

Insights

Reputation Risk in Leisure and Hospitality

At our recent event, a panel of experts explored three key topics influencing the reputation landscape for today's leisure and hospitality businesses:

- GDPR
- Terrorism and intent to harm
- Sexual harassment in the workplace.

This update takes a look at the key themes that emerged. If you want to know more, please get in touch with your WTW account manager, or contact our Leisure and Hospitality Practice Leader, Kelvyn Sampson at kelvyn.sampson@willistowerswatson.com

Reputation management in leisure and hospitality – managing three key risks

Expert event update

Reputation management is a difficult intangible risk to manage. And nowhere more so than in the leisure and hospitality industry, where great customer interactions are at the very heart of your business, and people are ready and able to share news of their experiences like never before.

But how do you manage something you can never own? Unlike your brand, which is yours to mould and shape, reputation lives in that space between what's expected of you by your stakeholders and how you actually behave and perform.

Behaviours are key to reputation management

Your organisational behaviours are key, both before and after an incident:

- Are you doing the right thing?
- Do you put your customers and your own people before profit?
- How quickly do you acknowledge if you get things wrong – and say sorry?
- And if things beyond your control go wrong, have you prepared an approach appropriately?

Once you view your reputation as an outcome of these and all your behaviours, it's easier to focus on doing the right things.

Three influences on the extent of damage to reputation in a crisis

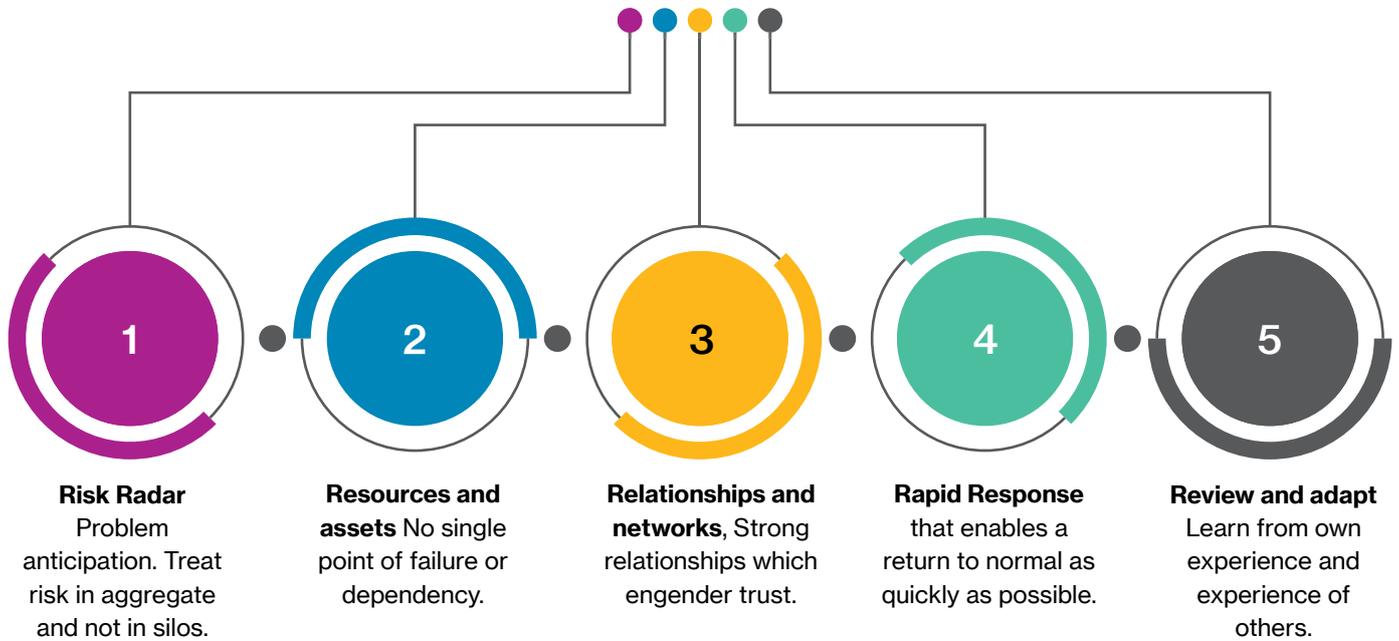


Source: Gary Honeywell: A short guide to reputational risk.

Customers and stakeholders understand that some risks are more in your gift to control than others – so you might expect people to be more forgiving to the effects of a terrorist incident than if you fail to protect their data.

But while the nature of each issue is different, the same principles apply: get your behaviours right, and you can reduce your risk or be in a strong position to ride out a storm. Get things wrong, and the damage can be nothing short of business-threatening.

The five Rs of resilient companies



9 consequences of a reputation-damaging event



GDPR and reputational risk in the leisure and hospitality industry

In the leisure and hospitality sector, people expect your commitment to service to extend to taking exceptional care of their data.

With the General Data Protection Regulation (GDPR) having come into effect on 25 May 2018, there's an even sharper focus on how well you do this.

What's new about GDPR?

There's not a huge difference in the key principles underlying GDPR and previous legislation: the key aim remains to protect people's privacy and avoid data breaches.

However, the regulatory policies and penalties have been significantly extended. The net effect is that there's a greater potential threat of non-compliance, and with that comes the potential domino effect of extensive legal and financial penalties, significant reputational damage, and the subsequent damage to existing and new business.

Carrying on with your data-informed conversations in a GDPR world

Data underpins many of the conversations, interactions, transactions and business decisions you're having every day. From targeting seasonal offers to new menus, data is likely to be key to how you look after your existing customers and how you set about winning new ones.

GDPR doesn't set out to put an end to this, but it does clarify expectations for how you can use data and how you must protect it.

Get behaviours right

GDPR makes people throughout an organisation more accountable.

We all know how tough cultural change can be, but behaviour will be key to GDPR compliance. You need to make sure that the people in your business live good data practice every day – that means everything from straightforward booking enquiry emails to CRM systems.

Visible senior management commitment, supported by training and education will be key. As Peter Howard, who is overseeing the change risk of GDPR at Willis Towers Watson put it: "If people understand the principles and how the Act is intended to work, they will have a better chance of behaving in a compliant way."

Make sure everyone understands their role in data protection

Create a culture where people feel empowered to speak out if they see data being used improperly or not being effectively protected. If a junior marketing exec sees wi-fi registration data finding its way into other uses, they should feel confident about speaking out.

As many past data breaches have shown, this is not a 'touchy-feely' ambition, but essential to good practice.

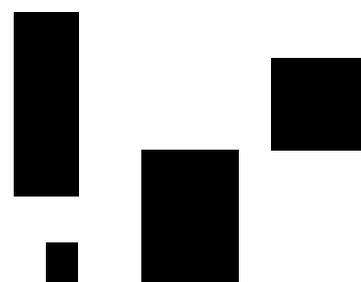
There are different requirements depending on your role in handling and using data – with the most obvious being the distinction between being a data controller and data processor.

It's important that everyone involved in data in your organisation understands the distinction and the regulations that apply to their role in regard to data.

Put the customer first

The good news is that putting the customer first is a good fit for data best practice. If you put the customer first, it becomes natural to only use data for the explicit reason the customer has provided it and to only keep it for as long as they've agreed you should.

By making this the 'way we do business', it's a simple step to understanding that if we don't do this, we won't be doing right by our customers (and our own people and suppliers).



Make sure that contingent workers buy-in to your behaviours

Contingent workers will continue to play a growing part in the success of leisure and hospitality businesses. As the number of contingent workers in your workforce increases, it will become even more important that you seek out talent that will live your values, including in relation to data.

That also means giving people in your business the confidence to be able to say no to contingent workers and suppliers if they fear, or see, data being handled incorrectly.

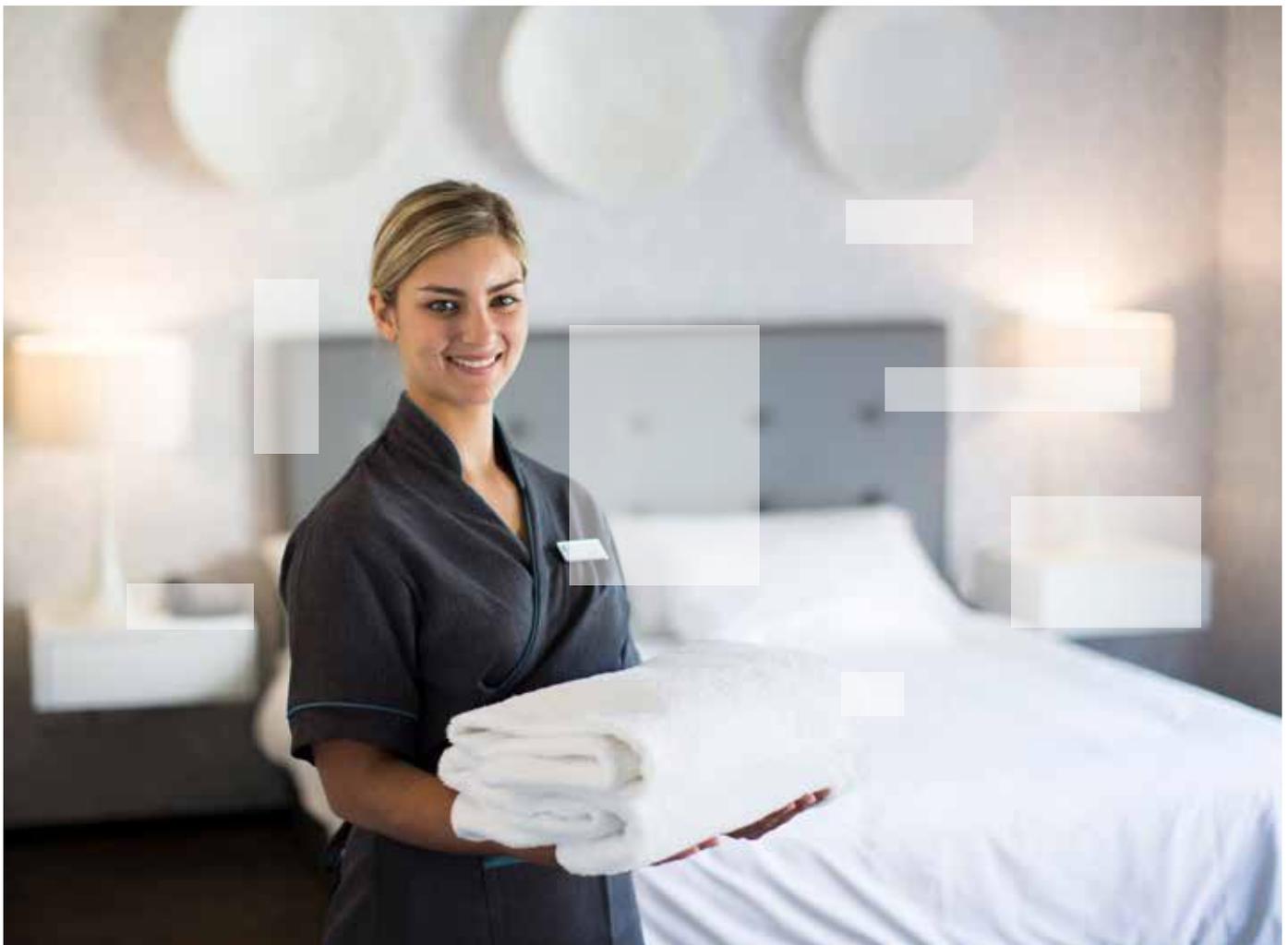
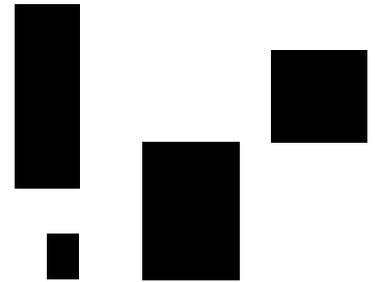
Consider using a third party as your data protection officer

For larger organisation, the demands of GDPR compliance could mean a shift from data officer being part of an individual's day job to requiring a dedicated role. And with the specialist knowledge required, it could become as common to outsource the role of the data protection officer as it is to send used linen to a commercial laundry.

Will we see a raft of class actions?

It's still too early to know whether GDPR will result in a raft of class actions.

The general opinion at the event was that it could, but the initial focuses of these are likely to be on organisations whose business is to process and interrogate data – rather than on the leisure and hospitality sector, where data is central to efficient business, but the business itself.



Terrorism and intent to harm – the risk to reputation in the leisure and hospitality sector

Attacks over the last couple of years highlight a continuing trend in the nature of today's terrorism risk that puts leisure and hospitality organisations in the spotlight.

People understand that terrorists and those intending to harm now target the general public – young and old – as well as the traditional targets of infrastructure and high-profile individuals. And wherever people gather in numbers, at high-profile venues or events, the threat increases.

While most customers are sympathetic to the plight of leisure and hospitality businesses affected, and the public mood is one of resilience, the reality is that fear does lead to a fall in business.

As with all risks, there are measures that businesses, government agencies and local communities can take to manage reputational damage.

People are now more receptive to and understanding of security measures

Recent attacks have made people more receptive to and understanding of security measures. Sergeant Mark Haddon Security Advisor from the City of London police described how “security is no longer the preserve of people on the front desk: everyone understands why security is important.”

This means businesses can be less concerned about worrying or annoying people with security measures.

Alan Coffey Alert 24 Head of Prevent highlighted that “Despite their value for testing procedures and training staff, in the past, there may have been a concern that incident exercises would worry customers and staff, but now it's generally recognised that the exercises are much more likely to reassure.”

Create a culture of vigilance

Investigations into recent incidents have shown that attackers spend time planning their attacks. Sergeant Haddon explained how attackers will undertake hostile reconnaissance – visiting and revisiting sites taking photographs, for example:

“The people working in your business need to be your eyes and ears. They know their workplaces better than anyone. They know what's normal and what's not. Even in a tourist setting where many people are taking photos, workers can spot when someone is paying unusual attention to entrances and exits, staff movements, the location of security cameras and so on.”

Use the power of hello

The simple action of engaging with people, saying hello, asking if you can help, is reassuring and welcoming to legitimate visitors, but can turn away potential attackers who know that they've been noticed.

Make your counter terrorism measures visible

There is evidence that reputational damage can be indirect as well as direct. For example, an attack on one concert venue is likely to affect all concert venues. And the Paris attacks had a deep effect on tourism in Brussels, some 320km away.

By making sure that your business or community is seen to be taking security seriously, you can make it more resilient to this form of indirect reputational damage.

It's not just physical measures that can play a part. Sergeant Haddon pointed to the 'See it, Say it, Sorted' transport campaign as an example of an initiative that works on the dual fronts of prevention and resilience: “As well as encouraging people to act, 'See it, Say it, Sorted' reassures passengers that action is being taken to keep them safe.”

Make security part of your welcome

Leisure and hospitality is all about creating warm, welcoming and fun experiences – a space to get away from it all.



Alan Coffey talked about how some businesses can be concerned about the tension between these aims and the need for security measures. “In the past, we’ve had theme parks resisting bag checks and body searches because they’re not seen as ‘welcoming’. But the greater risk is NOT putting these in place. In fact, customers understand why security checks are there; the point is to educate customers on how they can help – by arriving in good time, not bringing unnecessary bags, having their tickets ready. And by having the infrastructure in place to make checks quick and easy.”

Work with trusted expert agencies to secure senior management support

Wherever there is a cost attached, it's important that senior management and budget holders understand why it's important to invest. Trusted expert agencies, such as the police, counter terrorism units and government bodies understand this and are ready to help build the picture.

As Sergeant Haddon explained, “we’re happy to present to senior management to help security managers make the case for investment in improved security measures.”

Respond swiftly and appropriately

If an incident does happen, it's key that your organisation responds quickly. We all know that news has never travelled faster than it does today, which means that silence can be perceived as disorganisation and confusion. Even if a situation means that you're not to do much more than assess what is happening, explaining that that is the case shows that you have plans that are kicking into action.

Alan Coffey noted that: “preparation is the best way to ensure you're ready to respond pro actively in a way that will limit reputational damage. A crisis management plan will make sure that people in the business know what they should be saying and doing at each moment, including what to say to the media, whether to put out a tweet, and when to talk to families.”

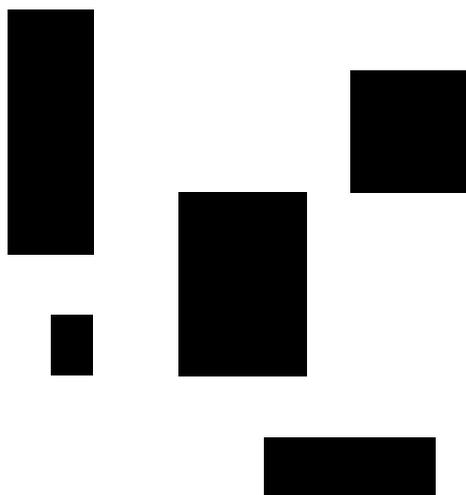
Think about what really matters in a crisis

The most intensive scrutiny in a crisis will be on the safety of customers and staff.

You need to make sure that you're able to account for people as quickly as possible. That means knowing who is where and when at any moment, and making it possible for your organisation and people to stay in touch with each other.

Make sure your risk protection measures reflect today's terrorism risks

Traditionally, risk transfer triggers have related to infrastructure damage and business interruption. However, as Luke Bennett, WTW Global Terrorism & Political Risk specialist explained: “With today's terrorist or lone attacker being more intent on harming people than places, traditional property damage insurance does not cover the range of risks that leisure and hospitality businesses face. It's now just as important that your risk protection includes triggers that reflect current risks, such as a bodily injury trigger or loss of attraction. This protects your reputation by providing the means for your business to get back to a near normal state as quickly as possible.”



Sexual harassment and reputational risk in the leisure and hospitality sector

How the leisure and hospitality sector handles sexual harassment has never been under more scrutiny. High-profile cases, such as the treatment of hostesses at the Presidents Club dinner in early 2018, have shone a light on an issue that has been treated as par for the course for too long.

A study from Unite Union found that 9 out of 10 hospitality workers have experienced sexual harassment at work. But movements such as #MeToo and #TimesUp, mean things are thankfully changing.

It's no longer acceptable that housekeeping staff should have to put up with lewd behaviour from guests, that bar and waiting staff should deal with verbal or physical abuse, or that staff should feel unable to speak out against colleagues.

Businesses that fail to keep pace with this change should expect reputational damage that could be terminal.

Why has sexual harassment been an issue in leisure and hospitality?

These are factors organisations must take account of. They must never be regarded as excuses.

- Customers are relaxed, away from their regular environment, and can wrongly feel that 'normal rules do not apply'.
- Unlike any other business, alcohol is part of the offer.
- Staff come from around the world, meaning they may be unsure about what's culturally acceptable.
- Many staff do not have English as their first language, meaning they may not understand training and policies.
- Fears about job security may leave staff reluctant to speak out.
- Shift patterns and late night working can cause a disconnect between staff and managers, making it harder to speak out.
- Large numbers of younger workers, who tend to have less confidence and experience in speaking out.
- Few women in senior roles.

Create a culture of zero tolerance to sexual harassment

Identify what behaviours are unacceptable and create a culture where those behaviours are not tolerated.

Create clear procedures and training to support the nature of employees you have – taking account of their age, language and cultural background.

Ensure sufficient training is in place for employees around what to do if they feel uncomfortable or wish to report sexual harassment. This includes knowing where information can be found and keeping it updated. Sara Murray-Smith, a partner at BLM recommended using an app to store this information on and also to enable real-time reporting of incidents. This is especially important for Millennials and generation Z who are less accustomed to discussing these issues face-to-face.

Establish clear procedures for sexual harassment cases

Expect to see more cases as people begin to feel more comfortable talking about sexual harassment, and be prepared to handle those cases well.

Be prepared to invest time in these changes and also invest in external experts who can advise on and help to implement new policies.

Make sure managers are trained in how to handle these situations. If things are going to be handled off-the-record what does that mean if the case escalates.

Prepare for all outcomes carefully and methodically, people may have to leave, staff may need to readjust.

Ray Wann, who specialises in sexual harassment cases at leading media law firm, Sheridans, reminded us about the problems of making promises around confidentiality. Make sure you don't make promises you can't keep that could be used to try to damage your reputation.

Establish how you can move towards greater equality in workplace demographics

Like many sectors, the leisure and hospitality industry is marked by under-representation of women in positions of power.

This matters because, in 88% of cases, the perpetrators of sexual harassment are men.

Sexual harassment will continue to be an issue until women are viewed as true equals in businesses.

Lack of consequence surrounding the Gender Equality Act – after 48 years, it hasn't tackled the issue, but sexual harassment campaigns such as #MeToo and #TimesUp have started to bring about more change.

Be clear about your expectations of customers

Make sure that customers know you have a zero tolerance policy. At the very least, they'll be asked to leave the moment their behaviour steps over the line.

Designate a single person whose job it is to look after cases of sexual harassment

Sarah recommends having someone in each region. Aim to have both a male and female member of staff in this role.

Make sure contingent employees are empowered to stand up against sexual harassment

Don't allow migrant workers to become a soft target.





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