Hochschule **Bremerhaven**
University of Applied Sciences

imt Institut für Maritimen Tourismus

'The Poet and the Warrior'
Crisis Management, Reputation and Image in Tourism

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CruiseT Workshop

Kherson, 09 September 2015

CRS Cruise Research Society

REPUTATION MANAGEMENT & TOURISM

Basics & International Lessons

The Case of Greece...!
# Familiarity & Safety

Positioning & Image:

- Sun & beach holidays combining cultural highlights
- Main regional competitors: Turkey, Egypt
- Comparative strengths: Safety, low crime rates, familiarity, short flights, diversified destination portfolio (islands), integrated holiday resorts
- Comparative weaknesses: Summer season only, relatively expensive (EUR), dependence on mass tourism and tour operators, deficient tourism infrastructure, simplistic theming / segmentation / promotion

Negative Media Events:

- Financial / bank crisis
- Political unrest (localised)
- Racism / nationalism rise – social problems
- Refugee overcrowding
- Summer forest fires in some island destinations

Continuous increase of arrivals and bookings over the last 5 years

The Banks are closed... But the Beaches and the Hearts are open!
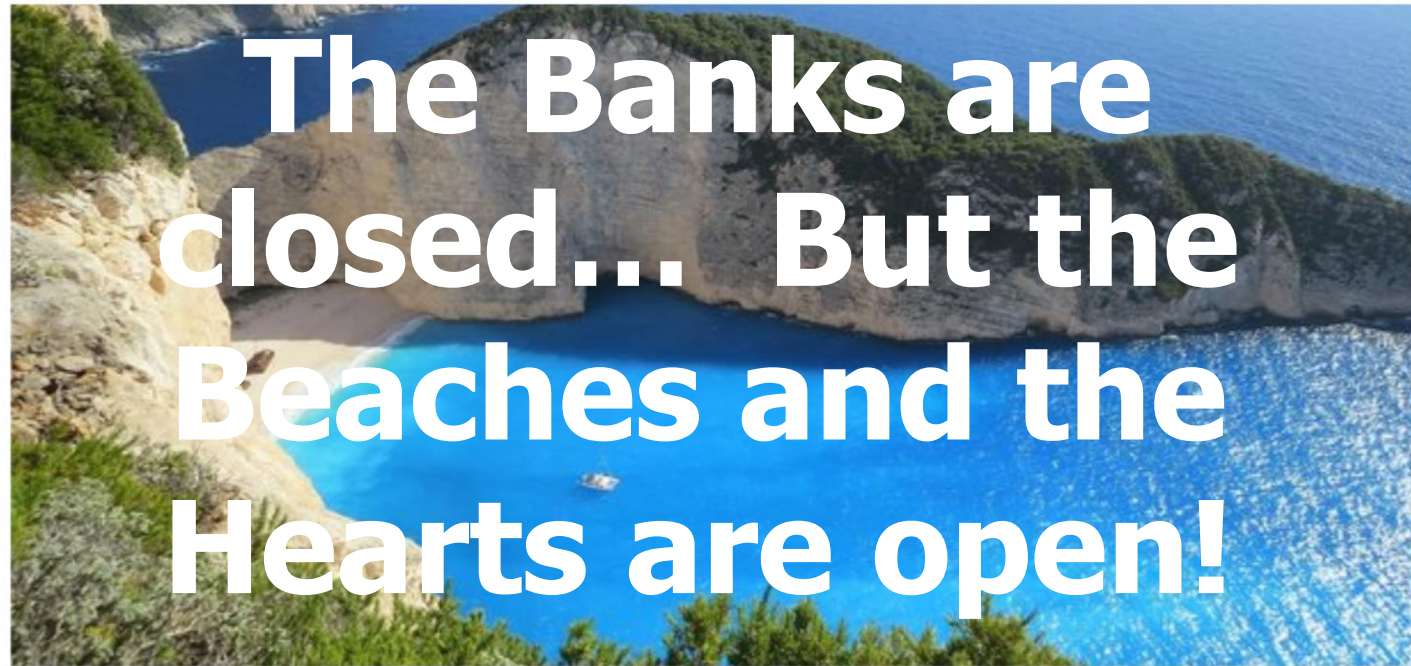
▶ Translation: Yes there are problems, but you have been here before and we know each other. You are important to us and very welcome. Your holiday will not be affected by all this, as it our islands are not Athens and the Aegean sea secludes your holiday paradise from all this
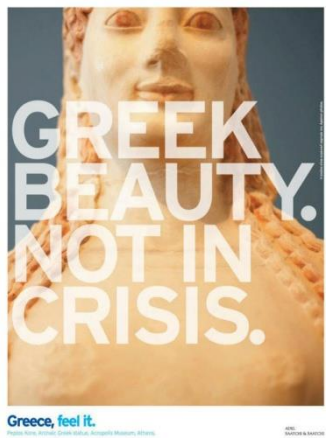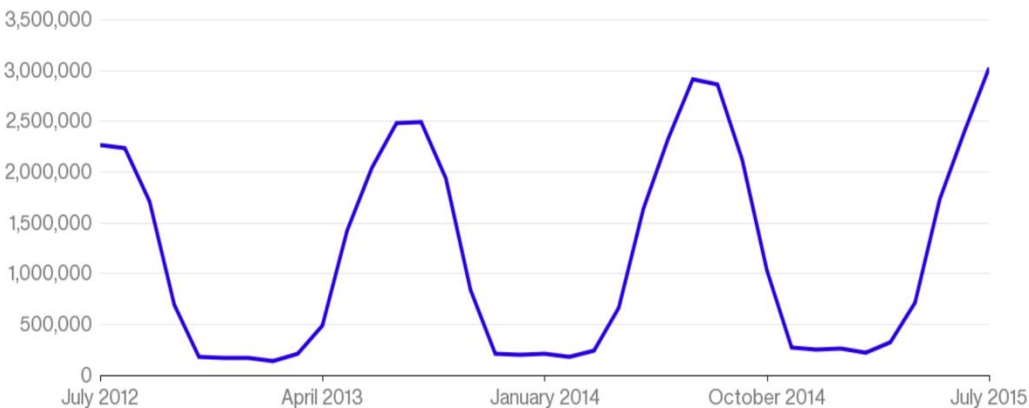
... And Result!

What Crisis? Tourists Flock to Greece in Record Numbers

Visitors lined their pockets with cash and hit the beach

■ International Tourist Arrivals at Main Greek Airports

Source: Greek Tourism Confederation

* Numbers excludes tourist arrivals by boat and road vehicles
** Peaks reflect the high season in the months of June, July and August

Bloomberg

Lifestyle | Thu Aug 6, 2015 7:11am EDT

Crisis, what crisis? say tourists flocking to Greece

ATHENS | BY JEREMY GAUNT

Can the travel industry save Greece?

It could be the beginning of the end of the crisis: Tourism in Greece brought in record revenue this year. Meanwhile, Greeks themselves are now scarcely in a position to afford the hotels dotting their own shores.

The Case of Egypt…!
Superb Value for Money

Positioning & Image:

- Sun & beach holidays combining cultural highlights
- Main regional competitors: Turkey, Greece
- Comparative strengths: Accommodation standards, familiarity, short cheap flights, competitive prices across the entire tourism value chain
- Comparative weaknesses: Summer season only, dependence on mass tourism and tour operators, criminality, tourist-targeting, tourism enclaves

Negative Media Events:

- Regular terrorism attacks targeting tourists
- Political unrest (localised)

Considerable tourism decline over the last 5 years

Tourism, 2008-12

Europeans   Arabs   Americans
Others

Totals

Overthrow of Mubarak

14,731
12,835   12,536
9,845   11,532
9,500*

2008   2009   2010   2011   2012   2013

*No breakdown figures available
Source: CAPMAS

... And Never Ends!

The Case of Turkey...!
The Best of Both...

Positioning & Image:

- Sun & beach holidays combining cultural highlights
- Main regional competitors: Greece, Egypt
- Comparative strengths: Accommodation standards, familiarity, short cheap flights, competitive prices across the entire tourism value chain
- Comparative weaknesses: Summer season only, dependence on mass tourism and tour operators, criminality, tourist-targeting, tourism enclaves
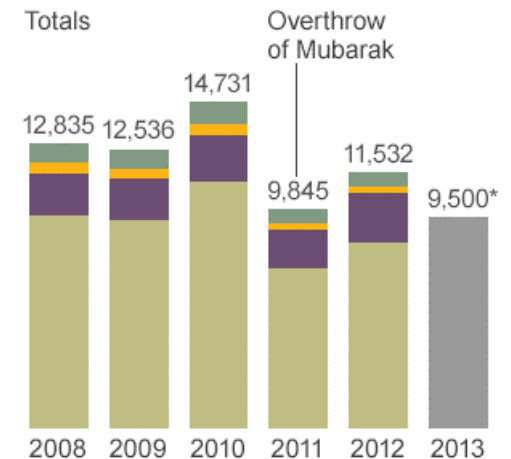
Negative Media Events:

- Political unrest (localised)

?

Violence costing Turkey precious tourism, even far from the fighting

Foreign tourists are canceling their Turkey travel plans, and billions in revenues have been lost to the fighting with the Islamic State, Kurds, and far-left groups.

Proximity to Syria and Poorer Russians Hurting Tourism in Turkey

Terrorist attack in Istanbul will do little to attract visitors to Greece's neighbor

■ Turkey Tourism Arriving Visitors Foreigners Yearly Change

Source: Turkish Ministry of Culture and Tourism

Bloomberg
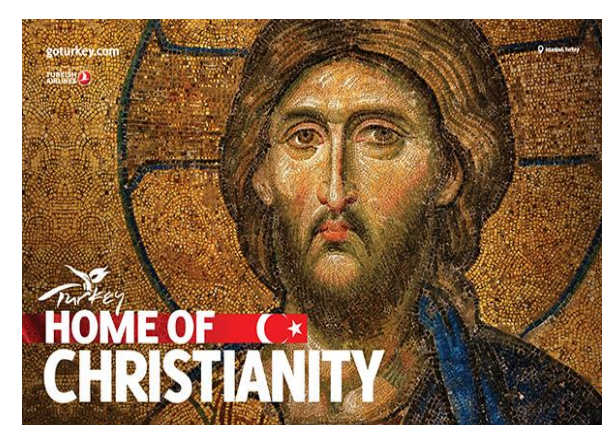
Greece is a Big, Fat Bargain

While Turkey just keeps getting more expensive, even for the Turks
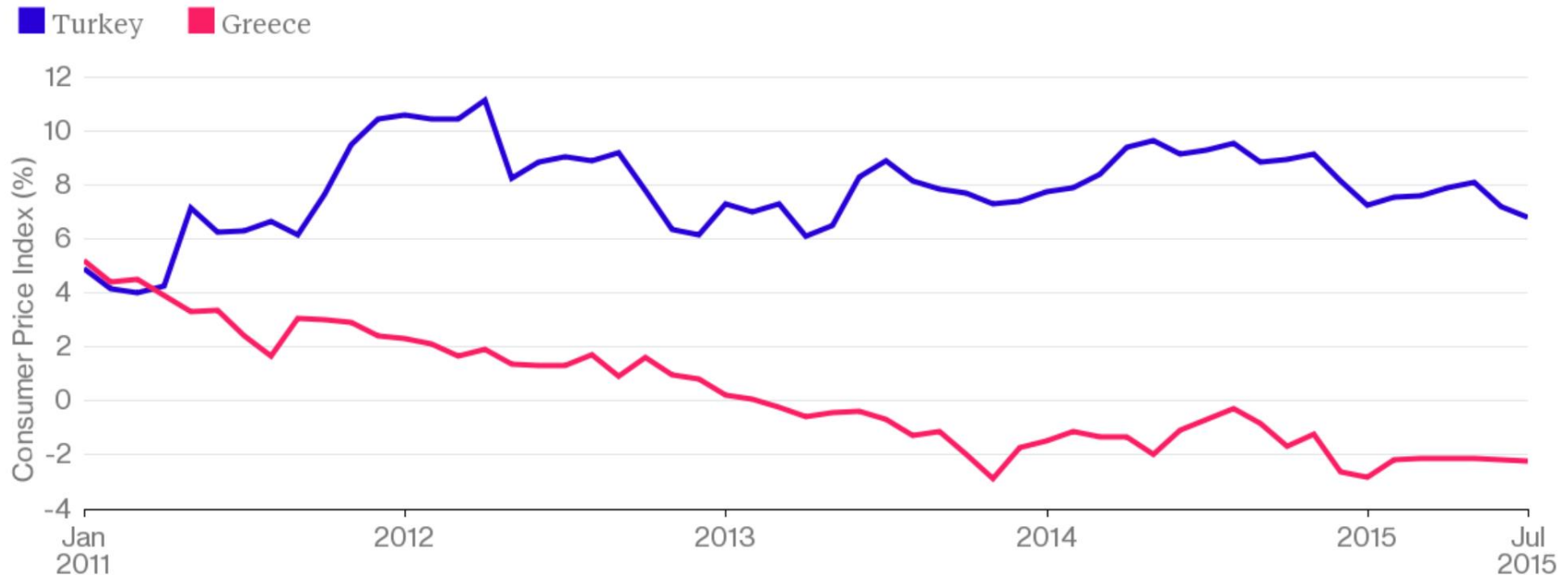
■ Turkey   ■ Greece

Source: National Statistical Service of Greece and Turkey State Institute of Statistics

* CPI measured year on year.

Bloomberg

A negative event can become a Crisis… If one does not address it! And how one addresses it, becomes their Reputation… And this is the Destination's Image

INTRODUCTION TO CRISIS MANAGEMENT

Typology & Definition

Crisis Definition & Typology

▶ Etymologically "Crisis" (Κρισυ) is the Greek word for "Judgement"…

- Necessity: As such it reflects a situation where a decision needs to be made (see 'critical decision'). This implies that the impact is significant enough to demand a reaction
- Urgency: Such a decision cannot be avoided, postponed or delayed. Immediate action is required, since the corresponding event is already taking place

▶ A crisis…

- Does not happen in the future, it evolves in the present!
- Is neither a risk, nor a security breach nor a disaster… But each of those carry the potential of leading to a crisis (… esp. if they are not managed)!
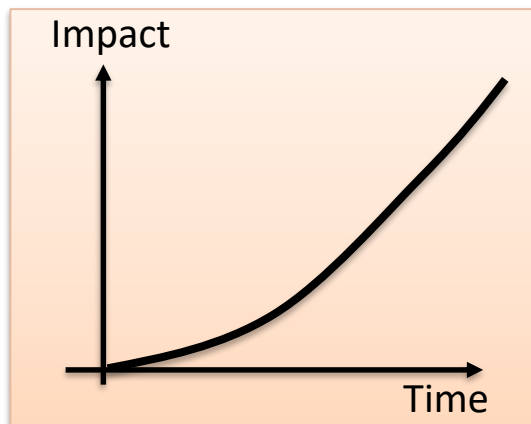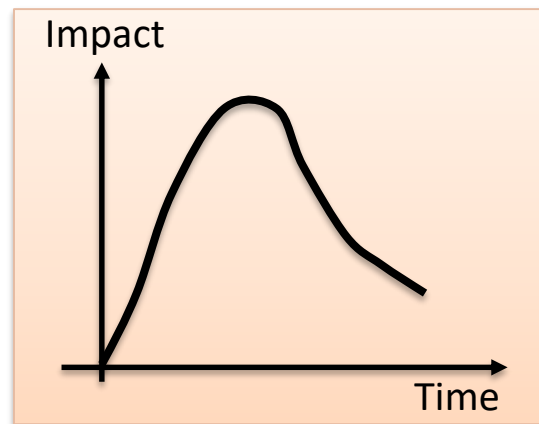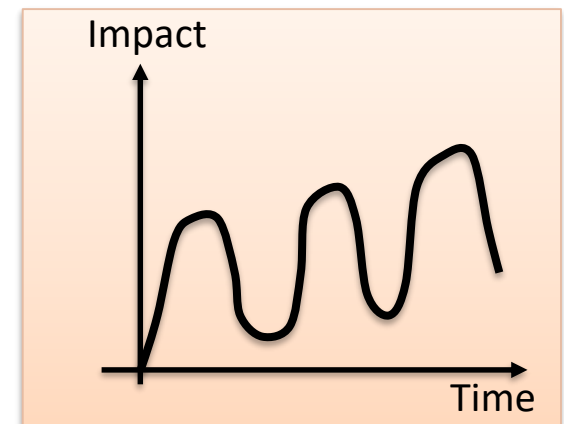
Evolutionary (or Creeping) Crisis	*Disruptive (or Eruptive) Crisis*	*Periodical (or Cyclical) Crisis*

▶Negative event? ☑

▶Affecting a large number of people? ☑

▶Human life and health at stake? ☑

▶Large financial implications? ☑

▶....?

What do you think is the greatest risk to tourists' safety nowadays?

TIP: Egypt has a lot of that 'risk'!

▶ It is not terrorism... It is the sun!

▶ According to the BAT Institute (1986):

- Skin injuries (from sun-burns) affect some 7 million holiday-makers yearly

- Serious disease (e.g. infections, malaria, diarrhoea) affects some 4 million holiday-makers yearly

- If not affected from the above, sport injuries are usually on the injury agenda...
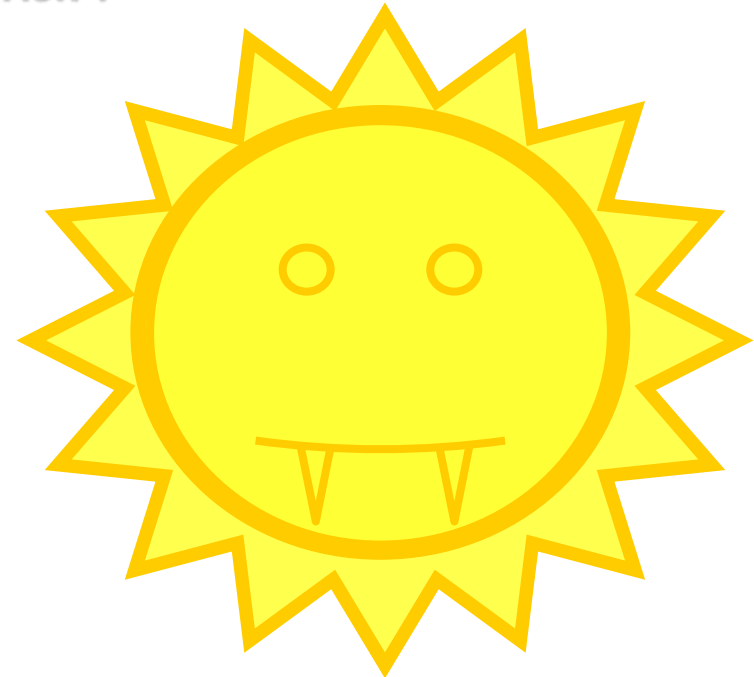
Can Collective Sun-Burning Be Classified As A Crisis?

▶ Negative event? ☑ A bad sunburn can ruin a holiday... And more!

▶ Affecting a large number of people? ☑ 7 million people per year is a lot...

▶ Human life and health at stake? ☑ Sun-burns and sun-stroke can lead to hospitalisation and in long-run skin cancer

▶ Large financial implications? ☑ Treating skin-injuries and their longer-term implications costs millions

One could hardly classify "Teutonengrilling" as the tourism crisis of the century... And it would be peculiar to describe the sun as public enemy number one... At least not yet!

▶ Within the context of tourism a crisis usually perceived as an negative event with a **detrimental impact on** the company's, destination's or sector's **image and reputation**

▶ For the service sector in general and tourism in particular, reputation is of vital importance, mainly due to the intangibility and inseparability characterising the consumption of services:

- **Intangibility:** Since one cannot physically examine the service before consuming it, one has to trust its origins (or its description)

- **Inseparability:** Similarly, given that a service is simultaneously produced and consumed, reversing the transaction carries sunk and opportunity costs

Emotion & Perception… is King!

► Essentially, apart from the mentioned characteristics... A crisis is a matter of perception!

► Mass-media coverage is detrimental in that sense

Differentiation between "real" and "perceived" crisis!

Perceived crisis:

► Emergent phenomenon (psychology of the mass)

► Financial impact on companies (e.g. drastic reduction of bookings)

► Very frequently NOT based on facts

► Irrelevant whether it is real or not

Central role of Mass Media and Company PR Departments

Crisis Perception Catalysts:
The 'Tsunami Advantage' (Over Earthquakes)

▶ **Mass Media Coverage**

- Nowadays, we receive some 90% of our information regarding our environment and events from the mass media (our reality is indeed digital and virtual!)
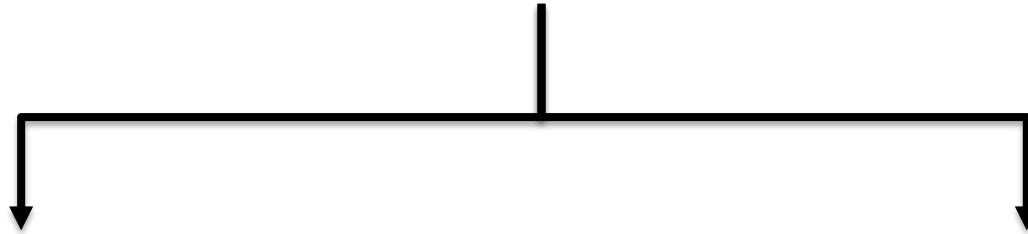
Front-page potential:

Actuality of Event
- (Exclusivity, "Fresh from the Press")

Theme-ing Prospect
- ('Catchy' title & topic, 'Prolonged expiry date', 'To be continued' value, Potential for panel discussion and analysis)

Impression Value
- (Impact & drama, Scope, Future implications)

Attention Advantage:

Geographical Proximity
- Skriver (1990): For a 10 cm long article in print media one needs a minimum of 39 victims for a 10.000 km distance, 7 victims for a 1.000 km and 1 for 100 km

Cultural Identification
- Adams (1990): Coverage equivalents in the US press are: 1 West European = 3 East European = 9 Latin American = 12 Asian victims

Psychological Empathy
- Ability to relate event to the recipient's own personal experiences

▶ Given time, any crisis will lose perceived importance:

- Reflex Fatigue
- Apathy
- Abstraction (and transfer to the 'existential depository of problems')

The Emotions are Forgotten...

▶ The crisis will ultimately 'be forgotten'... **The only lasting memory is related to its handling / management!**

- Cognitive Dissonance ("Things always happen for a reason")
- Fundamental Attribution Error ("It is always someone else's fault and it was intended")
- Control Illusion (giving rise to conspiracy theories)

... But the Facts Remain!

INTRODUCTION TO CRISIS MANAGEMENT

Key Attitudes – Kipling's Principle (Poet)

IF....   Yours is the Earth and everything that's in it,
And, which is more, you'll be a Man, my son!

If *you can keep your head when all about you*
Are losing theirs and blaming it on you,

If *you can trust yourself when all men doubt you*
But make allowance for their doubting too,

If *you can bear to hear the truth you've spoken*
Twisted by knaves to make a trap for fools,
Or watch the things you gave your life to, broken,
And stoop and build 'em up with worn-out tools

If *you can wait and not be tired by waiting,*
Or being lied about, don't deal in lies,
Or being hated, don't give way to hating,
And yet don't look too good, nor talk too wise;

If *you can meet with Triumph and Disaster*
And treat those two impostors just the same;

If *you can dream and not make dreams your master,*
If *you can think and not make thoughts your aim;*

Constructive attitude (vs. Defensive Stance)

Open communication and transparency

Commitment to facts (vs. emotions)

Timely action / reaction (80:20 principle)

Ability to Deal With A Crisis (2):
Core Action Set (Practices)

If *you can make one heap of all your winnings*
And risk it all on one turn of pitch-and-toss,
And lose, and start again at your beginnings
And never breath a word about your loss;

→ Risk Management

If *you can force your heart and nerve and sinew*
To serve your turn long after they are gone,
And so hold on when there is nothing in you
Except the Will which says to them: "Hold on!"

→ Resource Reserves

If *you can talk with crowds and keep your virtue,*
Or walk with kings nor lose the common touch,

→ Feedback & Learning Mechanisms

If *neither foes nor loving friends can hurt you;*

→ Security Management

If *all men count with you, but none too much,*

→ Crisis Man. Responsibilities

If *you can fill the unforgiving minute*
With sixty seconds' worth of distance run,

→ Crisis Man. Guidelines

Yours is the Earth and everything that's in it,
And, which is more, you'll be a Man, my son!

Crisis Management, seen as the ability to master a crisis, is not so much about defined guidelines... But about deeply-embedded (in the company's culture) principles!

Cultural Competence

Reaction Readiness

Company Image

Professional Management
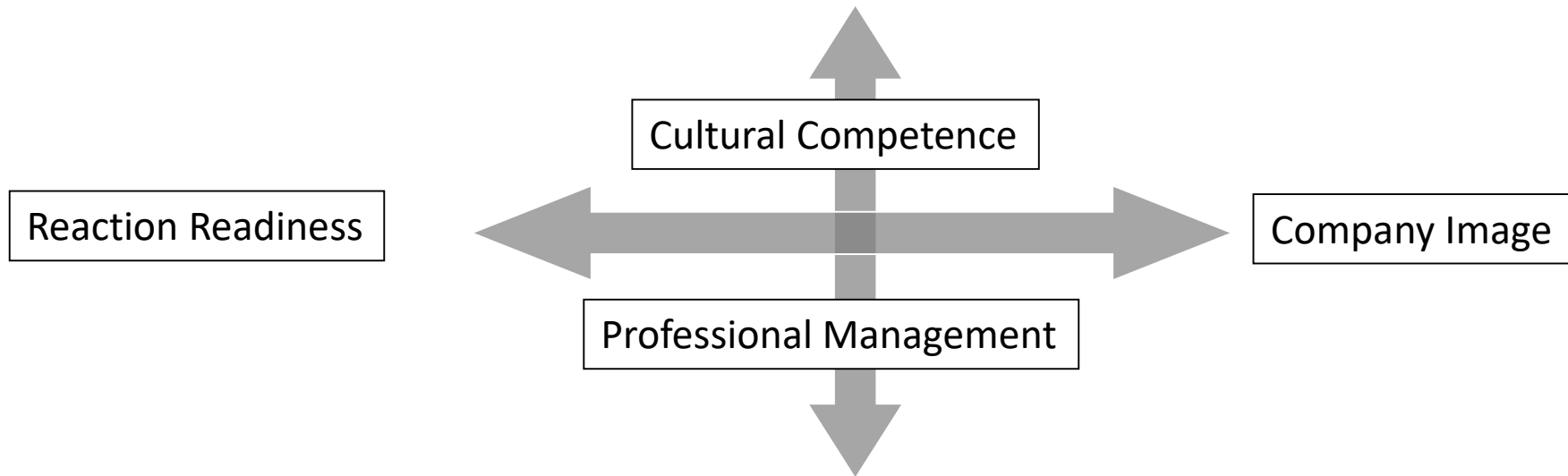
Similarly its effectiveness, it is not so much dependent on emergency procedures... But mostly based on professional risk-related management practices!

▶ Based of a "life of crisis"…!

- "If" is in strong contrast with the poet's own tragic and unhappy life!

- As a child the poet was:
  — *Deprived of love and attention and sent away by his parents*
  — *Beaten and abused by his foster mother*
  — *A failure at a public school*

- As a grown-up:
  — *He lived to experience the deaths of two of his children*
  — *He achieve great fame quickly but had to face strong criticism for his work (superficial and lacking depth of meaning)*

- Interestingly enough, he also turned-down:
  — *A knighthood*
  — *A Poet Laureate*
  — *The Order of Merit*

▶ But…

- He accepted the Nobel Prize for Literature (1907)

- His most famous works are: "The Jungle Book" (1894), "Kim" (1901), and "Just So Stories" (1902).

▶ The poem is very popular – It is posted on the over the player's entrance to Wimbledon's Centre Court!

▶ Apart from being:

- Inspirational (mottos)
- A set of rules for mature behaviour (life maxims)

▶ It can be also seen as a definition of:

- Personal Integrity -> Ethical / Moral Stance
- Correct Behaviour -> Long-term Orientation
- Self Development -> Making the Most and Learn From Negative Events

These three 'ingredients' are a required philosophical backbone of any crisis management approach

INTRODUCTION TO CRISIS MANAGEMENT

Crisis Management – Archilochus' Principle (Warrior)

> *"Let who will boast their courage in the field, I find but little safety from my shield, Nature's, not honour's law we must obey. This made me cast my useless shield away."*
>
> *Archilochus*

Evolutionary (or Creeping) Crisis

Disruptive (or Eruptive) Crisis

Periodical (or Cyclical) Crisis
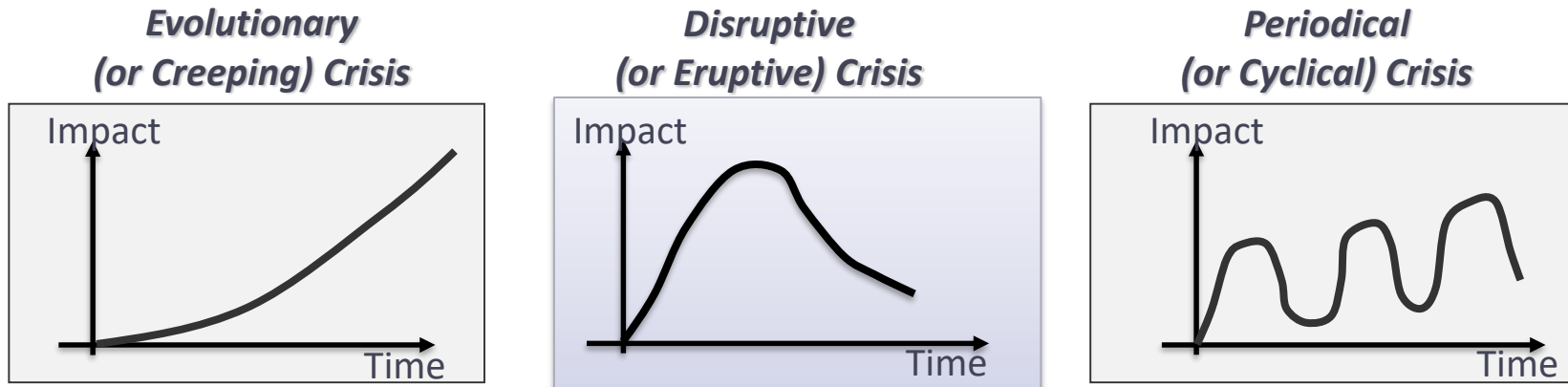
▶ CM -> Dealing with the failure of Risk Man, Security Man & BCM

- Evolutionary Crisis provides "incubates" long enough to be dealt with in a proactive manner (availability of 'weak signals')

- Periodical Crisis has happened before, but the organisation has failed to learn from the past and consequently has not incorporated it

▶ CM -> Dealing with Residual Risk (Archilochus)

- Disruptive crisis "escalates rapidly" and tends to be a unique event in the organisation's history (i.e. no history, very 'weak' and 'late' signals, low probability)

- Creating standardised responses (pro-acting) is neither efficient nor effective in that sense...

▶ You cannot:

- ... plan for the unforeseen...
- ... avoid the unexpected...
- ... know what you have not experienced...

> *... But you can always respond to the unknown, unexpected and unforeseen!*

▶ And that is why you cannot:

- ... Pre-define action plans for every situation

> **... Provided have resources, infrastructure and mandate to react!**

Crisis Management As An "Expedited Project"
Objective = "How Do We Respond?"

THE AVERAGE PROJECT IS SUBJECT TO A NUMBER OF RESTRICTIONS & DELAYS...	... THAT THE CRISIS RESPONSE PROJECT IS NOT!

Typical project activities include:

Clarifying objectives

Setting-up project team

Conducting study and business case

Preparing a project plan

Regular escalation, reporting and decision-making

... While Crisis Management "projects":

Have pre-defined objectives (i.e. principles of crisis-related action)

Have already a team in place (i.e. crisis squad / panel)

Do not require a lengthy and political study phase, only a situational assessment based on facts

Have simple action plans

Are subject to direct and continuous escalation / reporting, while crisis panels are empowered

Clear crisis-related responsibilities

"Kiplinean" principles (e.g. People's lives come first, seek to minimise damage instead of liability)

OPERATIONS

MANAGEMENT

PUBLIC RELATIONS

1. Implement emergency procedures
2. Ensure well-being of customers & employees
3. Assess situation & report to management

Inform in the following order:

1. Directly-affected people (e.g. staff, customers)
2. Indirectly-affected people (e.g. families of staff, customers)
3. Stakeholders (e.g. shareholders, public bodies)
4. Press & Media

Maintain a regular and transparent communication / information flow during the crisis (help-line, web crisis centre)

Mobilise crisis squad / panel (which can also include external experts)

Assess crisis impact

Devise action plan

Advice / coach CEO

Implement action plan

Prepare press statement

Generic Crisis Management Framework (2)
Phases of Response (or Reaction)

Before The Crisis → **Golden Hour** → **During The Crisis** → **After The Crisis**

Determination of Stance
(Aggressive "Better Safe than Sorry" vs. Defensive "Let's Wait & See")

Before The Crisis

▶ Management
- Organise crisis response team (CRT)
- Train and test response with hypothetical scenarios
- Setup response infrastructure (i.e. crisis response centre, help-lines, website)
- Collection & interpretation of "weak signals"

▶ Operations
- Clarification of crisis communication channels and responsibilities
- Training (on emergency procedures)

▶ PR
- Monitoring of external events (press and TV)

During The Crisis

Management
- Continuous crisis assessment
- Operational response activity coordination

Operations
- Emergency procedure implementation
- Reporting to crisis management centre

PR
- Provision of infrastructure for internal communications
- Establishment and maintenance of a continuous information flow (external)

After The Crisis

Management
- Response evaluation
- Updating of risk and security management policies
- Mandate for post-crisis recovery measures (e.g. staff-holidays, victim-support, relief funds)

Operations
- Detailed damage assessment and reporting
- Affected customer support
- Provide support to others (outside the organisation and its customers)

PR
- Reputation & brand image recovery
  - Openness regarding mistakes / failures + measures implemented to avoid in the future
  - Communicate positive developments
  - Support crisis recovery efforts (e.g. fund raising)

Manufacturing Crisis
A Questionable Change Strategy

Stranger in the Mirror" (Moral Imperative / Ethical Questions)

- Using a manufactured crisis to induce change, can always be justified on the grounds of avoiding a more destructive 'real' crisis – "Chiroshima argument"
- It is important to remember that a manufactured crisis affects many people on a personal level and may also become a real crisis (Management is not a game)

"Cry-Wolf Effect" (Loss of Credibility in the Long-term)

- Companies communicate crisis to enable cost-reductions and restructurings, while at the same showing increased profits and top management perks
- Overusing this option renders it ineffective and counterproductive (i.e. no change-readiness PLUS motivation, morale impacts)
  - Reflex Fatigue & Apathy

"Willing Mind vs. A Weak Body" (Limited Effectiveness)

- Change-readiness (i.e. willing to change) does not mean change-competence (i.e. able to change)
  - Is the impact on employee morale, motivation and the betrayal of the social contract worth it?
  - Is a 'modern' company with de-motivated and disillusioned personnel better off than a 'outdated' one with a good team spirit?

Archilochus did not require a shield, but he was physically-fit, combat-experienced and well-trained with his sword… It is only competence that can deal with crisis!

▶ It is often said that 90% of crises could have been avoided…

- Risk Management
- Security Management
- Business Continuity Management

Planning & Preparation
(i.e. Structures, Processes, Guidelines)

▶ … But this still leaves 10% which cannot be foreseen, prevented, or avoided!

- Crisis Management

Action Readiness / Competence
(i.e. Principles, Infrastructure, Resources)

… But even a small cut in battle can become infected and prove deadly!

▶ *Administrative Functions:*
- Dean – Faculty of Business Infrastructure & Services
- Member of the Bremerhaven Univ. Research Committee

▶ *Research Functions:*
- Founder & Chairman of the **Cruise Research Society** (http://www.cruiseresearchsociety.com)
- Co-Director of the **Institute for Maritime Tourism (IMT)** (http://www.imt.hs-bremerhaven.de/)

▶ *Editorial / Reviewer Functions:*
- Special Issue Editor for the **Journal of Tourism in Marine Environments (TIME)** – (https://www.cognizantcommunication.com/journal-titles/tourism-in-marine-environments)
- Editorial Board Member of the **Journal of the European Journal of Tourism, Hospitality and Recreation (EJTHR)** – (http://www.ejthr.com/)
- Reviewer for the **Tourism Management** Journal (http://journals.elsevier.com/02615177/tourism-management/)
- Reviewer for **the Intl. Journal of Hospitality Management** (http://www.journals.elsevier.com/international-journal-of-hospitality-management/)
- Reviewer for the **Journal of Hospitality & Tourism Research** (http://jht.sagepub.com/)
- Reviewer for the **International Journal of Tourism Research** (http://onlinelibrary.wiley.com/journal/10.1002/%28ISSN%291522-1970)
- Reviewer for the **International Journal of Tourism Research** http://onlinelibrary.wiley.com/journal/10.1002/%28ISSN%291522-1970
- Reviewer for the **Current Issues in Tourism Journal** (http://www.tandfonline.com/loi/rcit20#.VZ1UbUaS8wc)