

**This case study is Part II of crisis communications coverage of the Costa Concordia Cruise Ship disaster. The first case study was published Monday, January 16<sup>th</sup>, three days after the Concordia Sank. It can be viewed at: [www.thebambooagency.wordpress.com](http://www.thebambooagency.wordpress.com)**

Five days since the hull of the Costa Concordia scraped into jagged rocks off the coast of Coglio, Italy and capsized the question is how are Costa and Carnival Cruise officials performing from a public relations crisis management perspective?

Here is what we presently know:

1. There are 11 persons confirmed dead and 23 missing.
2. It appears that Captain Francesco Schettino and his (presumed) negligence is culpable.
3. The missing are, sadly, presumed dead, as no person could survive during this long period of time in cold water, bringing the likely total death toll to 49 persons.
4. Questions remain about what to do with the ship? Is it salvageable or will it be cut up?
5. There is 500,000 gallons of fuel in the ship – this must be removed.
6. Ecology and Environmental issues revolve around the fuel removal issue.
7. Since the commencement of the ships incident, there have been a total of five press reports/announcements, at least those that are listed on the PRNewsWire website.
  - a. Some of these press releases are reprinted below and will be deconstructed and analyzed for the psychology of the messaging and the intended reaction sought by the consuming public and all (potentially) affected constituencies. In crisis situations, the court of public opinion becomes critical on many levels.

It is essential to bear in mind that the company’s objectives are to craft “public communications messages” that accomplish various goals; some, but not all of these, are as follows:

- A) **How to mitigate the future financial impact on the company based on the public’s perception (of it?)**
- B) **How (well, or not well) the public perceives the company handles the crisis/situation?**
- C) **How the company will ensure to the public that this type of thing cannot, will not happen again?**

Within the framework of the above, there critical subsets to the following key objectives; from a crisis communications point of view these additional goals are as follows:

- D) Soften the financial blow as much as is possible. For example, preserving their calendar of already "booked cruise reservations." A massive cancellation of bookings would be a sure sign of serious negative public perception on the company with concomitant negative financial consequences. To achieve this goal takes on its own separate internal and external marketing and public relations agenda, which the company MUST be thinking about activating quickly.**
- E) Minimize the potential negative consumer perception of the incident to reduce the length of the near-term rebound.**

As presented in the first case study, that can be viewed at [www.thebambooagency.wordpress.com](http://www.thebambooagency.wordpress.com), and reinforced here, it is the protection of the company's name, brand, profits and future financial performance – mid-term and long term that ultimately, against the back drop of all the above noted bullet points, is the near term agenda of the crisis communications team and their immediate and near term agenda.

**Critical Disclaimer:** The above notions which are the premise of this analysis, do not in any way dismiss or diminish the importance of "people" or the "lost lives." While the "protection of people first then property" is fundamental Public Relations Society of America (PRSA) tenet, they are at the core of leading any crisis communications agenda. This paper serves as an examination of the strategies, tactics, goals and (potential) effectiveness of preserving the company's brand, shoring up consumer confidence and buoying what could be a crushing blow to the global cruise industry.

#### **Preserving Profits and Protecting Financial Performance: Carnival Cruise Lines is a Public Company: CCL**

With the above backdrop in mind, below is a snapshot of the end-of-day trading for Carnival Cruise Lines (Stock Symbol: CCL), as of close of business on Friday, January 13<sup>th</sup>. Carnival is the largest company in the cruise industry, operating 11 distinct global brands that include Cunard, Costa, AIDA, and Seabourn, among others. During the week the stock rose from nearly \$33 per share on Monday, January 9<sup>th</sup>, and then peaked by week's end, on Friday, January 13<sup>th</sup> to \$34.28. In afterhours trading the stock went to \$34.16, dropping .86 % on the day but this had nothing to do with the Costa Concordia Ship sinking, that didn't happen till around 10:00 PM.

**Chart 1: Carnival Cruise Stock Price Close as of Friday, January 16<sup>th</sup>, the day the ship sank but after the market closed.**

\$29.60

Data as of Jan 13

↓ -4.68 / -13.65%

Today's Change

28.52

Today || 52-Week Range

48.13

+5.02%

Year-to-Date



**Chart II Below, the First Two Days of Stock Trading After the Concordia Ship Disaster**

The chart below reflects Carnival Cruise Lines performance on the New York Stock Exchange for the first two days of trading AFTER the Costa Concordia ship crashed into the Tuscan coastline.

You'll notice on the graph below the straight line down, like a rock falling from a cliff. That is CCL stock plummeting on the opening bell on Tuesday morning 9:30 AM.

By 9:55 AM on Tuesday, January 17<sup>th</sup>, the stock had slid to \$29.60 on a TRADING VOLUME of 1.6 million shares, a nearly 600% increase in trading volume from the high point from the prior week. (At the high point during the week, which was January 13<sup>th</sup>, the TRADING Volume was at around 248,775.)

Stockholders and investors were jumping ship right from the opening bell. And rightly so. This is precisely what happens to companies in a "crisis" situation.

### **Carnival Stock Plummets, then Evens Out Before Close of Trading on the First Day**

However, it is critical to note that before the end of the first day of trading on the NYSE, the stock went mainly sideways fortunately for Carnival for the balance of the day. The stock closed pretty much where it had started at the beginning of the day, down about \$4.74 per share, only a 13% loss. This is not terrible. In fact, within the context of what "could have been" it is not bad at all. It could have been much worse. And it would have been much worse. The explanation for the "worse" scenario follows below.



On the second day of trading on the NYSE for Carnival Cruise Lines, Wednesday, January 18<sup>th</sup>, Carnival stock continued sideways mostly for the day, and ended again on an uptick, closing at \$30.55, up 3.21% on the day. This is good news for Carnival, at least for now. We'll discuss this further below, but for now it's important to make some other stock market and related stock performance observations.

### **Monday, January 16<sup>th</sup>, Martin Luther King Day: New York Stock Markets were Closed**

First, and absolutely critically important to the question of the "preservation of profits" as an integral part of the primary objectives of the crisis management team, is "containment" and "preservation of profits." It must be noted that Carnival Cruise lines had a huge break in what could have been a much worse financial outcome for a "first day of trading" on the market AFTER a crisis event. Here's why.

Oddly, coincidentally, the U.S. stock market was closed on Monday, January 18<sup>th</sup>. This was good news for Carnival. It was a given that the Carnival stock would take a hit on the first day of trading. The only question was, how much and how bad? No one naturally could forecast the answer, but under any conditions, the outcome would not be good.

Here is other important fact that represents further good news for Carnival. The London Stock Exchange was open on Monday, January 18<sup>th</sup> and the Carnival stock did trade on the day in London. At the conclusion of the trading day in London, Carnival stock had dropped by 17% from its Friday's close.

This is critical for a number of reasons, and here's also where it gets interesting. So, while Carnival's cruise ship collided on the Coglio coastline, a universe of coincidences also collided to play in favor of Carnival's stock not sinking more than it had, here's why: a) U.S. Stock Market was closed on the Monday, and b) the London stock exchange gave us the answer. The bar had been set. Yes, the bar had been lowered, and the stock dropped naturally, but a stop point. A stop range had been "determined by the market." The market voiced its opinion and the opinion was that the Costa Concordia collision, at least for now, was valued at a 17% share loss.

Now, back to what was going on here in the United States. The Costa/Carnival people knew that the stock market was closed on Monday, this was ballast for them and they knew it. They had the weekend as a buffer to get through the first couple of days to manage the situation, and get some semblance of control over what was happening. Monday, with the stock market being closed was a bonus day for them. By comparison, IF, and this is a big if, if this accident had happened on an earlier day in the week the impact to the company financially could have, most likely would have been much more severe. The market would have had an opportunity to react immediately and it likely would have overreacted with a massive sell-off.

### **Who's to Blame?**

Who was a fault and what caused the accident? The initial answers to those big questions would have a direct impact on consumer perception as well as immediate stock performance. When the Italian authorities had already begun to point to Captain Francesco Schettino as the "likely cause of the human error of the disaster" Costa/Carnival officials had a logical, legitimate out and they began to "manage the process and their messaging" by directly the legal authorities finding in Schettino's direction. This, more than anything, coupled with the 3 day (weekend/national holiday) stock trading reprieve, combined with the already established 17% market decline in London on Monday, January 16<sup>th</sup>, is most likely what prevented the stock from dropping any further both in London as well as in the United States.

**In other words, Costa / Carnival and their crisis management team were able to suggest that "the accident was not part of a systemic problem with Costa or Carnival cruise ships, but it was singularly the responsibility of the bad actions and poor judgment of one man."**

Mind you, the alternative is much different than if it had been discovered that Costa Concordia, Carnival and its fleet of 101 ships, as a matter of bad policies and procedures kept poor maintenance records and that this might suggest that there was some systemic company-wide issue with regard to the integrity of the actual vessel, or vessels in the various fleets, as well as problems with safety, security and evacuation plans, policies and procedures. These issues, early on, had not surfaced as issues the media focused on. For all intents and purposes, "they had their man." However, Costa Cruise / Carnival were far from off the hook.

With this in mind, Carnival Cruise Stock Market chart below reflects the end of the third day of trading on the NYSE. The stock climbed again, up \$1.46 from its open and ended with a 4.45% stock price increase for the day. What does this mean? It means that the Crisis Communications team is doing their job.

**Last Price \$31.91**

**Day Change 1.36 | 4.45%**

After Hours: 31.81 -0.10 | -0.31% As of Thu 01/19/2012 4:00 PM EST | USD



**Let’s return to an examination of some of the communications and messaging issues emanating from Costa and Carnival officials.**

By definition, the goal of the Crisis Communication Management team is to “manage” the situation. That means, to the best of its ability it must “manage, contain, control” the situation and the subsequent potential wide ranging fallout from it. In doing so they must manage, administer, coordinate, engineer and spearhead multiple tasks simultaneously.

**How well they do this, or not well, ultimately impacts on how the consuming public will react to the company – in other words, will short term booking be cancelled, will sales in the pipeline fall of or vanish completely; and looking ahead, will cruise customers on the fence for booking shy away from making reservations or follow through with their plans?**

The crisis managements teams strategies, and the company’s immediate stock performance suggests that the crisis management team were effectively managing the process, mitigating the damage and reasonably well communicating the “facts of the case” that prevented a total shareholder bailout of the company.

There were nevertheless some important (early) missteps and mismanaged opportunities. For example, the question of whether or not the company is “doing the right thing” in the manner in which it is “treating their passengers” who just suffered a near life and death experience is important was fodder for a serious negative perception issue.

First, a total of three press releases /announcements have been put out by Costa/Carnival officials (at the initial time of this writing) since the day of the sinking. That was five days ago. Two of the releases will be reprinted below in their entirety and evaluated. In addition to the paucity of “announcements,” we have not seen any live press conferences or regular updates, by Carnival CEO, Micky Arison. (perhaps due to the fact that the accident took place in Italy, combined with the fact that the Chairman of Costa Concordia is acting as spokesperson for the crisis – which in and of itself may be a wise decision for a few reasons; this way it took the onus of any burden off of the parent company’s president, Micky Arison and any ramification it could have had to boomerang back to the parent company, as opposed to a smaller division of the company. Members of the inner circle, as well as Arison himself may not have had the skills, the abilities, the chops and assuredly the time to prepare for the grueling grill he would take under the glare of news camera lights and a litany of questions who could not possibly be fully prepared to address adequately. This will be an interesting point to examine and debate in public relations circles within about 3 months – after the dust to some degree settles on this.

One of the big early issues is the disconnect between the messages articulated in two of their press announcements compared to the actions and deeds of the company. This is a (potentially serious) problem that still potentially lingers in the background and has similarly, historically plagued the company with comparable complaints. In November of 2011, a fire that broke out on the Carnival Splendor that became stranded some 130 miles west of Ensenada, Mexico Tuesday, a day after it lost power following an engine room fire.

### **Carnival's First Press Release Regarding the Ship Running Aground in Italy**

Below is the first press release put out by Costa/Carnival about the incident in Coglio – this came from PR NewsWire, the press release syndication company used by Carnival Cruise Lines, who as a public company, uses this service to publicly distribute their news. The same three releases that appeared on the PRNewsWire site also appear on the Carnival Blog site for the media/press section.

In the first case study this entire first release was reviewed line by line. For the moment though however, your attention needs to be directed to the one sentence of text highlighted in yellow that appears on the next page.

📅 Jan 14, 2012, 16:15 ET

### [Carnival Corporation & plc Statement Regarding Costa Concordia](#)

MIAMI, Jan. 14, 2012 /PRNewswire/ -- 3:45pm EST -- This statement is from Carnival Corporation & plc in Miami, FL. Carnival Corporation & plc is the parent company of Costa Cruises.

On January 13, 2012, Costa Cruises' vessel, the Costa Concordia, departed from Civitavecchia, Italy with approximately 3,200 passengers and 1,000 crew members on a seven-day voyage. At approximately 10:00pm CET, the vessel struck rock off the coast of Isola del Giglio, Italy and sustained significant damage causing the ship to list severely. The order was given to abandon ship and deploy the lifeboats.

Tragically, there are reports of some deaths and injuries. This is a terrible tragedy and we are deeply saddened. Carnival Corporation & plc offers our sympathies and heartfelt condolences to all of the Costa Concordia guests, crew members and their families. Carnival Corporation & plc and Costa Cruises are committing our full resources to provide assistance and ensure that all guests and crew are looked after.

We want to express our deep gratitude to the Italian Coast Guard and local authorities and community members who have gone to extraordinary lengths to assist in the evacuation of the ship and provide support for our guests and crew.

We are working to fully understand the cause of what occurred. The safety of our guests and crew members remains the number one priority of Carnival Corporation & plc and all of our cruise lines.

Costa Concordia was sailing on a Mediterranean cruise from Civitavecchia (Rome) with scheduled calls at Savona, Italy; Marseille, France; Barcelona, Spain; Palma de Mallorca; Cagliari and Palermo, Italy.

Friends and family members may use the following country-specific contact numbers to reach Costa Cruises:

**Here below is the third press release put out by the company.**

**It is date and time-stamped from PRNewswire.**

📅 **Tuesday, Jan 17, 2012, 16:58 ET**

**Carnival Corporation & plc Chairman and CEO Statement Regarding Costa Concordia**

MIAMI, Jan. 17, 2012 /PRNewswire/ -- This statement is from Micky Arison, chairman and CEO of Carnival Corporation & plc, parent company of Costa Cruises.

We are deeply saddened by the reports of additional deaths following the grounding of the Costa Concordia. On behalf of the entire Carnival Corporation & plc team, I offer our heartfelt condolences to all of those families affected by this tragedy.

Our immediate priority continues to be supporting rescue and recovery efforts and looking after our guests and crew members,<sup>1</sup> along with securing the vessel to ensure there is no environmental impact.<sup>2</sup> My senior management team and I have been in continuous contact with the Costa executive team in Italy and we have our senior level technical experts on the ground to provide additional support for this tragic and highly unusual incident.<sup>3</sup>

While this is a terribly sad time for everyone involved, we want to recognize the tremendous efforts of Concordia's crew<sup>4</sup>, who along with the Italian Coast Guard and authorities, helped to evacuate more than 4,000 passengers and crew members from the ship in very difficult conditions.<sup>5</sup> And we continue to offer our deep gratitude to the Italian authorities for their support and ongoing efforts.

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<sup>1</sup> This is a reiteration of what was stated in the first press release. It is the right thing to say. However, as you'll see below, there is a disconnect between "words and deeds" and this can be, and likely will be, a big problem for Carnival, UNLESS they deal with it immediately.

<sup>2</sup> This phrase/clause exists to address the issues that have come up in the preceding 36 hours from both the Italian Government as well as high profile environmentalists who are vocal and raising the issue of the potential eco/tourism damages that would follow if the safe removal of the oil issue is not addressed.

<sup>3</sup> This is a benign sentence, it is a weak attempt at saying that "we are doing 'everything we can'" by sending "technical support people over there." This is what would be expected. What additional technical support people, what are and/or will they do?

<sup>4</sup> This clause is an attempt to subtly and subconsciously mitigate the accusations that have been levied against the crew for "handling the situation poorly – being uninformed and ill prepared."

<sup>5</sup> This phrase is further attempt at stating what a "good job the crew did in a bad situation and under bad circumstances and conditions." It is essentially benign and meaningless and a weak attempt at making "a case" to support an already compounding problem in the consumers eyes that the crew were "unprepared."

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Beyond the critical observations footnote comments made above regarding the second press release that stand on their own merit, here below is the "messaging point" repeated in both releases that represents the "disconnect between the company's words and deeds."

***"Our Immediate priority continues to be supporting rescue and recovery efforts and looking after our guests and crew members."***

Quote from Micky Arison, Chairman, Carnival Cruise Lines

Here below is where the "words, actions, deeds" disconnect concept comes into play.

**Below are excerpts, taken unedited and in their entirety from a larger story that ran on the Associated Press website on January 16<sup>th</sup> at 4:41 PM.**

Once on land, the survivors complained that Costa was stingy with assistance.

Blake Miller, on board to celebrate his partner's 50th birthday, said Costa representatives rebuffed his efforts to get some reimbursement so he could buy a change of clothing.

"The Costa representative at our hotel told me, 'you might want to get a lawyer when you get back to the States,'" to pursue reimbursement, Miller told The Associated Press from his hotel in Rome Sunday night, where he was staying at his own expense.

Only passengers who had paid for special insurance to cover lost belongings would receive compensation to buy replacements, he said they were told.

Costa Crociere didn't immediately respond to a phone message or an emailed request for a response.

Miller, from Austin, Texas, said survivors were taken to a hotel near Rome's airport and told Costa would pay for one night's stay and their plane fare home only "if we pack up and leave the country" on Sunday morning.

Miller, who is director of business travel for Intercontinental hotels, said Costa representatives spoke to passengers about potential refunds or free cruise vouchers. But besides what he paid for the cruise, he said he paid several hundred more euros (dollars) for excursions during port calls and drinks on board.

Foschi, the Costa CEO, said he was certain "we'll be able to find a material solution that will make them happy."

It is this type of news, it is this type of reporting, and it is this type of coverage that can continue to inflict serious damage to the company. In a crisis situation, such as this, when company officials proclaim “they will do everything to support their passengers and crew” and then news reports like this above appear in the global media, the company can suffer further reputational damage resulting in negative attitudes toward the organization that ultimately is reflected in consumer abandonment of the company and the (greater) loss of future business. However, once again, despite this initial “news report” as it turns out no other reports of a similar nature have appeared in the media. Whether this is simply some type of reportorial oversight, a coincidence, another gift from the universe to Carnival like their 3 day free stock trading pass, Or possibly, very tight media crisis management and control it is hard to determine. In either event, the lack of additional stories of this nature on this subject serves the company well with respect to preserving the companies perceptions in the marketplace.

### **Here is a list of Actionable Strategies that Should Have Been Implemented**

Regardless of the above circumstances and conditions involving the disappearance of any stories about how “badly Carnival was treating its traumatized passengers,” at the top of the list of actionable priorities, strictly from a logistics point of view, the company could have and should have made arrangements with all local hotels to accommodate the displaced passengers. Using its size and power it could have negotiated, given the number of people who needed to be housed and fed, to arrive at an amenable arrangement with hotels as well as for passengers. The below list is far from comprehensive, but these meet the immediate needs of the passengers and reflects the company’s willingness to do as they suggest in their press announcements, which is to “continue looking after their crew and guests.” Here’s what they should have done:

- 1. Arranged to place the guests at hotels.**
- 2. Length of stay at hotel predicated on ability to make return travel arrangements. (limit perhaps 2 – 3 day window to return.**
- 3. Cost of all return travel paid for by Carnival.**
- 4. Provide each passenger with a room and food credit/voucher at a predetermined amount – for the sake of argument, \$100 per person per day, for room and food.**
- 5. A clothing voucher – people left the ships with nothing.**
- 6. The passengers of family and loved ones who died in the incident, those family members could and would stay at a hotel until such time as the families and Carnival were able to coordinate the return of the bodies to the respective passengers’ home location.**
- 7. All costs for travel for family members, and the deceased, paid for by Carnival.**

In support of some of the general notions and observations articulated above, On January 16<sup>th</sup>, at 4:41 PM, [www.PRweek.com](http://www.PRweek.com) ran a story announcing that Burson-Marsteller had been called in to handle the crisis communications. Below are excerpts from that story about how Costa/Carnival officials were handling the ship sinking crisis disaster.

The Costa Concordia, which had more than 4,000 people on board, flipped on its side after hitting a rock on Friday night off Italy's west coast. At least six people have died in the accident.

The first statement from Costa Cruises was released at 1am CET on Saturday, detailing how many people had been evacuated and that it was 'currently working with the highest commitment to provide all the needed assistance'.

The comms response of both Costa Cruises and the general cruise industry to the disaster could have been more effective, according to one travel PR practitioner.

Brighter Group executive chairman Steve Dunne said: 'It's clear that the PR function there has been slow to react and take control of the situation. To have members of staff being interviewed and using terms like there was "mass panic" on the ship smacks of people not being briefed properly.'

Dunne went on to say that the disaster was not just Costa Cruises' problem but an industry problem – saying that it had had a 'wake-up call'.

'Somebody needs to be combating the pictures of the Costa Concordia sinking being broadcast across the world's media and the word Titanic being used.'

**CNN: ON Thursday, January 18<sup>th</sup>, CNN published a 906 word article at 12:07 PM covering the Concorida and Carnival Cruise Ship Disaster.**

Below are excerpts of the key "messaging elements" that are reported in the story that reflect the "news" media adoption of the following key messaging concepts:

- A. the negligence of the Captain, and**
- B. By extension mitigating the damages and consequences to Carnival and to the Cruise industry at large.**

## Global Companies and the News Media: A Weird but Symbiotic Relationship

Make no mistake about it; large corporations and media news outlets have a weird, if not bizarre, symbiotic relationship. On the one hand the media has a journalistic fiduciary to “report the news and protect the public’s safety and interests.” Of course, they also want to sell newspapers. We are all too familiar with the phenomenon of sensational headlines that can, and often does, “amp up” or “hype” an issue that incites the public with the intended goal of increasing a publication’s sales.

However, the media also know that through its reporting it has the power to not only damage, but outright destroy a company. There is a fine line to walk here. This case, this accident, this incident has serious ramifications not just to one company, but to an entire industry – the cruise industry – 19 million people cruised last year, it employs millions of people and the cruise industry has a multi-billion dollar world-wide economic impact.

A crisis that puts the crimp on passengers’ desire to cruise would have a negative ripple effect not just on Carnival Cruises, but on the American economy on many levels, as well as internationally, where presently 19 new cruise ships are under construction to the tune of \$31 billion. What if there are no passengers interested in sailing on those new mega vessels?

While on the one hand all reporters live in the shadow of Woodward and Bernstein, who set the bar with their investigative reporting and the subsequent demise of a President with what “could be done with the powers of reportage” there is also another side to the coin.

That flip side is, through sloppy, reckless or negligent reporting, the news media (in general and at large) in the reporting of this case, as potentially sensational as it could be, could also be party to the loss of hundreds of thousands of jobs, billions in revenue and the possible destruction of an industry. And so, it is with a wink and a nod that everyone on each side of the equation understands these various implications. When in a crisis management mode at the highest levels, considerations such as these are borne in mind and do, to varying degrees, impact on reporting and news coverage – and this is where the knowledge, skills, expertise, and experience of a crisis management team comes into play.

To assign or suggest early notions of culpability on behalf of Carnival as large(r) or a systemic industry-wide problem, **AT THIS TIME** would be not only (potentially) reckless reporting, it would have potentially severe, deep and wide-ranging ramifications. Everyone knows this.

With this in mind, the excerpts below singularly reflect a combination of the most important reportage of the crisis (to date) combined with what are likely strongly influenced by Carnival’s crisis management team that that the **issues highlighted in yellow below** at the moment, are the most important in the still unfolding story. See article excerpts below.

**January 18, 2012 / CNN Website 12:07 PM**

Like all Costa masters, the cruise line said, Schettino "has been constantly trained, passing all tests."

But Foschi placed the blame for the wreck squarely on the captain, saying it was his choice to deviate from frequently traveled routes. And Corriere della Sera reported that Schettino came close to Giglio to salute Mario Palombo, a legend among Costa Cruises' commanders, and as a gesture to the only Giglio native on board, chief steward Antonello Tievoli.

Prosecutors have ruled out technical error as a cause of the accident, saying Schettino was on the bridge at the time the ship ran aground and made a "grave error" that led to the disaster.

But Costa Cruises has said that "preliminary indications are that there may have been significant human error on the part of the ship's master, Capt. Francesco Schettino, which resulted in these grave consequences."

"The route of the vessel appears to have been too close to the shore, and the captain's judgment in handling the emergency appears to have not followed standard Costa procedures," the statement added.

Notwithstanding the above, it is interesting to point out that the other constituent in this global stage play is Captain Schettino, and by extension his attorney, Mr. Leporatti. Mr. Leporatti will likewise do his best to put his client in the best light possible in the aftermath of this situation. Bearing this in mind, the next to last paragraph of the CNN article states the following:

**The captain's attorney said in a statement Monday that Schettino was "shattered, dismayed, saddened for the loss of lives and strongly disturbed. "But, he said, Schettino is "nonetheless comforted by the fact that he maintained during those moments the necessary lucidity to put in place a difficult emergency maneuver ... bringing the ship to shallow waters." That move, Leporatti said, saved the lives of many passengers and crew members. The eyes of the world will likely remain on Schettino as investigators come to their own conclusions as to the role he played in a catastrophe many have likened to the sinking of the Titanic a century ago.**

**On Thursday, January 19<sup>th</sup>, Carnival Cruise issued**

**The following statement through PRNewswire**

### **Carnival Corporation & plc Announces Comprehensive Audit and Review of Safety and Emergency Response across All Its Cruise Lines**

MIAMI, Jan. 19, 2012 /PRNewswire/ -- Following the tragic Costa Concordia accident, Carnival Corporation & plc, parent company of Costa Cruises and nine leading cruise lines around the world, today announced a comprehensive audit and review of all safety and emergency response procedures across all of the company's cruise lines.

Carnival Corporation & plc and the cruise industry as a whole have maintained an excellent safety record over the years. "However, this tragedy has called into question our company's safety and emergency response procedures and practices," said Micky Arison, chairman and CEO of Carnival Corporation & plc. "While I have every confidence in the safety of our vessels and the professionalism of our crews, this review will evaluate all practices and procedures to make sure that this kind of accident doesn't happen again."

The review is being led by Captain James Hunn, a retired U.S. Navy Captain and currently the company's senior vice president of Maritime Policy & Compliance. Following a 32-year career in the Navy, Hunn has held senior positions at Carnival Corporation & plc for nearly a decade, focusing on corporate-wide efforts to establish maritime policy standards, while overseeing the company's health, environmental, safety, and security practices.

Hunn and senior health and safety executives from each of the lines will review all safety and emergency response policies and procedures, officer and crew training and evaluation, bridge management and company-wide response and support efforts. Hunn will report to the Health, Environment, Safety & Security Committee of the Board, and to Howard Frank, vice chairman and chief operations officer of Carnival Corporation & plc.

In addition, the Health, Environment, Safety & Security Committee is engaging outside industry-leading experts in the fields of emergency response organization, training and implementation to conduct an audit of all of the company's emergency response and safety procedures and to conduct a thorough review of the Costa Concordia accident.

Frank said, "This company-wide initiative will identify lessons learned and best practices to further ensure the security and safety of all of our passengers and crew."

Carnival Corporation & plc also supports the call for a comprehensive evaluation of safety regulations by the International Maritime Organization, which was requested earlier today by the Cruise Lines International Association.

## Carnival Cruise Lines’ Press Release Review of January 19<sup>th</sup>.

This press release is right out of first pages of the crisis communications playbook. It is textbook crisis communications management.

Following any “tragic incident” one of the first/early moves is to engage a “review of the incident” – a committee, a panel, some “highly credible industry authority/entity” is called into to review the situation/crisis/incident, provide a report and offer recommendations about how to “improve the situation” so that the incident/crisis/problem will not happen again.

In the first para they continue to “acknowledge the tragedy” and immediately launch into an announcement of the company’s “comprehensive audit and review of all safety procedures, etc.” This is appropriate and in a post-crisis incident, to be expected.

**Para 2:** Company Chairman, Arison in his quote further advances the notion of the “confidence in his crew” (this helps to dispel claims against the crews’ ill preparedness, to some degree mitigate some negative public reaction about the crew being uninformed and unprepared for just such an incident). The balance of his quote closes with a combination clause that reinforces the idea about the “new safety review” and attempting to “reassure the public” that “this type of accident does not happen again.” Appropriate and textbook classic crisis communications management messaging.

**Para 3:** Introduces Captain James Hunn, Carnival’s Senior Vice President of Maritime Policy & Compliance. This element was essential, but there are some potential perceived public relations issues with this. While Hunn’s title and credits are impressive, this accident did nevertheless happen under his “watch.” Plus, it’s an “internal investigation” which can potentially be perceived that the deck is stacked, (no pun intended) for any final review/analysis to be skewed in the company’s favor.

Let’s explore this for a moment. Will the company actually issue a report that their “safety and evacuation” procedures are flawed? Technically, they have to, they are a public company. But, that type of damaging information would never see the light of day. In a worst case scenario, a report will be issued that Carnival and its “fleet of ships abided by and adhered to all appropriate maritime safety and evacuation protocols.” However, here is where the “added consumer confidence safety issue” will come into play. The report, when it comes out, will go on to say that “despite the fact that Carnival’s policies and procedures were adequate and adhered to all appropriate safety and evacuation protocols” the company will announce, on its own behalf, that is “implementing further and additional safety procedures and protocols to further ensure the safety and enjoyment of all cruise passengers, reinforcing the fact that safety is its number one priority.”

Any truly negative report adds to the company’s potential liability and culpability, meaning greater financial impact in lawsuits, poor consumer perception and a further reduction in consumer confidence in cruising.

Further if the report comes up not so favorable, then if that is the case, Hunn should technically lose his job, right? After all, he is THE GUY in charge of this department. The ONLY thing that adds any true credibility to the investigation on the one hand is that there are “9 other cruise lines participating in the review.” The problem with this is that they are all cruise lines under the Carnival umbrella of cruise ships. On the other hand, what DOES ENHANCE their own “internal investigation” announcement resides in the 5<sup>th</sup> paragraph. Here Carnival introduces a highly credible third-party outside agency and experts to ALSO conduct an “audit of the company’s emergency response and safety procedures.”

### **How to Improve this Announcement, its Credibility and Impact? Name Names.**

What could have bolstered the integrity and credibility quotient of this thought process expressed in the press release would have been to name some of the experts who would be called in. Perhaps they do not have this/these entities/individuals lined up yet – but it is the “big idea” here that counts. And conceptually, they are on the right track.

It’s also possible that instead of firing all of their bullets on this essential broad stroke idea concerning the “outside safety investigation” at this one time in this one announcement, they are saving the “naming of these experts” for another press release/announcement. It will be important on many levels on a continuing basis for Costa Cruise and Carnival Cruise to regularly revisit this issue of the “safety committee.” This will come in the form of “preliminary findings” whether “leaked to the press or not”, along with some “official early announcements” about what the “final report might say.” All of this will be tricky though for many reasons.

### **The Potential Impact of Carnival’s “Safety Committee” Investigation**

Any “official published report” by “independent outside industry experts” if the findings are negative, revealing that Carnival’s “safety procedures and evacuation policies” were inadequate and flawed in some way, are likely to be further damaging not only to general public perception about “safety on (Carnival) cruise ships” – which plays against the ENTIRE early messaging and positioning that the crisis management team achieved -- that the accident was a “singular incident due to the bad actions and poor judgment of one person – the captain of the ship.”

In this regard, the crisis management team has mined the Captain’s initially perceived culpability to the right pitch, supported to a highly credible legal degree by the official charges levied against him for “manslaughter, shipwreck and abandoning the ship.”

A report that later criticizes Carnival safety, evacuation policies and procedures would counter this (down the road, but it is also likely that this report will take a while to come out) and were it to be critical it would be damaging on various levels. It will be interesting to monitor this very aspect of the "safety committee review" from the standpoint of who's involved, the progress of the investigation and the publication of the report(s)." This could be, and should be, and likely will be followed closely by the media.

**Carnival has put out a total of 5 Press Releases since the Concordia Ship Disaster as of this writing, that is 1 week ago. Here is the link to Carnival's Press Page:**

<http://phx.corporate-ir.net/phoenix.zhtml?c=200767&p=irol-newsUSCCL&nyo=0>

On Carnival's main website, there are no mentions of any disaster.

### **Carnival's Facebook page states the following:**

Hi, everyone. Out of respect for all those affected by the recent events surrounding our sister line, Costa cruises, we are going to take a bit of a break from posting on our social channels. We will still be actively listening and answering any questions you have about your past or upcoming cruises, but for now, the majority of our time will be spent focusing on all those affected by this event. We thank you again for all your support.

More than 5,500 people "Liked" this posting.

**As of Friday, January 20, 2012, Carnival's stock is creeping back to its "pre" Friday the 13<sup>th</sup> level. Below is a chart of Carnival's Stock Closing for the week.**

**Last Price:** \$ 31.56

### Day Change

0.35|-1.10% After Hours: 31.42 -0.14|-0.44% As of Fri 01/20/2012 4:00 PM EST |USD



On Friday, January 13<sup>th</sup>, in after-hours trading Carnival stock closed at \$34.28. As of market close one week from the date of the disaster, Carnival stock docked at \$31.56. A (very) good sign for Carnival. Not only were stock holders NOT abandoning ship on the world's number one cruise line leader, but they were buying tickets (metaphorically speaking) back on board in huge numbers. By 9:50 AM on Thursday morning (the beginning of the third day of trading – 6 days from the announcement of the "ship hitting rock" ) – their stock was climbing back up – \$31.57 trading at a volume of 263,731. In other words, people – stockholders were clamoring to get back on deck with Carnival stock with trading at a closing volume of more than 777,000. This is a clear indication, at least for the moment, that the situation had been "contained and managed." Kudos to Burson-Marsteller. Is this a sign that their crisis communications management was working? You bet.

Let's look at the next day of trading, Friday, January 20, the 7-day mark from the date the Costa Concordia took on water, foundered and lumbered to the shoreline. On the whole, for the day, the stock mainly went sideways – still a good sign, with high very high trading volume all day and the stock closing at \$31.56, down .35 cents on the day, but nonetheless, a good day for Carnival, its stockholders and by extension the consuming public.

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### **Let’s Look at the Alternative Scenario: Bad Crisis Communications – Carnival Cruise Stock Sinks**

**Let’s look at the very real alternative scenario:** The alternative is Carnival’s stock slides downward (at some point AFTER the ship disaster). Once a stock begins to slide, precipitated by a “crisis disaster” situation, at that point it is all psychology and herd mentality momentum. Once the “market” whiffs a down run on a stock, it’s the beginning of the end. Why do you think that there is now a day market cap on a loss at 500 points? Because of the very well know concept of “herd mentality” affect in the stock market trading. It’s a life-raft to the panic, sink-or-swim mentality that drives trading and the stocks to crash and burn on hints, whispers and unfounded allegations.

So, in this negative scenario, Carnival stock slides down, with all eyes on Carnival stock anyway, the stock then continues to dip, and from there it just spirals downward. The financial news media picks up on this – this trickles through to the general news media, the consuming public then sees that Carnival stock is dropping faster than an anchor at port, there is a loss of consumer confidence and fear by customers who booked carnival cruise travel – people who booked Carnival Cruises now doubt it’s safety and fear for their lives - cancellations pour into Carnivals headquarters like a rogue wave, and within a week, the entire fleet of carnival ships will find themselves listing as badly as the Costa Concordia on the coastline – taking on water, bleeding badly and no tourniquet in sight. \

At that point not only is the entire Carnival fleet capsized, but the entire cruise industry sector – nationally and internationally - is crippled. Financial rehab for this type of corporate resuscitation could take years – in the meantime, thousands of people lose their jobs, and there is real, palpable economic impact everywhere, and we are talking globally.

So, was there a lot riding on this crisis communications scenario for Carnival? Absolutely. Was there even more riding on it for the cruise industry at large. Definitely. And, were all the actors in this stage play familiar with every scene that would or could conceivably play out in the still unfolding script. For certain. All stakeholders involved in this situation – from the Carnival Cruise officials, to the stock market, to the news media – everyone knew what was at stake – the negative scenario just outlined above.

### **Carnival Calls in the Big Guns – Burson-Marsteller – A Leading Crisis Communications Team**

Carnival’s call to bring in Burson-Marsteller, one of the world’s leading public relations firms with an expertise in Crisis Management was not a fluke. Burson-Marsteller are the big guns called in to manage the situation. By Carnival doing so, it set an expectation level to the media “not only that this would be handled correctly, but that it would be handled by experts.”

This is comparable to going to court and either being represented by a public defender or a high-powered attorney. There is a difference. The judge knows this, and in this analogy the media knows this. Burson-Marsteller can “negotiate with the media” in a way that neither Carnival, nor its officials are able to. Just as the big gun lawyer is an advocate for the defendant, same too in this situation.

As an experienced public relations professional who has dealt with the media in multiple and various types of crisis communications scenarios, as the “mediator” between the client and the news media, the public relations professional can make “suggestions” and point out potential problems, deficiencies, flaws and unsupported statements and allegations, as well as the general, spin, angle, position or premise that a reporter – journalist/news entity, might be taking in their report/story – mind you, generally unfavorable to the client, unless you can convince the journalist/reporter to be a “smidge” less aggressive in their language and often uncorroborated assertions. This is essential, as understanding this allows, or potentially allows the crisis management team to a) manage this as best they can and b) do what they can to mitigate as much as is reasonably possible a news story that can be damaging to varying degrees. This is part of what “crisis management is” – knowing exactly how to talk with, and deal with, the news media.

### **Dinner, Date, Disaster: A New Twist in the Story – Domnica Cemortan, the Moldavan Girl**

More reports have surfaced about what Captain Francesco Schettino was doing immediately prior to as well as during the ship actually sinking. These reports are not good, at least for the Captain, but they are favorable for Carnival. According to first person accounts by passengers and crew, particularly “kitchen personnel” at least a half-hour into the initial indications that the ship may have hit a rock, Schettino was having dinner with a female crew member, and despite these early warnings he continued dinner, ordering wine and dessert.

The blonde woman he was with is 25-year-old Moldvian, Domnica Cemortan, a crew member who was not properly identified by investigators as she reportedly did not appear on any official manifest for the Costa Concordia. News reports also suggest that she may have been hired without a proper contract; and it is also speculated she may have been on the bridge because Schettino was trying to impress her. All of this, not good for Schettino, whether it breaks the law or not, it smacks of grandstanding and narcissism. And to some extent, this is good for Carnival, but it may also open a can of worms in other areas for investigators that may, or may not, bode well for Carnival.

Read more: <http://www.dailymail.co.uk/news/article-2088821/Costa-Concordia-Domnica-Cemortan-captain-Francesco-Schettino-cruise-ship-hit.html#ixzz1k7KqjiJv>

**By the End of the first week – How did Carnival and its Crisis Communications Team do?**

Circling back to the original key questions and issues the crisis communications team needed to address within the context of presenting the company message to the consuming public with a goal of "containment" or "calamity," how did Carnival do?

**Let's revisit the bullet-point questions posed in the first case study, reprinted here, with answers that follow:**

- 1. How will the public (initially) react (to the crisis)?**
  - 2. How will you (the company) present and mitigate within the bounds or legitimate argumentation the circumstances?**
  - 3. How will (loyal) consumers of the company's product/service react?**
  - 4. How will shareholders (initially) react?**
  - 5. Can the company sustain itself during a downturn in stock prices and lost revenues?**
1. On the whole, meaning a "greater percentage than not" of the public seems to have accepted, or be in agreement that a) the Captain was responsible and b) this was an isolated incident of human error. This seemed to be the overarching sentiment covered and reported in the news media as well as reaction by the public. Carnival's Facebook page is filled with, for the most part, sympathies toward those killed and support of Carnival in the way they have handled the situation to date.
  2. Carnival's escape hatch was the "negligence" of the Ship's Captain. While many can argue various perspectives and positions on the "moral" or "immoral" "legal" or "not legal" "right" or "not right" position to take on this, the bottom line is that Carnival did have a legitimate out given to them by the Italian authorities who Charged Captain Francesco Schettino with "Manslaughter, abandonment and shipwreck." At the beginning, Carnival stood by Schettino "until further details were known" – this was reflected in the company's first press release statement - they did not immediately and automatically throw him overboard. BUT, after the above three charges were levied against him, the company was able to lay the blame squarely on him.
  3. It's too early to tell; thus far this is mixed reaction along a nearly 50/50 split in various public polls about whether or not the disaster has influenced a consumer thinking of going on a cruise, with a slight edge in favor of the disaster "not negatively influencing their decision to cruise." But, at this instant, this is a marginally insignificant difference between the two positions with the answer being a near tie. The full answer to this question is still yet to follow as more public opinion will be influenced by what happens in the coming days and weeks. Moreover, Carnival has not released any "reports" on cruise cancellations or any reduction bookings on a comparative "year-to-year" basis; This information would be the "immediate" tell, but I doubt that Carnival is willing to show this information, at least just yet. However, IF their booking

cancellations were minimal or negligible, the very first thing the company should do is put out this information – this would be strong “supporting evidence that the consuming public is not alarmed by the crisis and it has not caused them safety concerns about cruising.” This is a plot line that must still play out in the script.

4. This is probably the single most important aspect of the entire list of questions and what it portends for the company. At the moment, given a daily tracking of Carnival Cruise stock, stock holders have not abandoned ship. The Carnival stock is still very much afloat and seemingly quite buoyant.
5. There are two answers to this question: First, the short term answer seems to be yes, the company is not in any short term jeopardy. This is not opinion, it is fact, based solely on the company stock performance during this past week. But, the crisis is not over, there is more story still to come. Reports from the company about cruise cancellations will be important – in the near term, as well as what future “investigations” and such reveal.

**However, while the company is still in Crisis Mode, the situation has gone from Defcon 5 to Defcon 3. This can be attributed directly to a few key facts as well as timing.**

1. Captain Schettino has now officially been charged with “Manslaughter, Abandonment and Shipwreck.”
2. The accident happened on a Friday night, AFTER the stock market was closed.
3. The U.S. stock market was closed on the Monday following the accident, providing the company, and the public, with a three-day cooling down period.
4. The London Stock market that was opened on the Monday set the mark for where Carnival stock would drop to and level off.
5. News reports as well as public opinion seem to be giving “Carnival” a pass on culpability and attributing the accident to the negligence of the Captain.
6. Carnival stock during the week dropped at the low about 13%, then ebbed upward and went sideways for the balance of the week, closing the week of trading on very high volume (good sign) at a week loss of only about 10%. Also, a very good sign.

### **The Drama, The Saga, and The Crisis Continues: It’s all a Matter of Timing.**

While Carnival’s stock may have been buoyed, and the stock saved from hitting rock bottom, by all the reasons noted above – the Captain’s (presumed) culpability as well as the timing of the accident – on a Friday and the related discussion concerning the stock markets – in the U.S. and abroad, it is eerily odd that almost one week to the day, and in fact almost to the hour, that despite all the Crisis Communications strategies, machinations and manipulations employed by all the characters and actors in this loosely but still unscripted play, there was one singular news report that may have the most wide ranging implications to Carnival Cruise lines (all of their ships in all of their fleets) as well to the cruise industry at large.

### **NBC News 20/20 Expose**

On Friday, January 13<sup>th</sup>, at 9:45 PM the Costa Concordia first hit rock just off the Tuscan coastline in Coglio. On Friday, January 20<sup>th</sup>, at 10:00 PM, NBC News in their late night television magazine show, "20/20" aired an 8:30 segment titled, "Cruise Ship Confidential" and expose, not just on Carnival Cruise lines exploring "how could this happen" but with much broader implications to the cruising industry.

In the show's introduction, with the host standing on the shoreline with the half-sunken Costa Concordia perfectly framed and lit just behind him as a backdrop (a brilliant and compelling visual that reinforces the drama of the incident and the potential consumer inducing fright and impending need to watch this forthcoming expose), the host goes on to say, "we'll also show you what you need to know about what's happening on other cruise ships."

### **Anchors Away: The News Media is now off and running and doing exactly what it is they do.**

This type of news, this type of reporting was, and is, completely out of the hands of Carnival's crisis communications team. The 20/20 report would go on to repeat what we already know, or what we think we know what happened thus far on the Concordia. But MORE importantly, it went on to raise other issues that until that point, no other news entity had covered. For example, it discussed how many people fell overboard on cruise ships annually (24), it went on to discuss the lack of security on the boats against the backdrop of tremendous amounts of alcohol consumption on cruise ships, it went on to discuss orgiastic behavior between the various crew staff and "what goes on below deck under the waterline," it interviewed former cruise employees who attested to the fact that cruise ship officials regularly "hide from passengers problems that might be occurring on board" – such as health and sickness outbreaks. Naturally, this was not good for Carnival, and of course, not good for the cruise industry. Definitely bad PR. The question is, what impact, if any will this have on the "cruise going" consumer. The answer: We do not know. We will know however within the coming weeks and months.

### **Racing to the get in on the headlines is the Discovery Channel.**

As reported in the Hollywood Reporter on website on Saturday, January 21, 2012, reprinted below is the headline and the story capitalizing on the capsized ship, cashing in on consumers hunger for the story.

**Mere days after the cruise ship ran aground on the western coast of Italy, the network announced it will examine the disaster in a spring special.**

This spring, Discovery will premiere a special designed to dissect the devastating disaster that wreaked havoc on a luxury cruise ship off the shore of Isola del Giglio last week.

"The world has been horrified and captivated by the real life drama of the Costa Concordia disaster," said Discovery Channel's EVP production and development **Nancy Daniels**. "With so many unanswered questions, Discovery will piece together not only the immediate events but the bigger story of what comes next in recovery and restoration.

With 11 of the ship's 4,200 passengers confirmed dead and another 23 still missing, Discovery crews will cover the teams charged with figuring out a way to salvage a vessel that's larger than the Titanic.

Among the many questions the "instumentary," as the network has dubbed such specials, will look to answer: What went wrong? What role did Captain **Francesco Schettino** play? How did the crew evacuate the ship? And can – and if so, how do -- you salvage the ship?

**Conclusion: Costa Cruise Lines Crisis Communications: Containment or Calamity?**

ON the whole, thus far, given a) what's been reported in the news, b) the type of coverage the company has received – more favorable than negative, c) the current status of the stock – an initial dip but then recovery and presently stabilized, d) no real "outrage" from the consumer, e) consumer reactions, while mixed on "how well Carnival did, and is doing, with the greater percentage being favorably disposed toward Carnival, it would seem that their initial crisis communications goals have been achieved.

In the instance of a disaster, natural or otherwise, such as when trains, planes, automobiles crash, when people are hurt or killed, when a "systemic problem" is revealed, uncovered, exposed in an industry, the "crisis" takes on a life of its own, and ultimately, the situation simply cannot be controlled, or contained. Once the Genie is out of the bottle, it's out.

Is the ABC News 20/20 Report doing its job? Absolutely? Is it providing new information to the consuming public about a possible endemic problem on the issues of cruising in general? Yes. Is there value to this? Undoubtedly. It is through these sorts of crises incidents that improvements or enhancements to a company, or an industry, that best serve the public interests. Yes.

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While the initial objective(s) of the crisis communications team is to manage, contain and/or control a situation, it can only do so, to a limited degree. That’s why it’s called Crisis Management. A crisis situation, at best, can only be “controlled, or contained” short term. On this very specific note, as observed and concluded above, Carnival Cruises and its Crisis Communications management team did a reasonably good job.

**Here is one of the (major) issues that will be debated by public relations professionals and the media alike:**

**Should Micky Arison, CEO of Carnival, gotten on a plane, flown to Italy and (have) become the face, voice and lead spokesperson on behalf of Carnival?**

Bloomberg News, the financial reporting company, on their website, January 17<sup>th</sup>, 2012 at 4:37 PM, ran the following story, with a bit of an “amped” headline that crossed the wires shortly after Carnival Cruise Stock closed trading for the first day of trading on the market: <http://www.bloomberg.com/news/2012-01-17/carnival-chief-micky-arison-faces-fallout-from-worst-accident-in-40-years.html>

In total, it was a 1,741 word, thoroughly written article that was pretty much as “favorable an article as a company could get following a crisis disaster situation” that covered many of the issues that Carnival immediately faced. It included Carnivals reiteration of the facts that it appeared as though “there was human error,” the words used just prior to Captain Schettino being accused with official charges of “Manslaughter, shipwreck and abandonment.”

Crisis Management team messaging was full bore and in full bloom and very successful on many fronts with this story. The article discussed and addressed, with the company’s “spin, circumventive and mitigating language” the other critical issues that emerged shortly after the disaster, such as the potential Environmental problems from the fuel on the ship, they introduced “industry experts” to discuss the “safety records of Carnival and the cruise industry at large,” clearly efforts as assuaging and allaying (potential and subconscious) fears directed at the cruise-going public that this was a “one time incident due to one man.”

But, specifically to the point about the lack of the presence of Carnival Cruise Chairman and CEO, Micky Arison in the unfolding ship sinking disaster, the article questioned Arison’s lack of visibility, it included some counter points from a public relations professional about the importance about “how and why Arison” or for that matter any company CEO should play a role as a spokesperson in a crisis situation. However, the way the story was written, clearly with input from the crisis management team, Arison’s lack of a presence was reasonably well explained away, and from that point on, he was pretty much officially off the hook for NOT having to play a more visible role in the crisis. The excerpts from the article included below cover this in detail. .

## Carnival Drops as CEO Oversees Shipwreck Response From Miami

[Carnival Corp. \(CCL\)](#) dropped the most since September 2001 after the cruise company’s worst accident, as Chief Executive Officer Micky Arison oversees the response from Miami, 5,000 miles (8,000 kilometers) from the Italian site.

Company officials have joined local authorities in blaming the Costa Concordia’s captain for getting too close to the island of Giglio in the Tyrrhenian Sea. Arison, who built Carnival to almost \$16 billion in annual sales, has so far left it to regional cruise managers to face the press since the ship ran aground Jan. 13, leaving at least 11 dead and 24 missing.

Public appearances by CEOs are generally important in helping companies regain [consumer confidence](#) following accidents, said Peter Hirsch, director of reputation risk at Ogilvy Public Relations Worldwide. For Arison, 62, the need to soothe concerns may be urgent as this is the peak season for cruise bookings.

“Whenever there are fatalities and serious injuries, it’s important for the most senior leadership to be visible,” Hirsch said, without specifically commenting on Carnival. “Some visibility is certainly a good thing.”

Arison, whose father founded Carnival in 1972, and Chief Operating Officer Howard Frank are helping coordinate actions with authorities in Italy from [Florida](#), the Miami-based cruise operator said. Carnival has hired communication consultants Burson-Marsteller, PRWeek reported.

The company’s senior management “has been in constant contact with the leadership of its Costa unit,” COO Frank said in an e-mailed statement.

Pier Luigi Foschi, CEO of the Costa unit, said top group executives may still come to the scene to help.

“[Carnival’s \(CCL\)](#) management has already offered to come here if we believe it’s appropriate for them to come,” Foschi said at a weekend press conference in Genoa. “We’ll decide together.”

**While there has been some murmuring and grumblings about his “not having done so” as noted in the Bloomberg article, unquestionably the Crisis Communications team argued and examined this point from every which way before deciding on NOT having Mr. Arison be out front on this.**

- In reviewing this, once again, timing seems to be working, or have worked, in Carnival’s favor. As the incident took place half way around the world, the immediate response to the ship crisis came from Pier Luigi Foschi, chief executive of Costa Crociere. It would seem, or may have seemed at the time, that since Foschi was already engaged with the media, and he presumably was (already) doing a good job, then let him continue to do so.
- Next considerations: Carnival was given a quick and early out by the Italian authorities who initially accused Captain Francesco Schettino of being responsible. Less than 1 day went by when the accusations were officially changed to charges of “manslaughter, abandonment and shipwreck.” This all worked in favor of Carnival.
- Next, the cruise was populated with a preponderance of passengers from countries other than the United States, in fact, of the 3500 passengers, only 112 were Americans. With the kind of American resentment that resides around the world anyway, why have a successful American multi-billionaire businessman, who does not speak the native language, become the front man on this?
- And finally, who knows how well prepared Mr. Arison was, or would be, to actually serve as the spokesperson? Aside from the general “preparation issues” involved, maybe in the estimation of the Crisis Communications team Mr. Arison does not perform well under these sorts of circumstances and conditions? The spokesperson for a crisis situation and as the president of a private company, the spotlight is very very hot. Mr. Arison could only become a target. There was no percentage in this, there was no upside, and Carnival was able to “keep its distance” from the situation as Foschi, the Chief Executive of Cosa Crociere was handling the situation.
- The distance, literally as well as metaphorically, of the location of the incident, the players – corporate executives -- Italian vs American, a predominately international passenger roster, Costa Crociere being a division of Carnival, all worked in favor of Carnival and Arison, remaining on the sideline, (and distanced) while Luigi Foschi, chief executive of Costa Crociere, served as the spokesperson.

**While it is still too early to arrive at a final public relations assessment on whether or not Carnival CEO, Micky Arison should have been out front as spokesperson on this, it seems, at this time, this was the right decision.**

### **The Crisis Continues: More to Come**

But, this crisis is not yet over. There are still more characters emerging and will continue to do so as the story unfolds. With 4,200 passengers on board from all around the world, 13 people dead, 23 still missing (presumed dead) and a never –before-exploited industry that could be ripe for close examination involving high-profile committees, investigations and reports that are yet to follow, there are too many juicy, dramatic plotlines, storylines and news-angles yet to be included and exploited for media-gain in the script. For certain, the crisis continues, the big question that remains to be answered is, can it be “managed?” We’ll just have to wait and see.