

Like a prairie fire, social media has spread across our country and into our culture at an alarming pace over the past ten years. With smartphones in so many hands now, this trend has continued to accelerate. And social media can provide a restaurant owner with a great opportunity to build brand awareness and loyalty across a broad spectrum of potential customers. With more and more different types of social media platforms gaining traction each month, the opportunities seem limitless. But social media is and probably always will be a double edged sword. As easily as you can have good words about your company shared with others, so too can you find yourself with negative attention about your restaurant being spread throughout the social media world. In order to better understand the risks to restaurant owners posed by social media, this blog will break up those risks into 3 distinct risk groups. Our next blog will provide you with a 5 point checklist to get your social media risks under control.

Social media platforms open the door to risks for your restaurant in many different and diverse areas, including privacy, security, intellectual property, employment practices and other legal risks. It is important to understand the considerable downside of social media for your restaurant that is coupled with the upside of using these programs. The downside risks can be categorized into one of three different risk groups, reputational risks, legal risks, and operational risks. Let's take a closer look at each one of these risk types.

Because of the vast reach of social media platforms, reputational risks can easily equal or exceed the reputational benefits. Bad behavior by employees or the posting of embarrassing information by either an employee or even a customer can reflect poorly on your restaurant and even cost you sales. Your employees can put your restaurant's reputation at risk, either intentionally or not, by disparaging coworkers, management, clients, vendors or even the restaurant itself. Should they do this on a branded social media page like your restaurant's facebook or twitter page, then the negative ramifications for your restaurant can be even more immediate and direct.

Social media also bring a level of legal risk to your restaurant business. And these legal risks should be carefully considered before engaging in a social media strategy. The main legal risks include employment liability risks, privacy risks, security risks and intellectual property risks. Some of these risks can be managed to some degree by insurance; Employment Practices Liability Insurance and Cyber Liability Insurance should be included in every restaurant owner's restaurant insurance program. Examples of employment liability risks could have to do with choosing to hire or fire an employee based on his or her facebook profile or even his or her facebook interactions with other employees. And of course using social media puts your restaurant's computer security at risk for thieves trying to steal your business information or the personal identification information of your customers. These risks can pose

tremendous costs on a poorly protected restaurant but can also be very well controlled with proper advance planning and appropriate insurance policies in place.

The operational risks that arise from social media have to do with your security being breached. There are quite a number of scams, computer viruses and phishing programs out there designed to use social media as a back door into your security system. Once inside, thieves can create nightmare scenarios that may even bring your restaurant's ability to function and take payments from customers. This could effectively shut your restaurant down for some amount of time while you clean it up. And if your patrons find that their information is at risk if they eat in your restaurant, how many of them will return for another meal?

It is clear that while most restaurants have dabbled in or even set up full time social media programs to enhance their reputation and sales, very few restaurant owners have carefully evaluated and taken steps to manage the huge risks associated with social media. In our next blog, we will give you 5 steps you can take to make sure that you manage the risks better in your social media program.

Here at Clinard Insurance Group we insure hundreds of restaurants all across NC, SC, GA, and TN. If you would like help or advice with your restaurant insurance needs, please call us, toll free, at 877-687-7557. We look forward to helping you.