

**Carnival Cruise Floats Settlement Offer to Costa Concordia Passengers
Burson-Marsteller Bestows Brilliant Crisis Counseling for Client, Carnival Cruise Lines**

The settlement offer of about \$14,500, per passenger by Carnival Cruise lines is the next (logical) step in the Crisis Management process that has been brilliantly engineered, presumably by Burson-Marsteller, the Public Relations Company brought in to handle the crisis on behalf of Costa Cruise Lines and its parent company, U.S.-based Carnival Cruise Lines.

“In crisis management” says Jeff Mustard, veteran public relations professional, “timing is everything, what you say and how you say it is equally as important as when you say it.” And while Carnival Cruise Lines and its Miami-Based businessman billionaire owner, Micky Arison have not had much to say, they have in fact followed the public relations crisis play book pretty much to a “T.” And tactically their key messaging points do hit all the right notes with the right pitch. Some public relations and media pundits have suggested that Arison and Carnival have not been as vocal and visible as the crises warrants, which is debatable, but more than anything, the timing of the announcements are worth noting.

Timing is Everything: Carnival’s Settlement Offer to Passengers

Consider Carnival’s most recent move on the crisis management chess board and the actual day of the announcement of the settlement offer – Friday, January 27th. While it is hard to actually pin down the exact time on Friday that Costa Cruise and Carnival Cruise Lines made their announcement (emanating out of Rome – a 6 hour time spread between where Costa Officials are located and the United States, which inures to Carnival’s benefit by “playing the time zone” difference) that appeared through both AP and Reuters newswires, **the announcement occurring on a “Friday” is essential in recognizing the crisis communications strategy as well as the tactics employed by Burson-Marsteller and Carnival Cruise Lines.**

By releasing their statement on Friday, January 27th, and seemingly late in the day, (for the time zone reasons noted above) it prevented, to a large degree, the U.S. stock market

a) Reacting to the news in general, (and by design) limiting any (potentially significant) share price drop.

b) By announcing on Friday it’s a well-known media fact that it is the end of the “news cycle” for the week.

End of Week vs. Early/Mid-Week News Announcement

Had this announcement been made for example on a Monday or a Tuesday, it would have potentially been fodder for the balance of the (news) week, thus serving as a catalyst to diminish stock value on the “day of the announcement.” An early or mid-week news announcement also has the potential of continuing to fuel momentum to the noise, static and (negative) media coverage of the company and the crisis. There is a domino effect in play with the potential to further incite potential negative consumer reaction that impacts on the Company’s brand and reputation at large, with spillover to diminished stock prices.

The central role of crisis communications – control, contain, limit or mitigate damage to the brand reputation and revenues.

Below (next page) is a chart from www.Morningstar.com reflecting Carnival Cruise stock trading for the past five days; of particular note is Friday, January 27th, the day that Carnival announced its proposed lawsuit settlement with the ships cruise passengers. There was virtually no change on the day, the stock went mainly sideways. A good sign for Carnival, the lawsuit settlement offer barely caused a ripple to its stockholders.

The stock closed only slightly down for the entire week at \$30.48. A marginal drop for the week and consistent with where the stock has been after rebounding within the first week the stock commenced trading after the accident. *(Note: for a more detailed analysis and coverage of the Carnival Cruise stock performance on the first day of trading after the ship sinking disaster, as well as a one-week analysis of the company’s stock performance with a parallel examination of the company and the media’s coverage of the crisis, three Crisis Communications Case studies can be viewed at www.TheBambooAgency.Wordpress.com)*

Moreover, notice January 30th, the last day on this chart, which is Monday, the first day of trading AFTER the proposed passenger lawsuit settlement announcement. The stock opened at a slight drop on the day from where it was on Friday, but most importantly, observe where it ended trading on Monday the 30th, only down .35 cents.

What does this mean? It means, once again, that Burson-Marsteller and Carnival are deftly releasing critical news at carefully planned times to mitigate any public relations or financial blowback, that could have (had) a (tremendous) negative impact on the company’s stock price.

A Crisis Communications Management Case Study, Part I
Carnival Cruise Floats Settlement Offer to Costa Concordia Passengers
Burson-Marsteller Bestows Brilliant Crisis Counseling for Client, Carnival Cruise Lines

Last Price: \$ 30.13

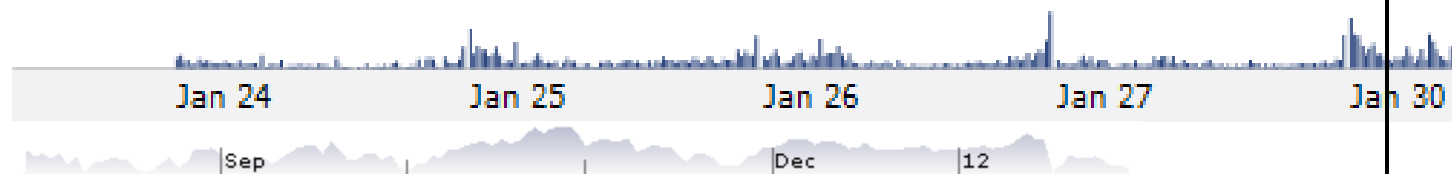
Day Change: 0.35|-1.15 %

After Hours: 30.21 0.08|0.27% As of Mon 01/30/2012 4:00 PM EST |USD

XNYS:CCL:-1.38|-4.38%



Volume



Written by: Jeff Mustard, An Advertising, Marketing, Public Relations Professional. © 2012. All Rights Reserved.

www.TheBambooAgency.com | 954.801.8263 | jeff@thebambooagency.com

Portions of this article case study can be reprinted provided proper credit is given and where possible backlinks inserted.

The Settlement Offer: The Right Number, the Right Time?

On the public relations front with regard to the actual settlement offer, it is worth examining both the offer and the speed with which the offer has been made. First, let's discuss the proposed "settlement" amount. We knew there were going to be lawsuits, the big question was, what was the exposure and liability for Carnival in this ship sinking disaster?

Whether or not the actual final agreed upon settlement offer is the \$14,500 number floated by Carnival on Friday, January 27th, is impossible to say. It is nonetheless an opening offer and the offer was negotiated by "consumer groups" who seem to have garnered approval by a significant portion of the ship's passengers. The offer was well timed, coming two weeks to the day after the Costa Concordia struck rocks off the Coglio coastline.

Where did the Settlement Offer Figure Come From?

The actual figure for the offer did not fall out of the sky. It came out of the heads and acutely aware brains of the lawyers, insurance companies and actuaries who are, were, and no doubt continue to work full time around the clock figuring out just what the legal exposure and financial liability is to the company given what we know now of this disaster.

Moreover, it's important to point out the \$14,500 figure is not the total amount. The fact of the matter is, Carnival is including in the settlement costs for the cruise, return travel for passengers and any medical expenses related to the event. This brings the total to about \$18,500 per person.

Having a grasp of the actual facts of the financial liability is essential in Carnival's approach to not only resolving the matter from a "legal and financial" point of view, but equally as much from a public relations perspective as this allows Burson and Carnival to craft their crisis communications message in a particular way to the media, the passengers and the public at large.

While there are lawyers arguing various positions about "how much a passenger could conceivably get" these are, at best, rough seas ahead for those who do not settle now and choose to litigate. Additionally, the company has already, rightly so, acknowledged there are various classes of people, those not injured, those sustaining some type of physical harm, broken arms, legs, etc, and those where lives were lost will be compensated at different levels. This is absolutely correct – both morally as well as from a corporate social responsibility level.

The Legal and Financial Ramifications as Reported in the Huffington Post

The Huffington Post produced one of the earliest and most detailed articles regarding Carnival's legal exposure and liabilities. The 1,031 word article, "*Costa Concordia Lawsuits Face Uphill Battle in U.S. Courts*" discusses purely from a legal perspective, quoting various attorney's familiar with maritime law, what passengers might expect in the way of recompense for living through, and in some cases not, a ship sinking accident.

Costa Concordia Lawsuits Face Uphill Battle In U.S. Courts

MIAMI -- While the parent company of the owner of the stricken Costa Concordia is based in Miami, passengers who want to file a lawsuit in U.S. courts over the cruise ship disaster will likely face choppy seas.

That's because of fine print on tickets purchased and signed by the 3,000-plus passengers before the ship capsized Jan. 13 off the coast of Italy, killing at least 16 and leaving another 16 missing. The ticket contract includes what's known as a "choice of forum" clause stating that lawsuits must be filed in Italy.

Maritime law experts say that similar attempts to sue in the U.S. despite these clauses have been turned away by the U.S. Supreme Court and that the expense of filing a lawsuit in a foreign court has deterred many plaintiffs in the past.

"It's well-settled law," said Jerry Hamilton, a maritime attorney who regularly defends cruise lines against lawsuits. "The Supreme Court has said those clauses are valid clauses. They will be upheld."

Depending on each country's laws, passengers can be at a sharp disadvantage compared to the U.S. legal system. Italy, for example, requires plaintiffs to post a judiciary tax that is a certain percentage for larger amounts of damages, said attorney Bob Peltz, chairman of the Cruise Line Committee of the Maritime Law Association.

Other maritime lawyers say Italian law makes it more difficult for some people to recover damages for pain and suffering than in U.S. courts. The Costa ticket also contains a clause limiting its liability for the death or injury of a passenger to about \$71,000, although that doesn't apply in cases of recklessness and legal experts say it could be successfully challenged.

At least one lawsuit has been filed against Carnival and Costa in U.S. courts, by Peruvian crew member Gary Lobaton. That case, filed in Chicago federal court on Thursday, seeks class-action status to represent all passengers and 1,000 crew members. It blames the companies for negligence because of an unsafe evacuation and seeks at least \$100 million in damages, attorney Monica Kelly said in an email Friday.

Peltz said that case has two big problems: The passengers are covered by the forum clause, and crew members likely have contracts requiring them to submit first to arbitration.

"I think they are going to have a difficult time," he said of the Chicago lawsuit.

Some attorneys say Costa may want to create a claims fund similar to that set up by BP after the Gulf of Mexico oil spill, in which people who accepted money agreed not to sue BP. Costa would not comment on that possibility, but legal experts say such funds have the advantage of quickly putting money into claimants' hands and make the company's losses more predictable than a jury trial.

"That would be a fair move as well as a very thoughtful public relations move," Attorney, Singer said.

Competing Legal Interests Clamor for Carnival Cruise Culpability: What do Passengers do?

Obviously, there are some fundamental and debatable points that will also likewise be at the core of these various settlement arrangements, but on the whole, it would seem, here is sound legal precedent that favors Carnival with respect to financial liability. And that is the rub, and this is one of the pivotal crisis communication's messaging points that must be handled just so. Take for example the Italian consumer group, Codacons, which has been seeking to sign passengers as plaintiffs for its own class-action suit filed in coordination with two U.S. law firms. Codacon has stated it plans to file a lawsuit in Miami; the group further claims it could win between \$164,000 and \$1.3 million per passenger. As of Friday, January 27th, no such lawsuit had been filed.

Bridging the PR Gap Between "Legal Rights" and what is "Perceived to be Right"

Bridging the gap technically between the company's financial legal responsibility and the public's perception at large about what the company "should be paying" to passengers is absolutely the fundamental crux of the public relations matter.

Insofar as this very specific point is concerned, here is how the Costa Cruise officials are quoted in an Associated Press News story written by Nicole Winfield that appeared on their wire service time stamped, January Jan 27, 4:05 PM EST -- (Note the "coincidental" time of the news announcement here in the U.S. – AFTER the stock market was closed), in her story, ***"How much is it worth to suffer through a terrifying cruise ship grounding?"***

Below are excerpts from the 1,107 word story that a) address and b) attempts to circumvent any potential negative public relations fallout on the actual "settlement figure" by the company stating that their proposed settlement "is higher than indemnification limits."

In addition to the lump-sum indemnity, Costa, a unit of the world's biggest cruise operator, Miami-based Carnival Corp., said it would reimburse uninjured passengers the full costs of their cruise, their return travel expenses and any medical expenses they sustained after the grounding.

Costa said the euro11,000 figure is higher than current indemnification limits provided for by law, and added that it wouldn't deduct anything that insurance companies might kick in.

The deal does not apply to the hundreds of crew on the ship, many of whom have lost their jobs, the roughly 100 people who were injured in the chaotic evacuation, or the families who lost loved ones.

But Roberto Corbella, who represented Costa in the negotiations with consumer groups that led to the offer, said the deal provides passengers with quick and "generous" restitution that with all the reimbursements could amount to some euro14,000 (\$18,500) per passenger, even non-paying children.

"The big advantage that they have is an immediate response, no legal expenses, and they can put this whole thing behind them," he told AP.

Settlement Offer & Crisis Management – “Full Speed Ahead”

While a cruise ship might lumber along at 20 some-add nautical knots an hour, Carnival is throttling full speed ahead to bring the critical crisis points to a head to get in front of the story.

The speed with which Carnival is operating to button up and get ahead of the news story as well as get out front with regard to managing and protecting their brand and reputation is evidenced by the following:

- a) The actual value of the monetary offer – greater than what their financial liability calls for, and**
- b) The quick response time to announcing a proposed settlement.**

For example, based upon the legal observations in the Huffington Post article, it is argued that even in the instances of “death” that there is a cap on liability of \$71,000. Will this be the figure families receive in the instance of death, surely not and it has also been made clear in various of the company’s statements that there would be extra consideration in the case of death.

Critical Observation: Critique and Analysis of Settlement Offer Key Messaging Point

More prominence could have and should have been made by Costa and Carnival that their proposed settlement was negotiated by a “consumer group” and that a favorable settlement at the \$14,500 figure, plus the other expenses, was agreeable. Further, that this agreement was amenable to a preponderance of the ship’s 3,206 passengers.

Various degrees of this messaging points were reported by some of the media, but it did not come across as a central consideration of the argument that a “favorable settlement has been agreed to by a significant and major percentage of the ship’s passengers.” These very important “settlement” details were more thoroughly reported in a story that appeared on the Bloomberg financial services website in an article, “*Carnival Reaches Consumer Settlement as Cruise Ship Wreck Sparks Lawsuits,*” that ran on Monday, January 27th.

Below, are the excerpted quotes that specifically discuss this point and these facts. On the whole however, the significant percentage of agreement of the passengers was seemingly LESS important THAN the passenger holdouts seeking considerably greater compensation.

Carnival Reaches Consumer Settlement as Cruise Ship Wreck Sparks Lawsuits

[Carnival Corp. \(CCL\)](#)'s Italian unit said it reached a damage-settlement agreement with consumer groups, as the company was sued for the first time in the U.S. over the wreck of the Costa Concordia cruise ship.

Costa Crociere SpA agreed to pay 11,000 euros (\$14,500) to every passenger of the cruise ship that ran aground off the Italian coast on Jan. 13, killing at least 16, plus reimburse expenses including the cost of the cruise, according to a statement from the Genoa-based company today. The agreement was reached with consumer groups in countries including Italy, Germany, France and Spain, a company spokesman said.

The compensation proposal "is higher than the current indemnification limits that are provided for in international conventions and the laws currently in force," Costa Crociere said. Families of victims and injured will be offered a separate compensation, Costa said.

Italian consumer group ADOC estimated that about 3,000 passengers would get about 14,000 euros each if they accept the offer, including expenses, according to an e-mailed statement. ADOC forecast 85 percent of passengers will accept the offer. That would bring the total cost to about 42 million euros. Carnival has liability cover of as much as \$3 billion with the Standard Club, a mutual insurance association owned by ship owners, and the Steamship Mutual Underwriting Association Ltd., according to spokesmen for the two firms.

Addressing the Issue of Carnival Cruise CEO, Micky Arison's Lack of Voice and Visibility

With one of the larger looming questions and issues at least initially addressed, the "legal and lawsuit settlement matter," the other public relations media crisis matter concerned the lack of voice and visibility from Carnival Chairman, Micky Arison. This needed to be handled and it was done so brilliantly by Carnival presumably under the counsel of Burson-Marsteller.

First however, it is worth noting that the issue of Arison's "lack of visibility and voice" thus far has been questioned more by the media (and public relations pundits proffering playbook opinions about whether or not Arison should or should not be the voice and face on this crisis) more than the public has demanded. Thus far, there does not appear to be a "mob mentality" attacking either Carnival, as a company, or its CEO, Micky Arison for not being more visible.

Micky Arison at Miami Airlines Arena at Miami Heat Game – Coincidence or Contrived?

So, is it odd, interesting or simply coincidental that Carnival CEO, Micky Arison would make his first public appearance on Saturday, January 28th at a Miami Heat game at the Miami Airlines Arena? Absolutely not.

Do not think for one moment that Arison's appearance at that game was just happenstance. It was carefully planned and choreographed. In fact, Arison's presence at the Miami Heat vs New York Knicks game was so important it was worthy of a story that ran on Reuters that very same night, January 28th at 1:38 AM, just hours after the conclusion of the game. Below is the article.

Carnival Corp Chairman and Chief Executive Micky Arison on Friday made what was believed to be his first public appearance since an ocean liner belonging to one of his Miami-based company's subsidiaries ran aground and capsized off the coast of [Italy](#) two weeks ago.

The 62-year-old billionaire sat courtside at the American Airlines Arena on Miami's waterfront to watch an NBA basketball game between the New York Knicks and the star-studded Miami Heat team, which he owns along with roughly half of the global cruise line industry.

Arison has been heavily criticized in media reports for failing to put in an appearance at the site of the accident, as bodies were still being pulled from the wrecked ship operated by Carnival unit Costa Cruises.

But the "invisible" CEO, as he was dubbed in one report, looked cheerful at times and very calm, as he watched the Heat beat the Knicks from his courtside perch behind a broadcast table.

Clad in a sport coat and open-necked shirt, Arison appeared to exchange few words with anyone and left the arena immediately after the game ended.

At least 16 bodies have been recovered since the massive Costa Concordia cruise liner, with more than 4,200 passengers and crew aboard, capsized after a gaping hole was torn into its hull.

The ship's captain, Francesco Schettino, is under house arrest and has been widely blamed for the accident for steering too close to the Tuscan island's shore.

Arison has expressed his condolences in statements issued since the Costa Concordia wreck and given personal assurances that all victims of the tragedy would be taken care of.

Micky Arison: Just Attending a Basketball Game, or is there Another Game being Played?

So, the question is, why would Arison show up Saturday and why at the Miami Airlines Arena? Is this important? You bet, and here's why. There are a few reasons to this answer and all of them are designed, engineered and manipulated for the purposes of pure media consumption.

First, we acknowledge that Arison has been visibly absent since the disaster – this has nothing to do with him not being involved, it's just that some argue he is not in Italy and he is not the everyday spokesperson for the crisis. Nonetheless, Arison's comments and sentiments on the crises have been included in company press statements, as well as through Twitter.

So, Arison, at some point, needed to be public. The timing of his first public appearance at the Miami Airlines Arena for the Heat game was masterful.

Arison appears at the Miami Airlines Arena. No, it is not a news conference and it is, for all practical purposes, literally and figuratively, his home court, so this is for all practical purposes "friendly turf." As the owner of the Miami Heat Arison has special access to the Arena. He is able to go in and get out pretty much unharassed by the media. This is the ideal scenario for Arison. He was able to "be seen" which was important enough to warrant a headline and coverage in the news media, BUT, this situation allowed him to not be put on the spot to "comment" on the crisis. Surely, you can hear one of the first questions out of the mouths of a reporter: "Mr. Arison, what do you have to say to the families of people who lost a loved one on your cruise ship when it crashed?"

But Wait, There's more To Arison's First Public Appearance at Miami Heat Game

Next, Micky Arison's appearance came a day after the company proposed, and seems to have garnered a significant number of passengers who have, at least at the moment, agreed to a legal financial settlement figure. Consequently, a very significant benchmark was achieved in the actual crisis timeline. It's not as if the company, or Costa or Carnival officials are sitting around doing nothing. These past few weeks are assuredly some of the worst days of their collective lives. So, if for instance, Arison were approached by a reporter courtside at the Miami Heat game, he would have been able to report some type of "breakthrough news" that "a significant number of passengers have come to agreement on the settlement and more is being done for the families of those who lost loved one."

On the whole, how are Burson-Marsteller and Carnival Cruise Lines and its Chairman/CEO, Micky Arison performing purely from a crisis communications perspective?

**Carnival Cruise Floats Settlement Offer to Costa Concordia Passengers
Burson-Marsteller Bestows Brilliant Crisis Counseling for Client, Carnival Cruise Lines**

While there have been mixed opinions about what Carnival has done right, what it has done wrong and how it might have handled things better or different, from all sorts of pundits, public relations professionals, members of the media and certainly the public, Carnival and its Chairman, Micky Arison, are and have, handled this situation deftly, if not brilliantly.

As evidence of the success, at least to date, one of the absolute undisputable fundamental benchmarks about how a company fares in the wake of a crisis is measured by how the company's stock is performing. Thus far, Carnival Cruise Lines is far from sunk, the company stock has rebounded after the initial shock of the crisis, the stock appears to be stabilized at an acceptable level and confidence appears to have been buoyed for stockholders as well as the cruise industry and cruise-loving-consumers.

The company is not out of deep water yet, and the Costa Concordia still might have to be cut up and sold for scrap, but at least for right now, the ship, and the company remains intact. The crisis is not over, but for the time being, it is perhaps on a better course than when Captain Francesco Schettino was at the helm.

**MORE ANALYSIS AND COVERAGE ON THE COSTA CONCORDIA / CARNIVAL
CRUISE LINES SHIP SINKING DISASTER:**

Three Case Studies

Part 1, Produced and Published 72 hours after the Costa Concordia was grounded.

Will Sinking Ship, Costa Concordia Cripple Carnival Cruise Lines, or will Successful Public Relations Crisis Communications Buoy Cruise-Consumer & Capital Markets Confidence?

Just Three days after the 951' luxury cruise-liner ran aground and flipped on its side throwing passengers into the icy cold waters and casting a glaring spotlight on the Concordia ship disaster, Carnival Cruise Lines and the cruise industry, Jeff Mustard produced one of the public relations industry's earliest and most thorough analyses of the then rapidly unfolding crisis. In his first crisis communications case study, a 13-page report, Mustard offers interesting, informative and intuitive insights that public relations professionals, the media and even consumers will likewise also find this initial study revealing and illuminating.

Read the Full Case Study, Part I Now: [CostaCruise_CrisisCommunicationsCaseStudy](#)

Crisis Communications Case Study, Part II, Examines during a 7 Day Period Carnival's Actions and the Media Coverage and Reactions to the Ship Sinking Disaster in the below titled report:

Part II Crisis Communications Case Study: “Costa Concordia & Carnival Cruise Lines Crisis Communications: Containment or Calamity?”

In his Crisis Communications Case Study, Part II, “Costa Concordia & Carnival Cruise Lines Crisis Communications: Containment or Calamity?” veteran public relations professional, Jeff Mustard produced a 29-page report that reviews what Costa and Carnival Cruise Lines officials and their communications team did right, wrong, and what it could have done better. The analysis reads like a taught thriller, is interesting, informative and enlightening and should prove illuminating not just to public relations professionals, but the media and consumers alike curious about how just such crisis situations are managed and even manipulated from a marketing and messaging point of view.

Read the full report, Part II Crisis Communications Case Study: “Costa Concordia & Carnival Cruise Lines Crisis Communications: Containment or Calamity?”

Read the Full Case Study: [CostaCruise CrisisCommunications CaseStudy#2](#)

Part III, A Crisis Communications Management Case Study

Managing the Costa Concordia Cruise Ship Crisis: Who's in Charge and Where is Micky Arison, Chairman & CEO of Carnival Cruise Lines?

In his Part III version of the crisis communications coverage, Jeff Mustard, a veteran public relations professional offers some of the most extensive observations provided yet, purely from an inside industry public relations and crisis management perspective, chronicling the crisis as it unfolds in the media, how Carnival officials are “managing” the communications and how the media are portraying the crisis, the company and the CEO as the Concordia remains listing and lifeless just yards off the Italian coastline. Rare insights are offered concerning how communications strategies are crafted to best manage and even manipulate the media to control public perception for the preservation of a company's name, brand, reputation and financial performance – both in the immediate term as well in the near and long term.

To read the full Report, Part III, A Crisis Communications Management Case Study:

[CarnivalCruise Crisis Communications CaseStudy III WheresMickyArison](#)