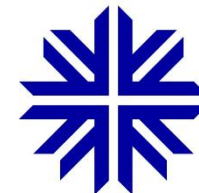


Media management: Cargo interests have the most to lose

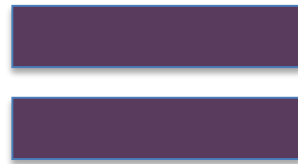


Webinar: 14 August 2018
Dustin Eno, COO at Navigate Response Ltd.



IUMI
International
Union of
Marine Insurance

What if we thought of reputations and brands as property, and included their value in calculations of General Average?





Dustin Eno

Navigate Response
COO & Crisis Response Manager

Wildfire Management Branch
Regional Head of Communications

London School of Economics
Researched Reputation in the Mass Media

***Disclaimer:** I am not an average adjustor or legal expert and I am not making an argument about the application of general average; rather I am using the principles of general average to examine the reputational risks that may be shared by those involved in a common maritime adventure.*

Ask Questions!

I will leave time, but feel free to type your questions as we go.



Navigate Response

What we do and how we do it:

- 24/7 x 365 emergency advice, counsel & response
- On scene support
- Full media handling & reputation management
- Social media management
- Internal communications support
- Drills, training, exercises & planning



One Subject, many Reputations

"Reputation, reputation, reputation! Oh, I have lost my reputation! I have lost the immortal part of myself, and what remains is bestial." – *Shakespeare's Othello*



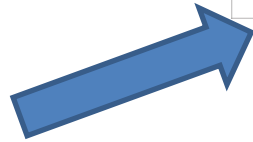
Reliable



MAERSK



A great employer



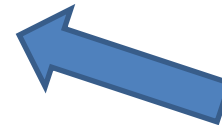
Destroying
family
companies



Pirates

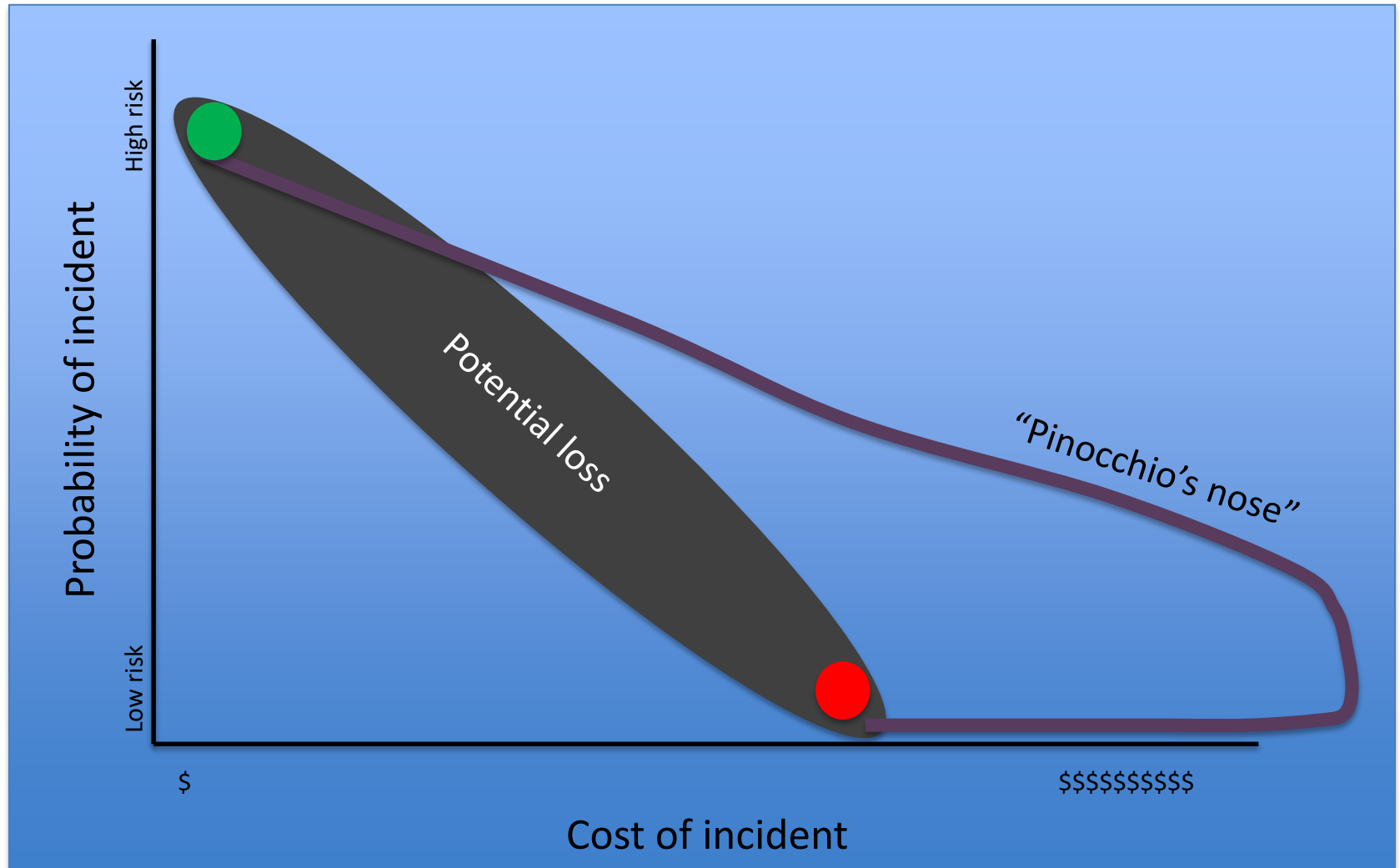


Great investment



Polluting

Evaluating risk



When is reputation most at risk?



If the answer is yes to one of these be prepared for media interest.
More than one – expect significant interest.

Many reputations on the line



Ship
Management



that was easy.



CCNI Arauco on fire at the port of Hamburg 2016



What a strong brand does for a shipping company

- Access to blue-chip charterers
- TMSA 3
- Allow a charter rate premium
- Facilitate recruitment
- Increase share price
- Reduce inspections
- Save supplier costs
- Improve access to capital
- Limit political interference
- Avoid activist confrontations











What is the financial value?

Or...

What damage could be done?



100 most valuable brands

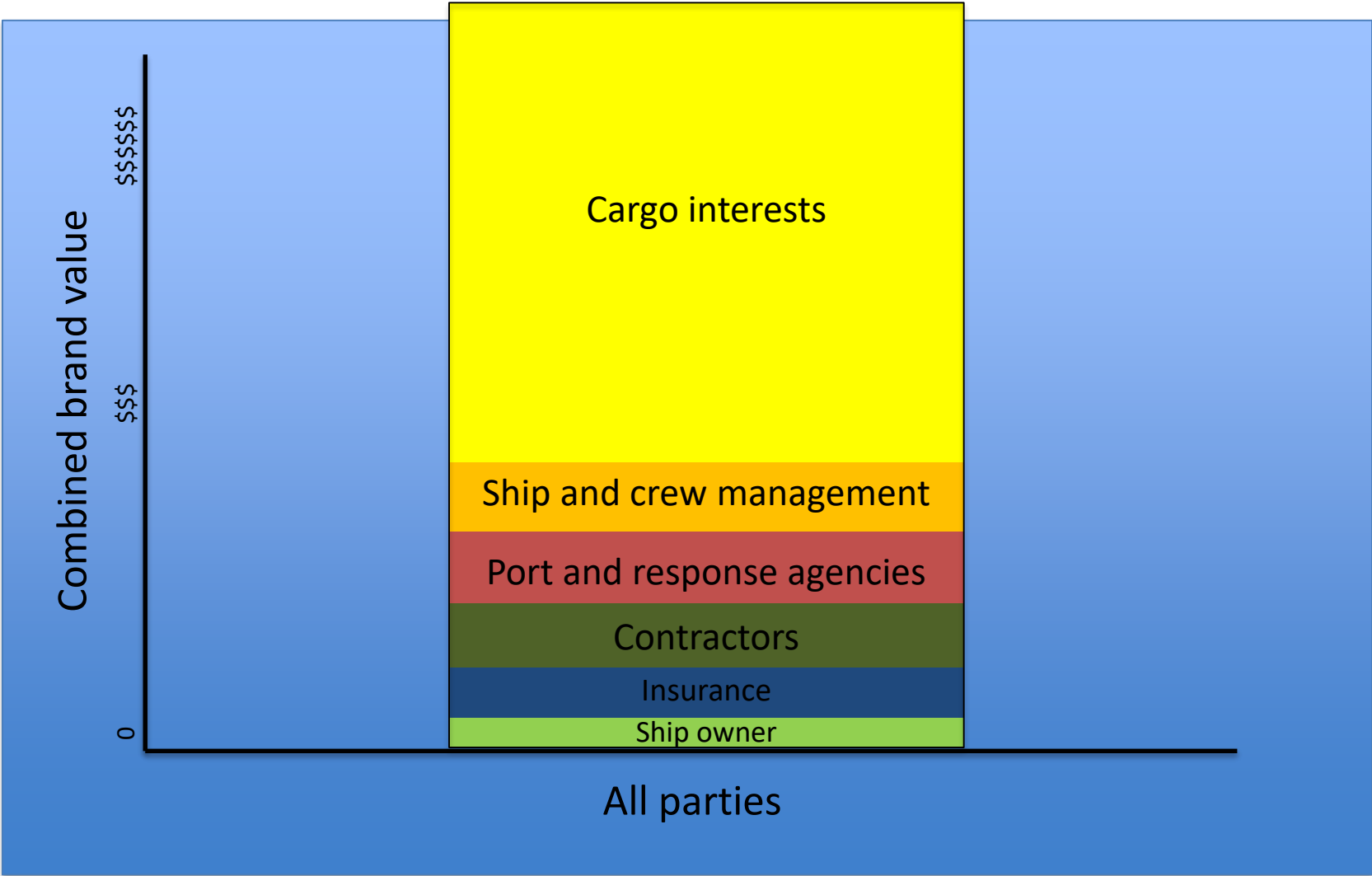
Rank	Brand	Brand Value	1-Yr Value Change	Brand Revenue	Company Advertising	Industry
	#1 Apple	\$182.8 B	8%	\$228.6 B	-	Technology
	#2 Google	\$132.1 B	30%	\$97.2 B	\$5.1 B	Technology
	#3 Microsoft	\$104.9 B	21%	\$98.4 B	\$1.5 B	Technology
	#4 Facebook	\$94.8 B	29%	\$35.7 B	\$324 M	Technology
	#5 Amazon	\$70.9 B	31%	\$169.3 B	\$6.3 B	Technology
	#6 Coca-Cola	\$57.3 B	2%	\$23.4 B	\$4 B	Beverages
	#7 Samsung	\$47.6 B	25%			
	#8 Disney	\$47.5 B	8%			
	#9 Toyota	\$44.7 B	9%			
	#10 AT&T	\$41.9 B	14%	\$160.5 B	\$3.8 B	Telecom

No shipping companies on the list... no surprise

Rank	Brand	Brand Value	1-Yr Value Change	Brand Revenue	Company Advertising	Industry
	#44 UPS	\$13.3 B	3%	\$65.9 B	-	Transportation
	#81 FedEx	\$8.3 B	11%	\$63.9 B	\$458 M	Transportation

<https://www.forbes.com/powerful-brands/list/#tab:rank>

Combined reputation value



Reputation insurance

Crisis communications / media management services are often included in P&I cover, but actual loss of reputation is rarely covered by any insurance product.

“Like buying a property policy that pays for fire fighters without offering a penny towards the cost of replacing a burnt-out building”. — Risk managers’ association Airmic www.insurancetimes.co.uk/the-knowledge-can-a-reputation-be-insured/1413145.article

“disgrace cover” covers the costs of **re-launching a campaign** if the celebrity involved is disgraced.



Why should I care about anyone's reputation?

Small companies have the least to lose

Financial and other burdens of reputation management will be the highest

- “If it all gets too hot we’ll just start a new company with a new brand.”
- “I only care what my close stakeholders think and we have good relationships.”
- “People don’t care about reputation, they just want the cheapest ship.”



How do we encourage a reluctant shipowner?

- Vetting requirements
- Industry guidelines (e.g. TMSA 3)
- Charter party clause
- Education about potential reputational benefits
- General average approach?



Example scenario: Car carrier stability issue

Generic example, not *MV Cougar Ace* specifically



Vessel owner / manager brand

- Safety record
- Response effectiveness
- Vessel design
- Training and procedures



If the media is managed correctly... and there is no pollution...
“it’s an accident and accidents happen to everyone!”

Vehicle brands onboard

Study: Two identical vehicles sold through similar channels, but with different badges; one had a 10% price premium and almost a 100% volume premium. — www.iam-media.com/industryreports/detail.aspx?g=060fb131-c4e9-4310-b69e-8799486cd713

Rank	Brand	Brand Value
#9	Toyota	\$44.7 B
#13	Mercedes-Benz	\$34.4 B
#20	BMW	\$31.4 B
#24	Honda	\$25.5 B
#37	Audi	\$14.8 B

Buying a car is as status symbol as mode of transport



https://www.forbes.com/powerful-brands/list/#tab:rank_industry:Automotive

Why would it damage the automotive brand? It's not their fault...

- Could damaged cars be sold?
- Environmental risks from cars onboard? Others like them?
- If they chose an unsafe shipping company, what else might be unsafe?
- Wrong doing by association?
- Disasters aren't (usually) good for any brand.



Could General Average apply?

A thought experiment, not a legal argument.

1. The situation is extraordinary and to protect the value of both the cargo (by protecting the brand) and the ship (again by protecting the brand) expenditures and/or sacrifices will be required.
2. Any crisis communications actions, including any partial sacrifice of one reputation to save others, will be intentional and reasonable.
3. The goal will be to protect the common interests of all parties.
4. Managing reputation risk will not necessarily protect the specific property involved (although it may in some cases help to protect it from seizure or looting), but if we extend the definition of property to include reputation then reputation risk could indeed be a form of peril.

Expenditure?

Normally a small percentage of overall response, but there are costs

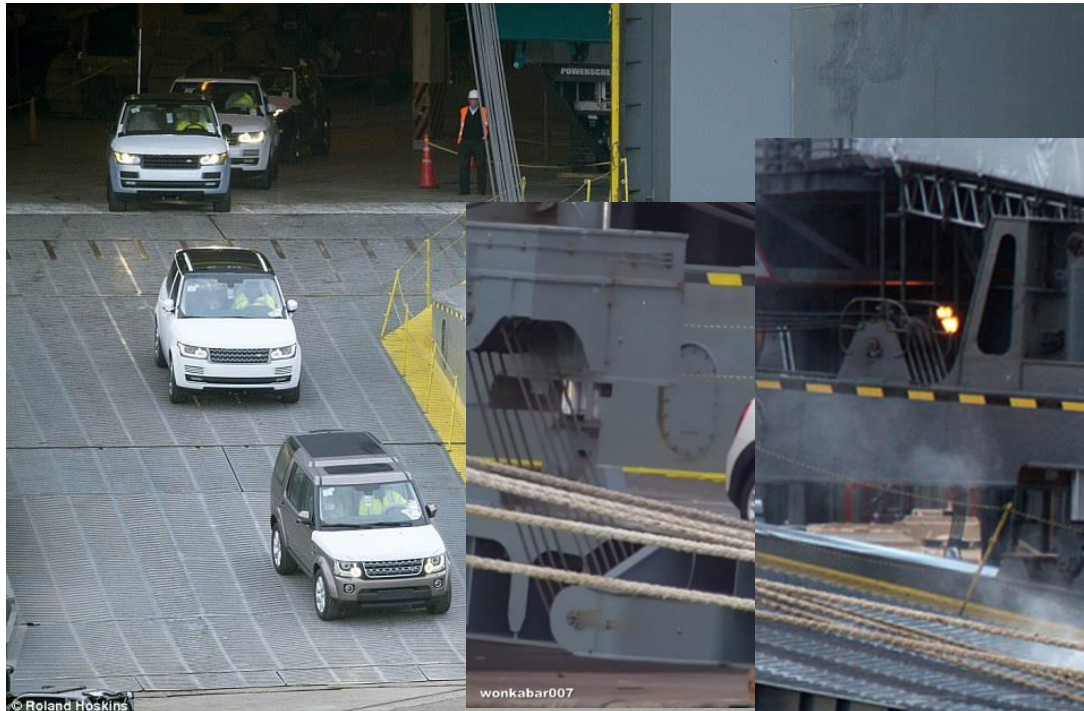
- Outside contractor(s)
- Staff time
- Senior team time
- Travel / venue hire / materials
- Possibly paid advertising
- Possibly production costs



Sacrifice?

Protecting the shipping company's reputation:

1. Show that action is being taken swiftly
2. Demonstrate that the situation is relatively minor



Case Study: Dry bulk



WHEN 12 MILES IS A TIGHT SQUEEZE

THE ROUTE THE SHIP SHOULD HAVE TAKEN

THE ROUTE THE SHIP TOOK

Douglas Shoal

12 miles

North West Island

Great Keppel Island

Gladstone

● Ship positions since October 1

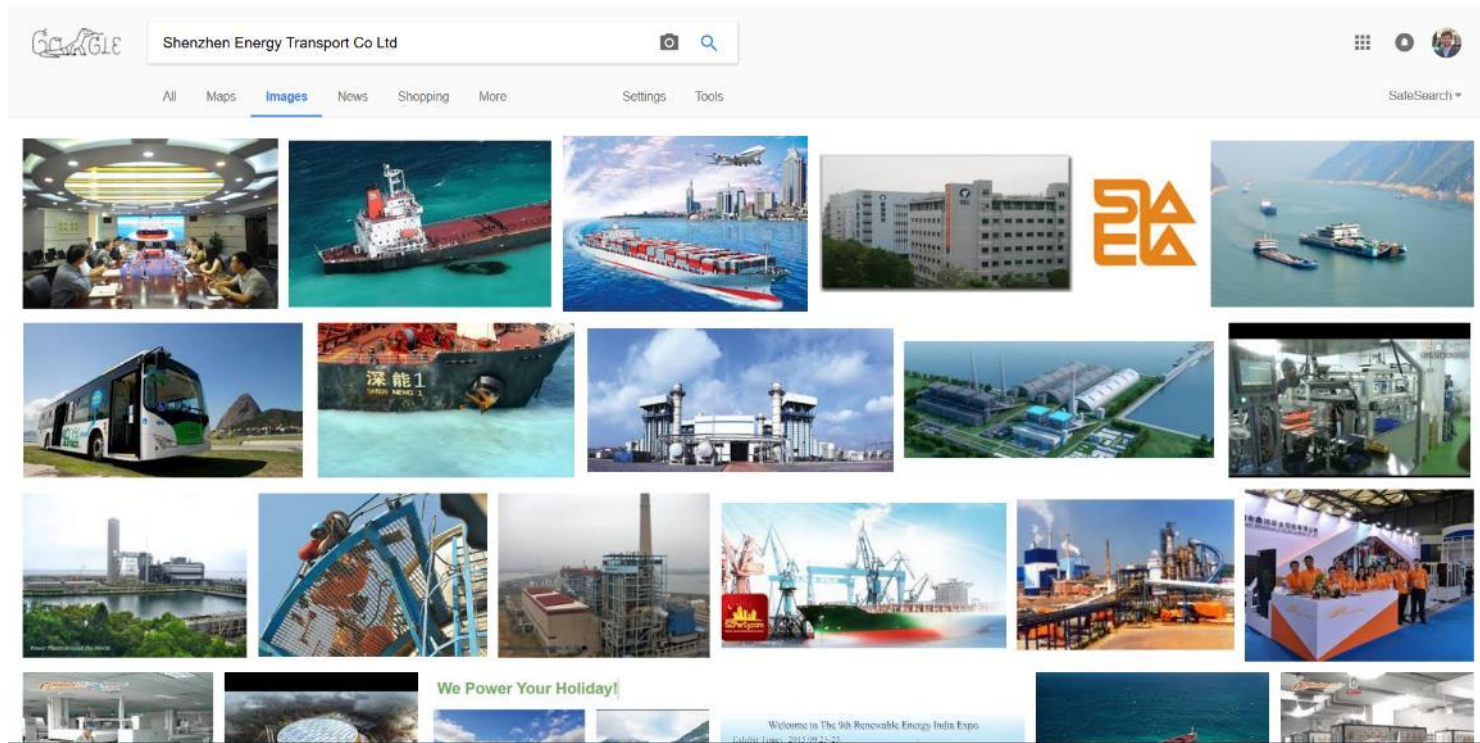


The bulk carrier Shen Meng 1 ran aground on Douglas Shoal on Saturday, April 3.

Shenzhen Energy Transport Co Ltd didn't...



深圳能源
SHENZHEN ENERGY



Mining industry in Australia



Example scenario: Containers lost overboard



Reputation damage limited until...



Two strategies for the shipping company

Option 1:

- Prepare but don't release statement
- Monitor media and social media
- Respond to media calls
- Limited target audience based on media

Option 2:

- Monitor media and social media
- Issue engaging media statement to allow the shipping story to be covered by journalists to learn about the number of news

Which is better for the detergent company?

Result?

- Expect coverage with limited mentions of the shipping company. Focus is on the cargo.

Result?

- Focus on the shipping company. More coverage. Hopefully positive, but this is a risk.

Option 2, but why will it work?



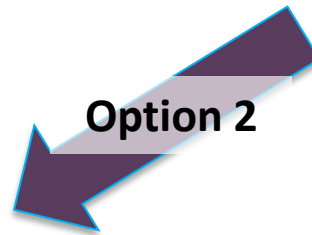
Every good picture demands a story



- Challenges of the sea
- Big machines are cool!
- Pollution of our oceans



Limited time and naturally a little lazy



Option 2

Option 1



- Toxic chemicals
- Plastic pollution
- Overseas production

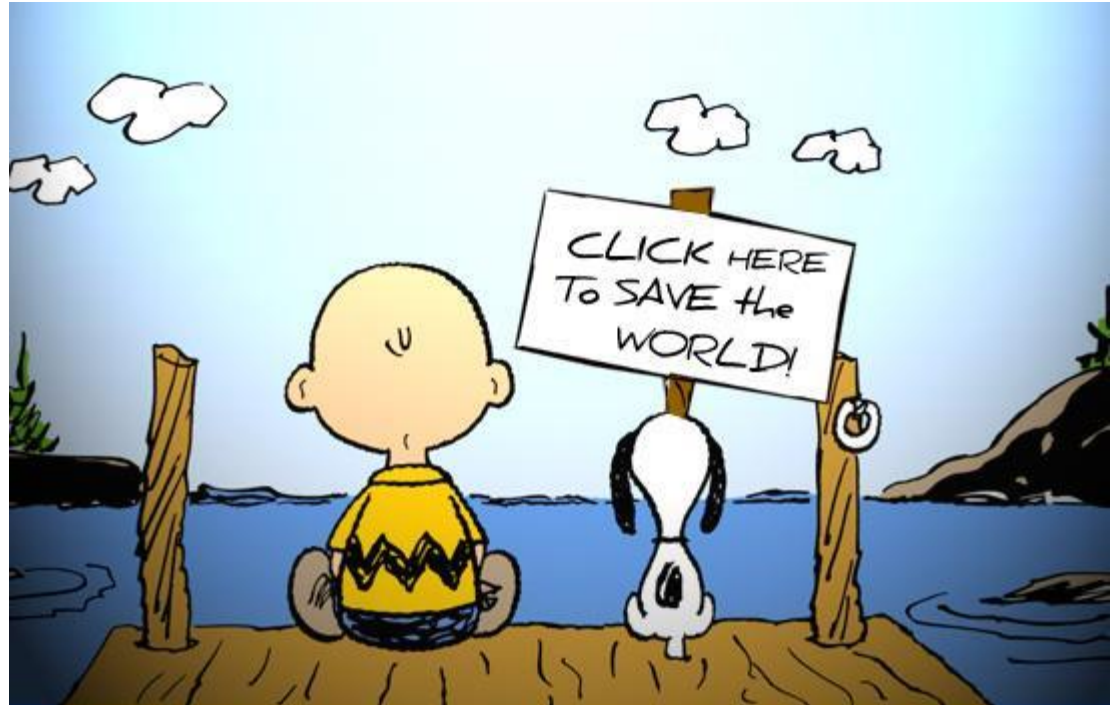
The age of “clicktivism”

How hard is it to
“target” a shipping
company?

-Difficult

How hard is it to
“target” a detergent
company?

-Easy



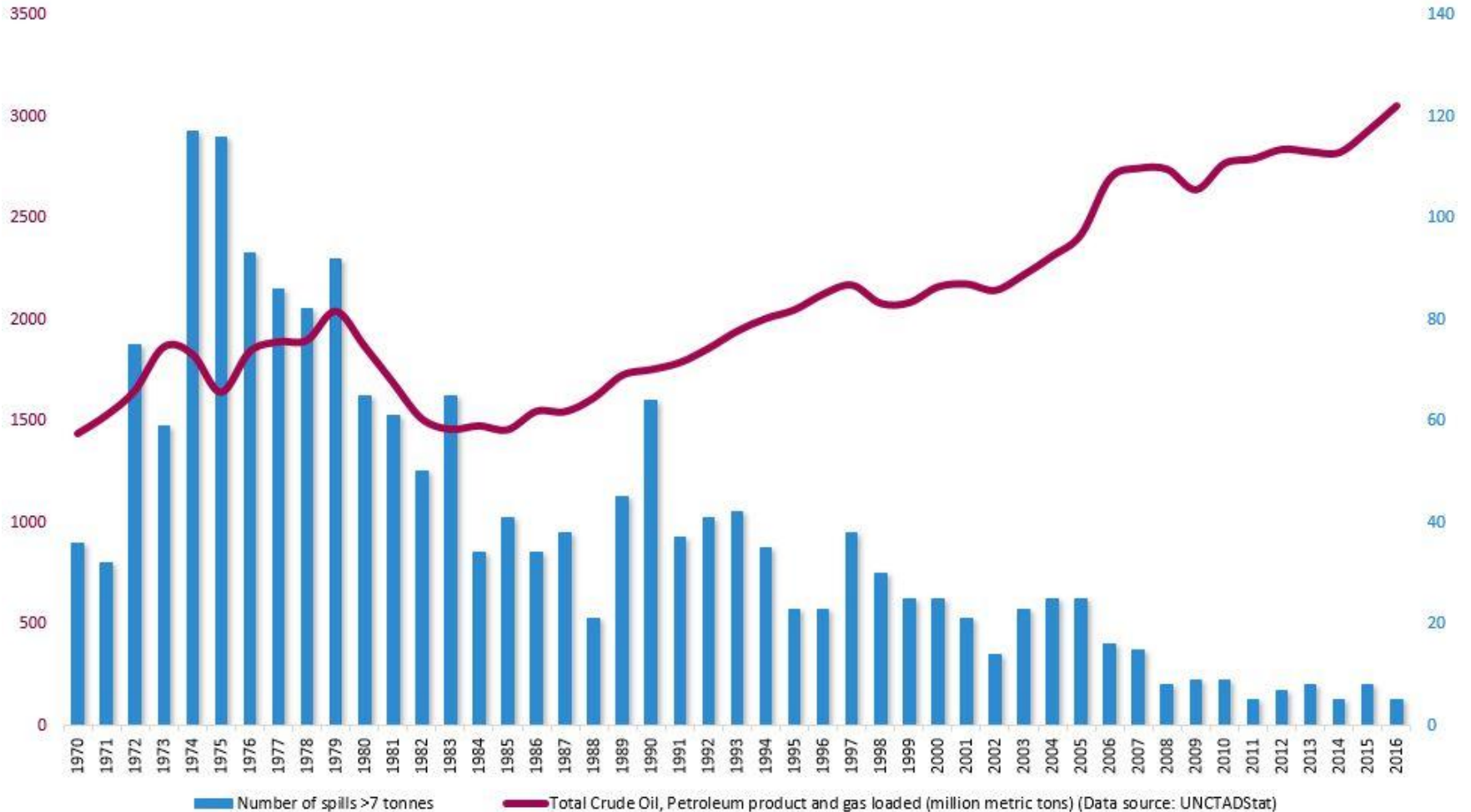
The reputation of the global fleet



How our industry's reputation impacts all of us



Decline in Number of Tanker Spills vs Growth in Crude, Petroleum and Gas loaded



<http://www.itopf.com/knowledge-resources/data-statistics/statistics/>

Where are the good headlines for our industry?

2017 safest year on record for commercial passenger air travel - groups

David Shepardson

3 MIN READ



WASHINGTON (Reuters) - Airlines recorded zero accident deaths in commercial passenger jets last year, according to a Dutch consulting firm and an aviation safety group that tracks crashes, making 2017 the safest year on record for commercial air travel.



2017 safest year for air travel as fatalities fall

© 2 January 2018



A commercial jet prepares for landing

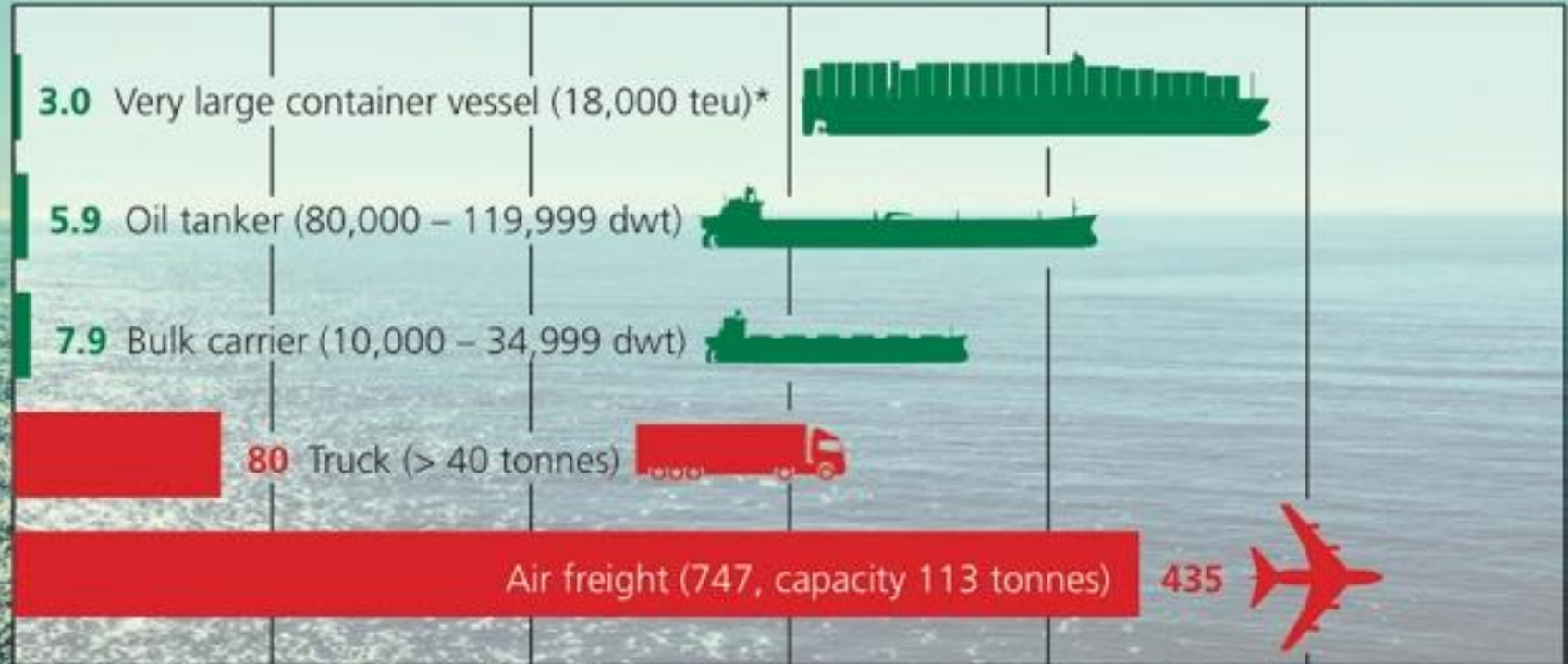
2017 was the safest year in history for commercial airlines, according to industry research.

Shipping and the environment

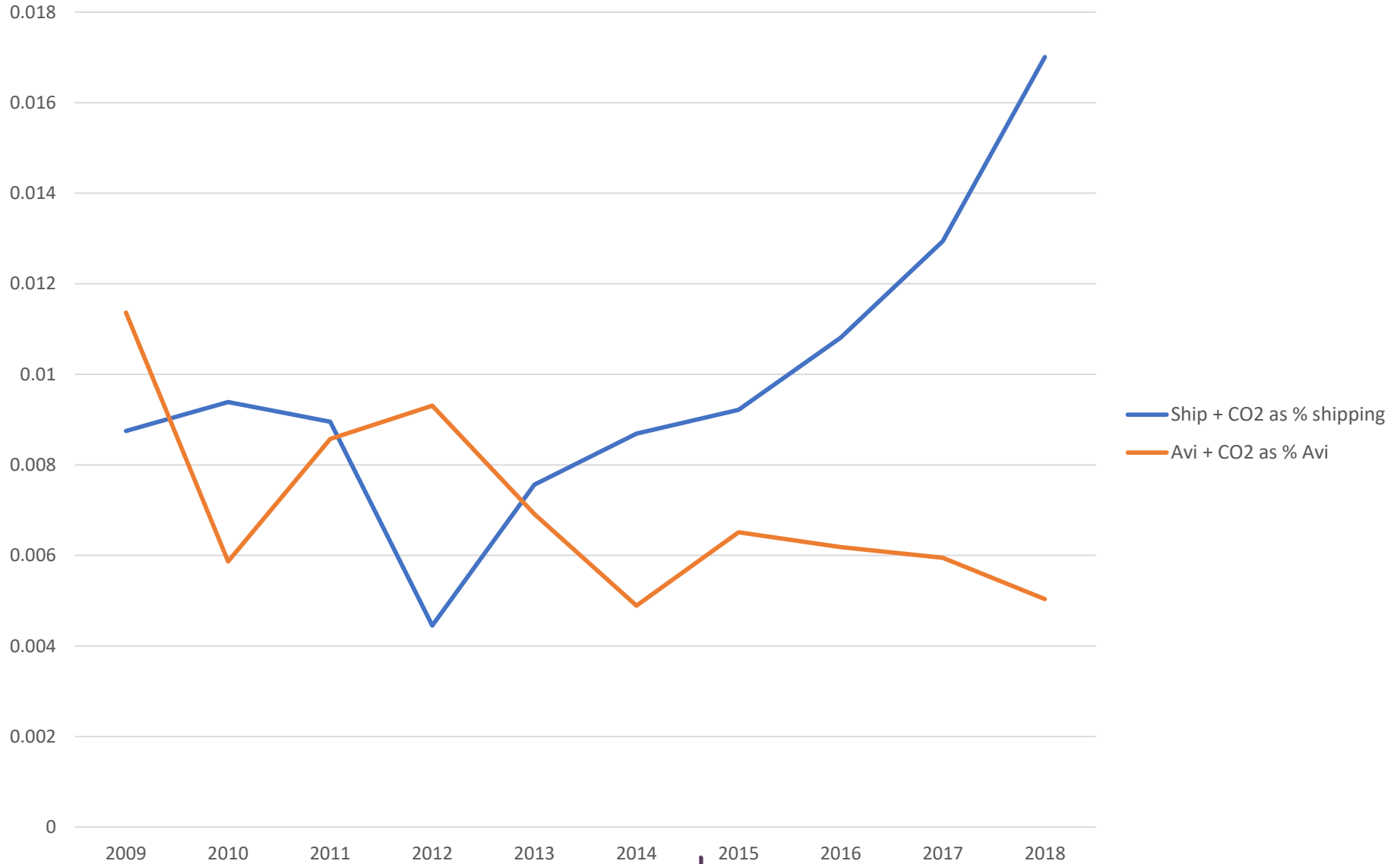
Comparison of CO₂ emissions between modes of transport

Grams per tonne/km

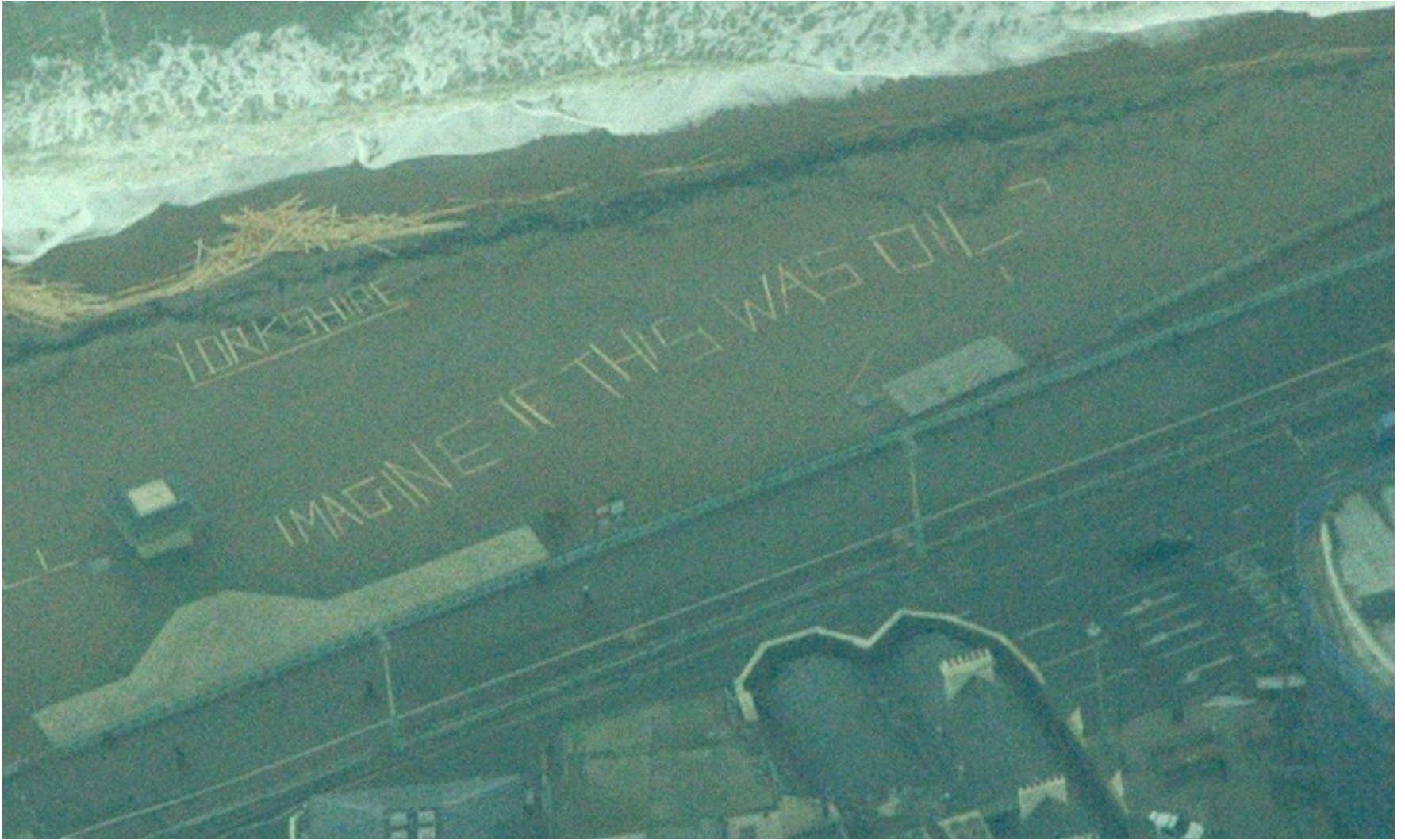
Source: Second IMO GHG Study (*AP Moller-Maersk, 2014)



Climate Change as a percentage of industry mentions



The psychology of a crisis...





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