Crisis Management in Theme Parks

Mahnwoo Kwon* & Samseob Choi**

*School of Media Content, Kyungsung University, South Korea[1]

**Daewon Plus Group, Busan, South Korea[2]

1. Introduction

The era of crisis, including global crisis like COVID 19, national risks, corporate risks, and individual risks have arrived. In the era of industries where media is not developed, the crisis of individuals, companies, and countries was slow to spread. So it was not serious enough to threaten the survival of a company or country. But now, with the advent of personal media such as SNS, how to manage and overcome the crisis is a crucial activity for every company.

As seen in many cases, the government and companies need to establish a crisis management manual regarding various accidents. Whether the crisis will lead a company to a dangerous situation or to an advanced situation with a crisis management mechanism is the difference between successful and unsuccessful companies.

There is a famous case that 233 years old Baring Bank went bankrupt in 1995 due to a mistake by a trader named Nick Leeson. Such accidents are not only in financial companies, but also in various areas such as food companies, airline companies, and theme park industries. Accidents or mistakes are bound to occur in any organization, so it is important to prevent accidents. But it is more important to manage and overcome accidents or mistakes that have occurred.

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1 Mahnwoo Kwon is a Professor at Kyungsung University. E-mail: mahnoo@ks.ac.kr

2 Samseob Choi is a Chairman of Daewon Plus Group. E-mail: ceo@daewonplus.co.kr

Not only companies but also local governments in many countries around the world are experiencing crisis management. In the case of the United States, several local governments have gone bankrupt since the 1930s. And even after the 1990s Chelsea, Bridgeport, and Orange counties have experienced default conditions. Among them, Orange County went bankrupt in 1994 due to a speculative asset loss of $1.6 billion, and Chelsea and Bridgeport faced a financial crisis due to a worsening fiscal balance.

In addition, several public enterprises, hospitals, educational institutions, and special autonomous districts have also into bankruptcy. In addition, in Europe and Latin America, various local governments have also experienced financial crises for various reasons. However, Orange County in the U.S. declared its "debt insolvency" in 1994 due to its lax fund management, but it is known as an excellent city of global administrative innovation that overcame it in a year. These crisis management cases are subject to benchmarking not only by the government but also by companies.

However, companies tend to be stingy when it comes to resources that go into managing crises or risks. This is because there is a tendency to think that the resources required are a waste if there is no accident. Even they may be told that they spent money in vain. Therefore, crisis management can be said to be a problem of corporate culture and organizational structure rather than a problem of methodology. If the will, rationality, and efforts of the CEO do not match, the risk factor will exist and eventually fall into a vicious circle.

2. Lessons from crisis overcoming and failure cases

The success or failure of crisis management is directly related to the survival problem beyond the level of corporate image and stock price. There is also an empirical analysis that companies that manage crises well in the event of accidents or risk factors had a 30% lower rate of stock price decline than those that did not. Good companies and bad companies have fundamentally

different ways of coping in crisis situations. While good companies preemptively respond to the upcoming crisis and use it as an opportunity to take off, companies that do not focus on post-response minimize damage after the crisis occurs.

Therefore, it is important to realize that a crisis can be used as an opportunity if it is used well and to have a system that can be used as an opportunity. If you face a crisis without any preparation, it may be difficult to survive. This is why a preemptive response to crisis management is emphasized. In order to preemptively respond to the crisis, it is necessary to establish a scenario plan to virtually set and prepare for future situations.

Burger King, a global hamburger chain, initially denied reports that it used beef over 30 months old during the U.S. beef crisis several years ago, but quickly admitted to using beef over 30 months old. As such, there are many cases in which risk management manuals for various accidents are established at the headquarters level.

In 1982, seven people died in Chicago after taking Tylenol made by Johnson &Johnson. The police investigation found cyanide in Tylenol. It was not the company's fault, but the boycott of Tylenol spread worldwide and the company reached the point of closing down. Accordingly, the company decided to collect all Tylenol in the United States, and disclosed the manufacturing process to the media. As a result, a year later, in the spring of 1983, it regained 80% of its market share before the incident and returned to the top of the painkillers market share. Tylenol's success factor is attributed to the CEO's direct efforts to deal with it, especially his aggressive efforts to disclose information. The manager should learn two lessons from this example. First, the crisis comes from the lack of a mechanism to manage the crisis, not the crisis itself. Second, the CEO is responsible for creating a crisis management mechanism.

In 2000, Japan's Mitsubishi Motors hid consumer complaints about its flagship models, but recalled them belatedly when it was found to have a body defect. In addition, the company did not admit the defect. These defects were said to have occurred

since 1986, but they were hidden each time. The problem was the practice of secretly compromising with consumers.

In comparison, LG Electronic voluntarily recalled some of its electric rice cooker models in 2003 after discovering that its products were defective and had safety problems. Not only did the management officially hold a press conference, disclose it, and apologize to consumers, but the company's union also issued a large recall advertisement in the newspaper. LG did not hesitate to advertise TV with the goal of collecting all of them. This effort can be said to be an effort to use the crisis as an opportunity for upgrading.

3. Implications and Suggestions for Theme Park Industry

3.1. Reinforcement of MOT contact point management: rethinking the nature of business

The "essence of the business" of the theme park business is not operating a space called a theme park and selling food and drinks, but a service business that serves various needs of the general public. Service companies need a different consumer approach than other areas of business. The main job of the theme park is contact between consumers, front desk employees, and services. In other words, the situation in which consumers come in contact with a certain part of the theme park, that is, the "MOT, Moment of Truth," is repeated, creating a corporate image of the theme park. Theme parks have hundreds of thousands of moments of truth in the market every day. In fact, however, the theme park's biggest real asset is customers who are satisfied with the service and want to use the service again. Theme parks are not assets, but customers' satisfaction is an asset.

In service quality control, MOT or critical moment means "a moment or event at which a customer is impressed by the organization" In general, MOT occurs at the moment when a customer contacts an employee, but it can also be a moment of

direct or indirect contact with various resources in the organization, such as 'the moment of seeing an advertisement, 'the moment of receiving a bill', or 'accessing a website to make a reservation. These critical moments are piled up one by one to determine the quality of the entire service. Therefore, theme park employees dealing with customers should make them feel that they have made the best choice in a short moment in dealing with customers.

In a similar case compared to theme parks, airlines are strengthening their services in various ways to increase the satisfaction of these MOTs. One of the reasons why MOT occurring at the customer's point of contact is particularly important is that the so-called 'law of multiplication applies to the service quality or satisfaction experienced by customers. In other words, the entire MOT cycle must be managed because even if one of the MOTs is bad, the customer can be lost in one moment. The misguided attitude of front-line service personnel such as receptionists, security guards, parking managers, telephone operators, and receptionists, as well as the wrong reservation menu on magazines, websites, and a single reservation button on mobile apps, may determine the fate of the company.

There is a huge gap between customers and experts. No one is wrong. However, there is a big difference between managing from the customer's point of view and managing from the service provider's point of view. Because service providers and customers often have different basic perspectives, they must always listen to customers' voices to effectively manage MOT. Instead of relying on postcards or calls that customers voluntarily send, a system is needed to analyze and judge tens of thousands of MOTs that occur every day on the service provider side.

3.2. Empower Frontline Staff and Strengthen CRM

MOT is communication. Like theme parks, the wider the organization is, the more important the delegation of authority to frontline employees is. As seen in civil service organizations,

large organizations like the government tend to worry about their safety first rather than taking responsibility for frontline employees. Therefore, it is easy to activate the liability avoidance mode in the event of a crisis.

Managing just one friend properly is really difficult. So managing the relationship with many customers is likely to backfire. This is because the concept of CRM has become so common that when it flows formally, it sometimes turns into texting and sending marketing promotional information by e-mail. In the past, information or services that are truly customized to individuals, or services that care for me, were impossible. But with the development of information technology, such relational marketing is now possible.

The needs of consumers are very diverse, and now beyond diversity, they are demanding services that are independent and unique. They want 'their own theme park' services. In order to provide products and services that meet these diversified and individualized needs, the concepts of individual customer marketing, one-to-one marketing, relational marketing, and database marketing are necessary. They require individual and continuous relationships between companies and consumers.

Traditionally, marketing only emphasized acquiring customers, but there was less interest in maintaining customers. Relationship marketing is a marketing method that focuses on tying businesses and customers closely. For this, a strategy to increase loyalty, in the long run, is needed. The loyalty of customers is not formed only by monetary benefits. Therefore, enhancing customer loyalty should focus on strengthening the bond that theme parks are giving careful consideration to each customer. In other words, the strategy to secure new customers is to increase market share. On the other hand, the strategy to increase loyalty is to increase mind share.

To this end, it is necessary to send customers something subdivided to suit their tastes or needs. For example, individual relationship marketing should be conducted based on detailed information such as customer usage performance. In other words, the incentives provided must be thoroughly individualized.

3.3. Theme Park in the Web 3.0 Age: 20:80 Law vs. Long-tail

The so-called 20:80 law of the industrial era is that the top 20% of customers account for 80% of sales. But the long-tail law in the Web 3.0 era is that 80% of the "minor majority" creates better value than 20% of the "core majority." More than half of the online bookstore Amazon's total profits are from so-called "unsold books" such as non-mainstream books and rare books that are not even kept in offline bookstores. And Google's main revenue sources are local advertisers such as flower delivery companies and bakeries.

In the long run, ticket sales of theme parks will also be centered on the web and mobile rather than the window due to the development of the Internet and mobile industries. Therefore, in-depth research and investment in the interface of the web and mobile apps, which are the contacts where users meet theme parks, will have to follow. The reason why social network service (SNS) is activated is that its value is shifting from "product" to "relationship."

In order to utilize such social media, the system or infrastructure must be changed based on Web 3.0 and Mobile 3.0. Until now, companies have consistently tried to communicate with consumers using SNS and YouTube, but most of the sites have only been simply promoted or provided information. It should be transformed into a customized service using artificial intelligence and big data.

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