

Swedish companies show continued strength: Analysis of late September’s media reporting in China

White Paper

This *white paper* reviews and analyses the aftermath of the series of events in late September 2018 involving Chinese tourists in central Stockholm, and subsequent attention given to a video segment from the TV program Svenska Nyheter shared on Chinese social media. The aim of this report is to contribute to a complete understanding of the event sequence, for further use as supporting documentation. Two surveys were conducted, one among the Swedish Chamber’s member companies and another among the Chinese public.

The results show that the majority of Swedish companies interviewed has not been notably affected. One in five member companies report having noted negative effects, mostly on social media and among employees. A small percentage have seen direct consequences to their activities. At the same time, companies express a certain uncertainty regarding more long-term consequences, and a need for internal discussions about better preparation. Among Chinese consumers, the awareness of the events is limited, four out of ten had been reached by one news item or the other, although the effect was noticeable among those that had.

For these reasons, it is the primary objective of this report to note the good resilience of Swedish companies’ brands in this context. Among possible areas of improvement, it is recommended that organizations evaluate the possible need for an action plan in the event of similar situations. It would also be of interest to give more weight to the studying of the Swedish image in China from a consumer’s perspective.

1. Background

Sweden received increased attention in Chinese media twice during September 2018. The first case involved Chinese tourists in central Stockholm. In the second, attention peaked after the September 21 episode of Swedish satirical segment Svenska Nyheter.

Reactions were pronounced on social media, see Fig. 1 illustrating the total amount of read, share and comment interactions using the hashtag Sweden (#瑞典#) on the microblogging platform Weibo.

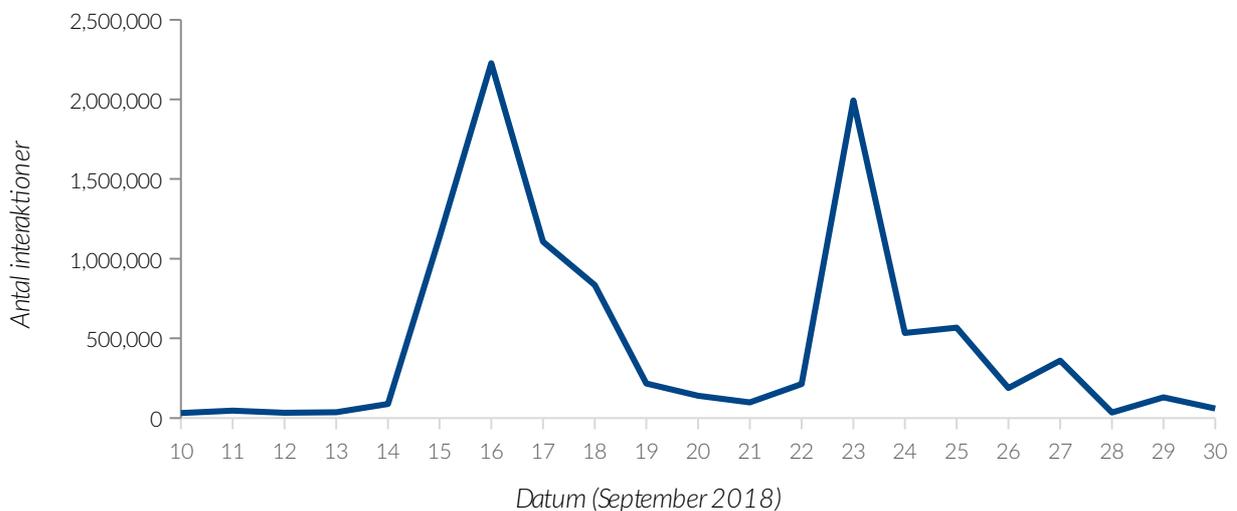


Fig. 1: Evolution of interactions with the hashtag Sweden on Weibo

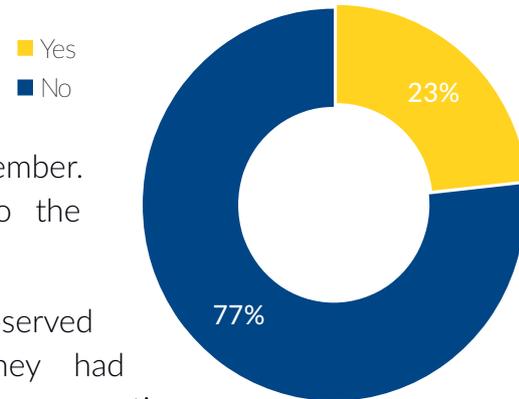
2. Results

a. Effects on companies

During the period 20-26 November, the Swedish Chamber asked a group comprising the representatives of 60 member companies if they had noticed any adverse effects in connection to the events in late September. The make-up was such that it represented to the furthest possible extent the overall membership.

Among these, 77% responded that they had not observed any consequences while 23% said that they had experienced negative effects, in most cases in close connection to the events.

Fig. 2: Respondents' assessment of whether they were affected negatively



A further definition of “consequence” was not included in the question, and room was instead given to the respondents to illustrate with their own examples. These can upon closer analysis be grouped into three main categories: *negative comments* on social media, via mail and phone; *concerned employees*; and *anceled meetings* with business partners, media and local authorities.

Keeping in mind that results for the fourth quarter of 2018 are not yet available, very few companies expressed that they had observed a direct drop in sales. In only three cases, or 5% of overall respondents, could the loss of business be ascribed to the events with more certainty.

The statistical relevance of an analysis at industry level is limited by the sample’s size, in particular among those having reported an effect, but is sufficient to notice that companies in consumer-related segments are less represented among those not having noticed any effect. The occurrence of canceled meetings was somewhat more common among B2B-companies.

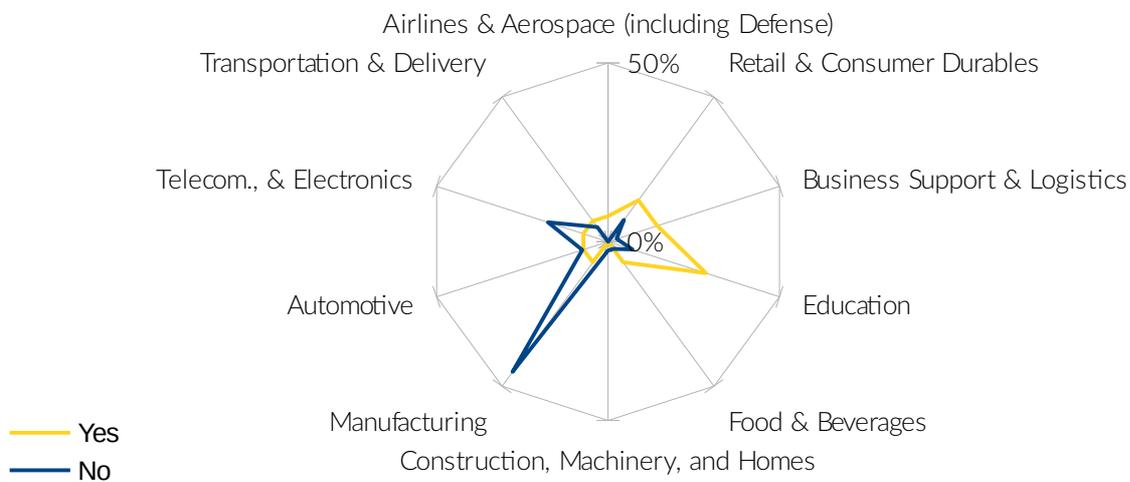


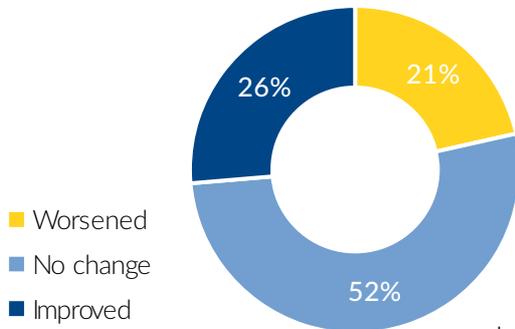
Fig. 3: Percentage of different industries among total yes/no answers

The survey was followed up by group discussions with company representatives, the conclusions of which further confirm the picture above, i.e. that the effect was limited both in scale and scope. At the same time, uncertainty was expressed about the long-term implications, and the need for better preparations was made clear.

b. Effects on consumers

During the same period, a sample group of 550 people residing in Beijing and Shanghai was interviewed by an external agency on behalf of the Swedish Chamber of Commerce, regarding their awareness of the events as well as potential effects on their perception of the Swedish brand image.

Fig. 4: Evolution of respondents' image of Sweden

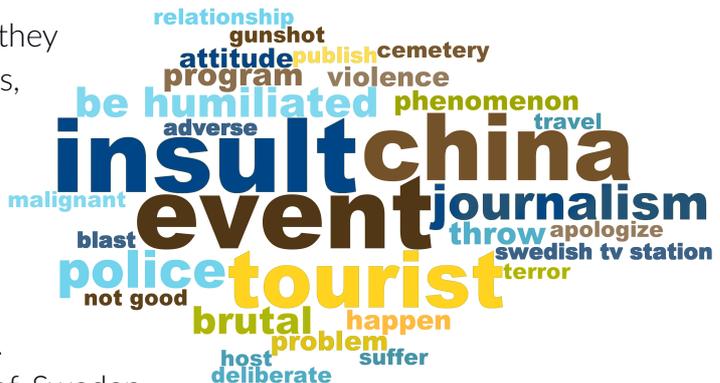


Overall, 78% of respondents expressed that they had an unchanged or more positive image of the country over the past year, while 21%¹ answered that their image had deteriorated. The questions were not quantified, meaning the net impact of each response group cannot be estimated.

The respondents who stated that they had a more negative image was asked to explain the for this change. The word cloud of their answers is shown below

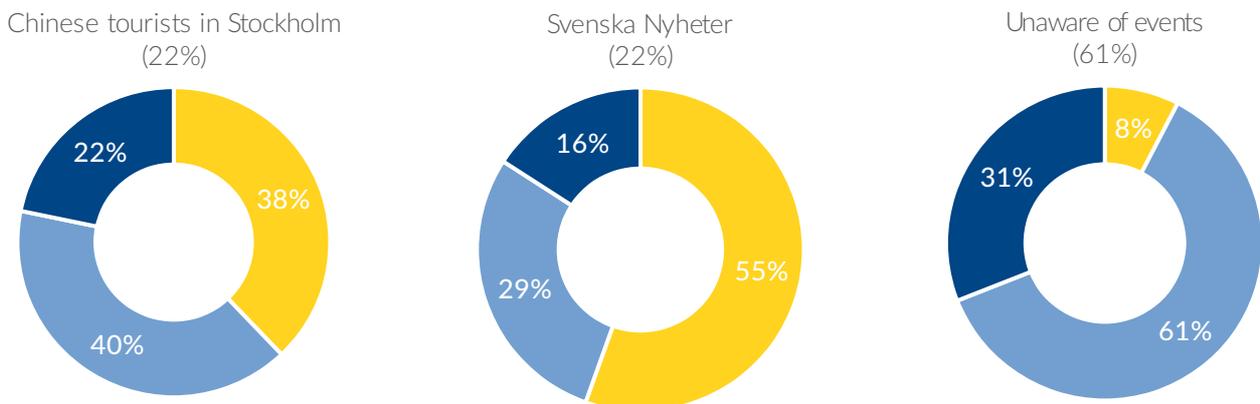
(relative sizes proportional to frequency in free text).

When asked what Sweden-related news they had noticed during the past six months, 22% had noted the reporting on Chinese tourists in Stockholm while 22% had noted the Svenska Nyheter TV-show. Among these, 5 % had seen both news clips, meaning 39 % of the respondents had been reached by at least one of these.



A filtering of changes in the perception of Sweden after awareness of the two events is shown in Fig. 5.

Fig. 5: Evolution of the respondents' image of Sweden over the past year, sorted by awareness about the events



The survey among private individuals shows that the spread of news has been somewhat limited (2 out of 5 have been reached by at least one of these), while the effect on those who have stated knowledge is clearly marked in comparison with those who lacked knowledge of the events.

1 Uneven rounding

3. Conclusions and recommendations

The combined results from the two surveys are that the short-term effects of the September events are limited, and Swedish companies have not noticed significant damage. This may, based on previous surveys, be due to their strong brand image among consumers and as employers.

Meanwhile, Swedish exports to China continue to grow² and the Chamber of Commerce notes an increasing interest in its member companies' expertise and products in various industries that, among other things, contribute to better consumer safety, sustainability and smart urban planning.

Therefore, this report should be seen as a basis for discussion of possible improvement areas. A reoccurring element in the dialogues which led to the drawing up of the present *white paper* is the need for better preparation. Sweden as a brand is highly regarded, and is associated with values such as openness and tolerance, meaning that there may be a lack familiarity with situations when this perception is shaken.

The participants' comments also reveal a limited ability to predict the long-term effects, and a need to monitor the development of the Swedish image as a consumer brand (unlike, for example, Sweden as a travel or study destination).

Practical recommendations for further development include:

1. That companies exposed to the Chinese market, as part of their overall media work, evaluate the need for ready-made communication plans in similar situations.
2. That the organizations concerned initiate a dialogue on what types of appropriate initiatives that can enable greater communicative support for Swedish companies abroad under similar circumstances.
3. That relevant authorities and/or organizations expand studies of Sweden's image in China, focusing on the consumer market.

About the Swedish Chamber of Commerce in China:

The Swedish Chamber of Commerce (SwedCham China) is an independent member organization with 260 Swedish and Swedish-related companies operating in China. Since the Chamber was founded in 1998, its main purpose has been to provide a networking platform for its members as well as to monitor and share information about member interests in relevant contexts. SwedCham China is represented in Beijing and Shanghai.

² Source: National Board of Trade Sweden. In 2017, the value of Swedish exports to China was up 27% year-on-year. In the period Jan.-Sept. 2018, the value was up 9.9% compared to the same period in 2017.