CONNECTED CRISIS

2021 Study
Germany
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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 Germany. 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.

82% of executives have faced at least one large crisis with business impact over the past three years.

Executives have faced, on average, three different types of crises over the past 3 years, from cybersecurity and cybercrime issues through to digital attacks and product failures.
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 6 in 10 (57%) executives say that recent social, diversity and inclusion activism is making crisis more difficult to manage. 74% global average

**Systemic Issues Ripple Through Ecosystems**

Over 6 in 10 (64%) executives say that crisis situations increasingly put their whole business at risk. 68% global average

**Weaponization of Crisis**

Nearly 6 in 10 executives (59%) say misinformation and disinformation issues pose an increasing threat to companies. 75% global average

**RISE OF THE “Mega Crisis”**

Nearly 6 in 10 (58%) executives 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

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Edelman 2021 Edelman Connected Crisis Study. Q19. To what extent do you agree or disagree with the following statements? 'Recent social, diversity and inclusion activism is making crisis more difficult to manage', 'The digital-first landscape (i.e. use of social media and digital channels) is making issues and crises more difficult to manage'. Top 3. Base size: All respondents – 100 in Germany. // Q8. To what extent do you agree or disagree with the following statements about your company’s preparedness to crisis? 'Crisis situations increasingly put my whole business at risk'. Top 3. Base size: All respondents – 100 in Germany. // Q21. Thinking about misinformation and disinformation risks specifically, to what extent do you agree or disagree with the following statements? 'Misinformation and disinformation issues pose an increasing threat to companies'. Top 3. Base size: All respondents – 100 in Germany.
65% 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 Germany.


### Crises Are Multifaceted and Diverse

Cybersecurity and cybercrime issues faced by one third of executives in Germany

Includes consumer, employee and shareholder activism

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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 Germany.

Figures in blue are significantly higher or lower than the average and figures in purple are significantly lower than the average (95% confidence interval).

<table>
<thead>
<tr>
<th>Crisis Type</th>
<th>Germany Figures</th>
<th>Global Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cybersecurity and cybercrime</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>Labour issues and leadership changes</td>
<td>27%</td>
<td>35%</td>
</tr>
<tr>
<td>Financial, legal &amp; regulatory issues</td>
<td>25%</td>
<td>33%</td>
</tr>
<tr>
<td>Product and supply chain issues</td>
<td>25%</td>
<td>35%</td>
</tr>
<tr>
<td>Technology failures</td>
<td>24%</td>
<td>30%</td>
</tr>
<tr>
<td>Misconduct</td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td>Geopolitical and humanitarian issues</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Activism against the company</td>
<td>21%</td>
<td>29%</td>
</tr>
<tr>
<td>Misinformation / disinformation issues</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Online / Social media /Digital attacks</td>
<td>14%</td>
<td>21%</td>
</tr>
<tr>
<td>Viral social media conversation</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Environmental issues</td>
<td>9%</td>
<td>18%</td>
</tr>
<tr>
<td>Diversity and inclusion</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Terrorism</td>
<td>2%</td>
<td>8%</td>
</tr>
</tbody>
</table>
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)
- 56% have faced
- 57% is likely to face

Activism against the company (including employee, shareholder and customer)
- 21% have faced
- 52% is likely to face

Product & supply chain issues (including product failure, quality or integrity issues or supply chain issues and disruption)
- 25% have faced
- 40% is likely to face

Misinformation or disinformation
- 15% have faced
- 40% is likely to face

Environmental issues (including natural disasters)
- 9% have faced
- 33% is likely to face

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 Germany. // 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 Germany.
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).

- **73%** Employee activism against the company (62% global average)
- **67%** Ethical misconduct or corruption (65% global average)
- **57%** Online / social media / digital attacks (54% global average)
- **52%** Consumer activism against the company (63% global average)
- **52%** Cybersecurity and cybercrime (62% global average)
- **46%** Viral social media issues (59% global average)
- **46%** Technology failures (52% global average)
- **40%** Misinformation / disinformation issues (57% global average)
- **35%** Shareholder activism against the company (62% global average)

Edelman 2021 Edelman Connected Crisis Study. 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 Germany. Figures in blue are significantly higher or lower than the average and figures in purple are significantly lower than the average (95% confidence interval).
### Companies Are Not Prepared

At most, only 1 in 2 executives believe their company is well prepared to handle crises on a timely basis.

Only 1 in 3 executives are well prepared to manage a digital attack, or cybersecurity and cybercrime issues, despite 52% saying their company is likely to face these issues in the future.

<table>
<thead>
<tr>
<th>Issue</th>
<th>% Very Well Prepared</th>
<th>% Well Prepared</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour issues</td>
<td>51%</td>
<td>29%</td>
<td>22%</td>
</tr>
<tr>
<td>Terrorism</td>
<td>49%</td>
<td>19%</td>
<td>30%</td>
</tr>
<tr>
<td>Financial / liquidity issues</td>
<td>48%</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>Legal / regulatory issues</td>
<td>45%</td>
<td>26%</td>
<td>19%</td>
</tr>
<tr>
<td>Employee activism (against our company)</td>
<td>43%</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>Ethical misconduct or corruption</td>
<td>43%</td>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td>Product failure, quality or integrity issues</td>
<td>42%</td>
<td>23%</td>
<td>19%</td>
</tr>
<tr>
<td>Global health pandemic</td>
<td>40%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>Supply chain issues or disruption</td>
<td>40%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Leadership changes</td>
<td>38%</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Shareholder activism (against our company)</td>
<td>37%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>Humanitarian issues</td>
<td>37%</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Viral social media conversation</td>
<td>37%</td>
<td>16%</td>
<td>21%</td>
</tr>
<tr>
<td>Online / social media / digital attacks</td>
<td>36%</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>Natural disasters</td>
<td>35%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Misinformation / disinformation issues</td>
<td>34%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Cybersecurity and cybercrime</td>
<td>33%</td>
<td>16%</td>
<td>17%</td>
</tr>
<tr>
<td>Diversity and inclusion issues</td>
<td>33%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Workplace misconduct</td>
<td>32%</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Geopolitical disruption</td>
<td>31%</td>
<td>14%</td>
<td>17%</td>
</tr>
<tr>
<td>Technology failures</td>
<td>31%</td>
<td>21%</td>
<td>10%</td>
</tr>
<tr>
<td>Consumer activism (against our company)</td>
<td>29%</td>
<td>17%</td>
<td>12%</td>
</tr>
</tbody>
</table>

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 Germany. // 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 Germany. // 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 Germany.
PREPARING FOR ACTIVISM
ACTIVISM IS ON THE RISE ACROSS EXTERNAL AND INTERNAL AUDIENCES

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

- **Employee activism against the company**: 73% (62% global average)
- **Consumer activism against the company**: 57% (63% global average)
- **Shareholder activism against the company**: 25% (62% global average)

Edelman 2021 Edelman Connected Crisis Study. 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 Germany.
EXECUTIVES RECOGNIZE THE IMPACT ACTIVISM CAN HAVE

Activism impacts both reputation and operations.

“\textit{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 2

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

55\%

40\%

Edelman 2021 Edelman Connected Crisis Study. Q22. Thinking about consumer activism now, to what extent do you agree or disagree with the following statements? By consumer activism, we mean the actions taken by customers and consumers to speak out for or against brands on controversial issues that impact society. Top 3. Base size: All respondents – 100 in Germany. // Q5. How much impact on your business reputation do you think the following issues might have on your company over the next 3 years should they arise? High impact: Top 3 // Q6. How much impact on your business operations do you think the following issues might have on your company over the next 3 years if there were to arise? - High impact: Top 3. Base size: All respondents – 100 in Germany.
EXPECTATIONS OF BUSINESS TO ADDRESS SOCIETAL ISSUES

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

“My company is facing external pressure to be more vocal about key societal issues”
68% global average

“My company is facing internal pressure to be more vocal about key societal issues”
56%
INTERNAL PRESSURE IS ON THE RISE

Employees are prepared to support or criticize their employer.

54%

“My company has seen a rise in employee activism over the past 3 years”
68% global average

54%

“Employee activism poses a growing threat to the reputation of my company”
67% global average

51%

Advocates
“Employees within my company have spoken up to take a stance on societal issues, supporting our company’s approach”
71% global average

55%

Detractors
“Employees within my company have spoken up to take a stance on societal issues, criticizing our company’s approach”
68% global average

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

Edelman 2021 Edelman Connected Crisis Study. Q20. Thinking about employee activism, to what extent do you agree or disagree with the following statements? By employee activism, we mean the actions taken by workers to speak out for or against their employers on controversial issues that impact society. Top 3. Base size: All respondents = 100 in Germany.
RESPONSE TO STAKEHOLDER EXPECTATIONS STILL NEEDS TO IMPROVE

Over 6 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)

- My company is well equipped to respond to consumer and customer expectations on...
- My company is well equipped to respond to employee expectations on...

Environmental initiatives (e.g., climate change)

Purpose initiatives (i.e., doing good for society)

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Edelman 2021 Edelman Connected Crisis Study. Q22. Thinking about consumer activism now, to what extent do you agree or disagree with the following statements? By consumer activism, we mean the actions taken by customers and consumers to speak out for or against brands on controversial issues that impact society. Top 2. Base size: All respondents = 100 in Germany. // Q20. Thinking about employee activism, to what extent do you agree or disagree with the following statements? By employee activism, we mean the actions taken by workers to speak out for or against their employers on controversial issues that impact society. Top 2. Base size: All respondents = 100 in Germany.
ADAPTING TO THE DIGITAL LANDSCAPE
THE DIGITAL-FIRST LANDSCAPEPOSES KEY CHALLENGES IN MANAGING CRISES

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

58%

“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

69%

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

79% global average

57%

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

74% global average

Only 1 in 3

executives agree 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.)

Edelman 2021 Edelman Connected Crisis Study Q19. To what extent do you agree or disagree with the following statements? Top 3. Base size: All respondents – 100 in Germany. // 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 Germany.
EXECUTIVES EXPECT TO FACE DIGITALLY-ROOTED ISSUES

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

- 64% said their company is likely to face digital issues in the next 3 years (75% global average).
- 22% said “Thinking about digital crisis management, my company’s ability to anticipate and identify risks today is very good” (31% global average).
- 21% said “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

65% of executives say that communicating through press releases and scripted responses is no longer enough in responding to crisis. 77% global average

But only 1 in 3 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 Germany. // 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 Germany. // Q19. To what extent do you agree or disagree with the following statements? NET Agree. Base size: All respondents - 101 in Germany.
Data sources used in response to a crisis

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

<table>
<thead>
<tr>
<th>Data Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee surveys</td>
<td>71%</td>
</tr>
<tr>
<td>Monitoring of channels (press, website, social media, online news coverage)</td>
<td>65%</td>
</tr>
<tr>
<td>Investor advice</td>
<td>65%</td>
</tr>
<tr>
<td>Input from stakeholders</td>
<td>66%</td>
</tr>
<tr>
<td>Supplier data</td>
<td>70%</td>
</tr>
<tr>
<td>Predictive intelligence</td>
<td>69%</td>
</tr>
<tr>
<td>Input from shareholders</td>
<td>67%</td>
</tr>
<tr>
<td>Regulators advice</td>
<td>65%</td>
</tr>
<tr>
<td>Customer service data</td>
<td>73%</td>
</tr>
<tr>
<td>Reputation data</td>
<td>71%</td>
</tr>
<tr>
<td>Customers / consumer testing</td>
<td>64%</td>
</tr>
<tr>
<td>INSTINCT STILL DRIVES DECISION-MAKING</td>
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</tr>
</tbody>
</table>

All sources of data are under-utilized in Canada, despite executives recognizing their value.

Only 1 in 4 executives are consistently prepared to use data sources other than monitoring. 1 in 3 global average

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 Germany. // Q13. And how useful are or would be each of the following in helping your company’s crisis management? ‘Extremely useful & very useful’. Base size: All respondents = 100 in Germany.
Less than $\textbf{1 in 2}$ say different organizational functions across the company are involved in designing crisis preparation plans (i.e., marketing, HR, employee communications, legal).

And few say their companies are effectively integrating across teams.

<table>
<thead>
<tr>
<th>Team type</th>
<th>Effectiveness</th>
<th>Somewhat effective + Very effective</th>
<th>Somewhat effective</th>
<th>Very effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and litigation teams</td>
<td>68%</td>
<td>50%</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td>67%</td>
<td>55%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Marketing team</td>
<td>63%</td>
<td>52%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Employee communications</td>
<td>61%</td>
<td>48%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Regulators</td>
<td>61%</td>
<td>51%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Investors</td>
<td>60%</td>
<td>50%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Insigh lights teams</td>
<td>59%</td>
<td>44%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Human resources</td>
<td>58%</td>
<td>43%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>External communications / PR firms</td>
<td>58%</td>
<td>48%</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

At best, less than $\textbf{1 in 5}$ executives say they are very effective in involving different organisational functions in the response to the crisis.
KEY TAKEAWAYS
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 are deeply integrated from crisis planning onwards, and shift from a media-first to a stakeholder-first mindset.
EDELMAN IS UNIQUELY PREPARED TO HELP YOU NAVIGATE THE CONNECTED CRISIS LANDSCAPE.

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

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

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

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.

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

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.

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.

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.

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.