

Bali's Mt Agung eruption shows how businesses should and shouldn't react to uncontrollable events

Written by Russel PJ Kingshott, Senior Lecturer in Retailing, School of Marketing, Curtin Business School, Curtin University

There's nothing like an [erupting volcano](#) to reveal who does and doesn't have their crisis management plans sorted out.

Sudden uncontrollable events are an inevitable part of any tourism operation. Businesses worth their salt should at least in principle have the capacity to remedy situations that go wrong, as part of their modus operandi.

Read more: [Here's how to keep up with the latest on Mt Agung, the Bali volcano](#)

Conventional [marketing wisdom](#) says that when organisations react properly to uncontrollable events, it has positive consequences for their overall relationship with their customers. But for this to be effective, those affected customers need to have a quick response from businesses or it could simply be counterproductive.

The closure of Bali's Ngurah Rai Airport [left many passengers stranded](#). And while the volcano and its ash cloud are beyond airlines' control, how they respond to the needs of stranded passengers is completely within their remit.

How to prepare and handle uncontrollable events

Tourism businesses should start by [communicating precisely what they are going to do](#) about the situation to the customer - quickly and clearly, to reduce uncertainty and avoid confusion. This needs to be backed up by tangible actions, namely doing the [specific things promised](#) and making amends with the customer. Fail to do this, and businesses run the risk of further negative consequences.

Speaking from recent personal experience during a short vacation in Bali, Jetstar Australia

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quickly communicated that relief flights departing from the island would come into operation immediately (weather permitting). They also made it clear to any inbound Bali passengers that there would be no flights bringing them to the island unless longer-term weather conditions were deemed favourable.

Specific Bali departure flight details, along with those cancelled, were regularly updated via the business' online and social media platforms. Customers were also able to interact directly with Jetstar through their call centre and online chat forums. This particular activity was also replicated by other Australian carriers – Virgin and Qantas – that fly to the island, so generally customers were well informed about the situation.

Without this kind of communication, customers quickly become confused, uncertain, and even panicked at the prospect of being trapped on the island. Volcanic eruption [can impact air traffic patterns](#) and this is more disconcerting to both customers and [Bali tourism businesses](#), as the potential for [a major eruption increases](#).

Providing timely information about what action customers need to take [is paramount](#). For example, hotels need to communicate early with existing customers about the possibility of them extending their stay so as to provide them with the first option of rooms.

While Bali businesses did not appear to be very proactive on this front, Indonesia's tourism minister requested hotels provide discounts to stranded passengers and instructed discount carriers not to take advantage of [the situation through cancellation and rescheduling fees](#). The minister also stipulated an automatic extension to expired visas.

Read more: [Bali tourism and the Mt Agung volcano: quick dollars or long term reputation](#)

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But there are also pitfalls associated with any response to an unexpected event because of other businesses in the marketplace. For example one business that deals badly with the event [could have a negative impact](#) on a customer's overall experience irrespective of other businesses' recovery efforts.

For example, customers may have booked and paid for additional hotel accommodation in anticipation of a lengthy delay, but in the interim received notice they are scheduled on an earlier relief flight because conditions were now favourable. Due to various hotel non-refund policies, and that of online accommodation wholesalers, this could [result in an unpredictable loss](#) to the customer with the potential to reflect negatively on their experiences with both the hotel and the airline.

It's also crucial for businesses to inform customers about the specific source of any failure, because customer perceptions of who is responsible for the failure [plays a central role in their future actions](#).

In the case of the eruption of Mt Agung, airlines flying to Bali constantly referenced the weather conditions and the closure of the airport as being directly responsible for their decision not to fly. At all times the underlying key message of passenger safety had another purpose – providing an attribution for the service failure.

Even though businesses should take the lead, they also need customers to do their bit too. At the very least, customers need to ensure that their holiday contact details are current as well as have diligence in monitoring, where possible, mobiles and emails to help with the recovery effort. Travellers should also be aware that there are many [government sources of information available](#) designed specifically to inform about what to do in situations like Bali.

Overall, this Bali event provides us an insight into what businesses should and shouldn't do when it comes to responding to these unexpected hiccups.

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