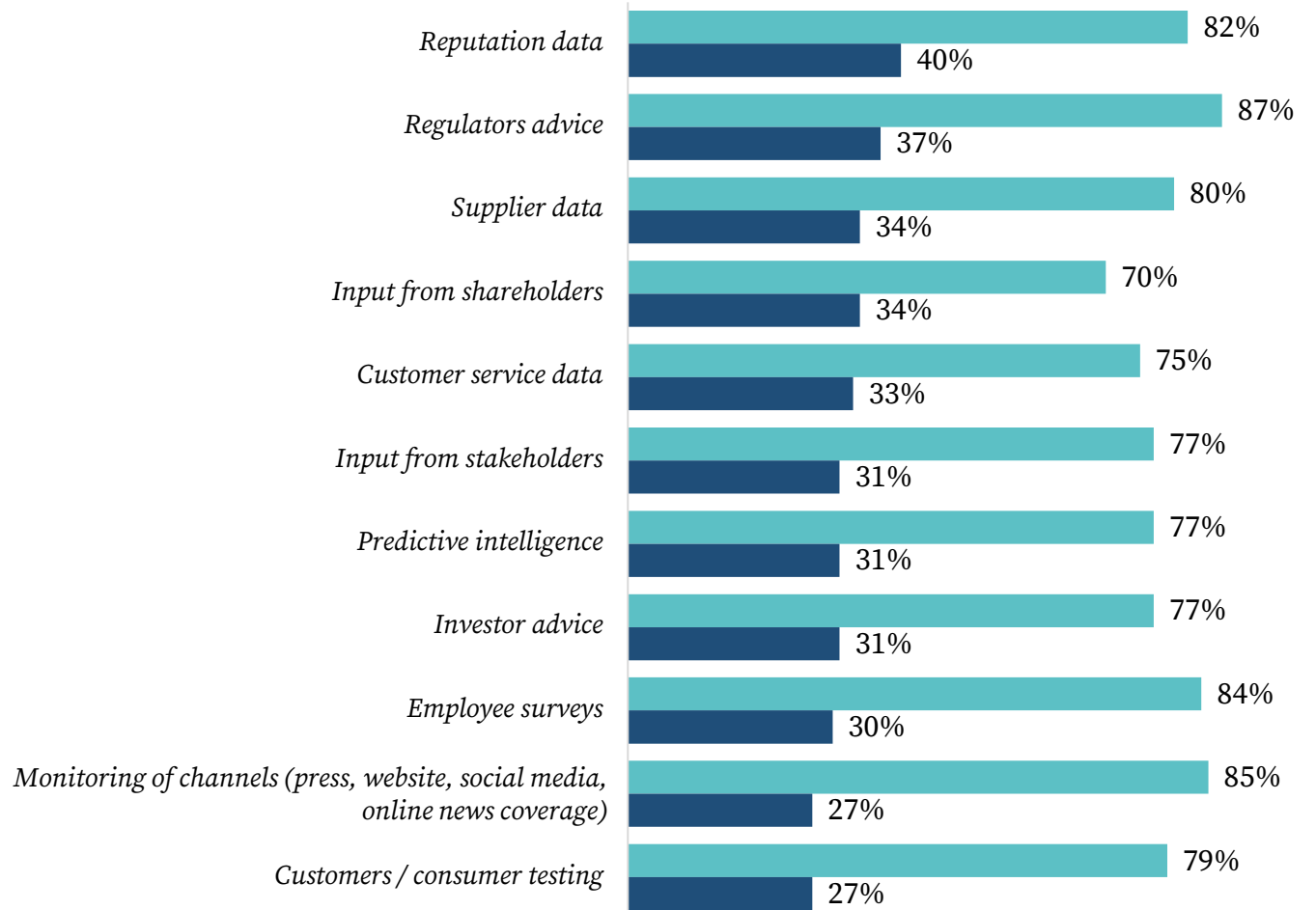
At best, only

4 in 10

executives are consistently prepared to use data sources other than monitoring

Data sources used in response to a crisis

- Recognizes this as a useful source
- Always uses this data when facing a crisis



Edelman 2021 Edelman Connected Crisis Study. Q12. Now, please think of your current crisis management procedures. To what extent would you say your company uses the following data or inputs in crisis response plans. 'My company always uses this data in our crisis response plan'. Base size: All respondents – 100 in China. // Q13. And how useful are or would be each of the following in helping your company's crisis management? NET Useful: Extremely useful & very useful. Base size: All respondents – 100 in China.



INTEGRATION IS KEY IN THE RESPONSE TO CRISIS

7 in 10

say different organizational functions across company are involved in designing crisis preparation plans (i.e., marketing, HR, employee communications, legal)

At best, only

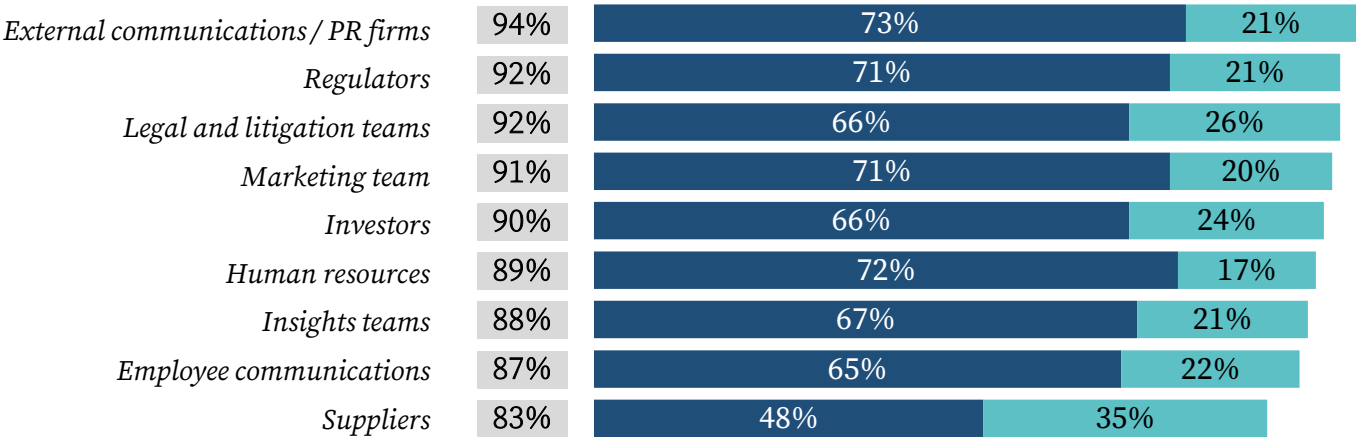
1 in 3

executives say they are very effective in involving different organisational functions in the response to crises

And there remains opportunity to more effectively integrate across teams.

% who have said their company is effective in involving different organizational functions or teams in responding to the crisis

Somewhat effective + Very effective
 Somewhat effective
 Very effective



Edelman 2021 Edelman Connected Crisis Study. Q9. Now, please think of the lifecycle of a crisis, from pre-crisis prevention and preparation, through to crisis response and post-crisis recovery, to what extent do you agree or disagree with the following statements about your pre-crisis preparedness? Top 2. Base size: All respondents – 100 in China. // Q16. Still thinking of crisis management procedures, as and when the crisis is happening - to what extent is your company effective in involving different organizational functions or team in responding to the crisis? Good management: Top 2. Base size: All respondents – 100 in China.





04 KEY TAKEAWAYS

KEY FINDINGS



The new crisis landscape

New crisis types and dynamics, fueled by cultural and technological shifts driven by digital platforms, are increasingly disrupting businesses.



A gap in preparedness

There are significant gaps between the importance placed by executives on many evolving aspects of crises, and the preparedness of companies to adapt.



Activism on the rise

Activism is on the rise, across consumers, shareholders and employees, and many executives do not feel equipped to respond.



Worried about digital and data

Executives expect to increasingly face challenges rooted in digital, but few believe that their company can navigate them.



THE PATH FORWARD

A new approach to crisis management is needed.

1

Re-assess risk for today's landscape

Organizations need to reassess their risk landscape if they are to prepare for new threats driven by the emergence and growth of new crisis types and dynamics.

2

Enable action on social issues

Leaders must apply a consistent decision-making framework to determine when and how to take a stand on societal issues.

3

Place Employees at the center

Executives must consider employees as a primary audience given the systemic impact of crises and as employee activism rises.

4

Re-examine digital and data integration

Companies must ensure digital and data is consistently integrated from crisis planning onwards.



EDELMAN IS UNIQUELY PREPARED TO HELP YOU NAVIGATE THE CONNECTED CRISIS LANDSCAPE.

CONTACT US

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APPENDIX

THE TRADITIONAL WAY OF MANAGING CRISES IS OBSOLETE.

Traditional crisis communications can't compete with today's crisis landscape or keep pace with the dynamics of a digital world.

A new approach is needed. One that is data-fueled, rooted in trust, connected to culture and integrated across business functions.

CONNECTED CRISIS.



CONNECTED CRISIS: CRISIS MANAGEMENT FOR A DIGITAL-FIRST WORLD

Edelman's Connected Crisis approach is purpose-built to operate in today's crisis landscape.

ROOTED IN TRUST

When companies fail to adapt to today's crisis landscape, the effects of lost trust can be deep, long-lasting and holistic across the company's operations.



Edelman has studied the dynamics of Trust for over 21 years. We work with clients to build, protect and repair Trust – it is the very core of Edelman.

CONNECTED TO CULTURE

Activism is on the rise, both internally and externally. Social and societal movements cannot be ignored, with executives feeling the pressure of increased expectations.



We bring deep real-time connection to culture, understanding of its impact on the crisis landscape and the ability to drive and navigate news cycles at the speed of culture.

DATA-DRIVEN

Executives recognize the importance of data in crisis response, but it is still significantly under-utilized.



Our data-driven approach, AI-powered tools and behavioral science expertise let us understand your issues, your audiences, their agendas and how to reach them in ways never before possible.

DIGITALLY-INTEGRATED

Three quarters of executives say that the digital-first landscape is making issues and crises more difficult to manage.



Our 25-year history in the digital space gives us a rich understanding of how stakeholders consume and engage in digital and social media, and how to apply digital strategy to mitigate the impact of a crisis.

