

## Editor's comment from *Travel Markets* Issue No. 23

### Counting the cost of the Indian Ocean tsunami.

Data for the first quarter of 2005, gathered by the Pacific Asia Travel Association (PATA), highlights the severe impact that the Indian Ocean tsunami has had on tourism demand in the afflicted areas of the region. Tourist arrivals in the Maldives were down 55% on the first three months of 2004. By contrast, Sri Lanka's arrivals fell by a mere 5% over the same period, thanks to a strongly positive month in March. Data for Indonesia and Thailand is less specific, but there is no doubt as to the severity of the impact. Phuket's hotel occupancy in January and February was just 56%, as against 91% during the same months the previous year.

The effect on international tourism receipts and hotel revenues would appear to have been even worse, confirming that – even if demand is starting to pick up – it will take some time to recover.

Information is the key to recovery. This is the clear message that has come out of research conducted by different organisations, such as PATA and Visa International. The latter's *Post-Tsunami Global Travel Intentions Research*, published last month, identifies the need for more information for travellers on health and sanitation, the progress on the clean-up, and the impact the tsunami has had on infrastructure and tourist facilities. Potential travellers simply do not know enough about the situation in the worst hit destinations, Visa says.

### Visa research highlights different market responses

But if most of Visa's research's findings have done little more than confirm conclusions drawn by the international community and the tourism industry, more surprising has been the varying responses to the tsunami among consumers from market to market. Of course, these responses will need to be compared with actual trends once the recovery is well underway. But the findings are nonetheless encouraging – not to mention useful from the point of view of determining marketing strategies for different source countries.

According to the Visa research, as many as 65% of travellers planning to visit Asia before the tsunami said the disaster would have no impact on their travel plans to the region as a whole. More surprising, some 52% also said the tsunami would not have any impact on travel plans even to the affected areas, although 30% admitted the tsunami's aftermath was deterring them from visiting these destinations.

The tsunami's impact seems to have been most severe on Japanese and Korean travellers, Visa says, dampening their travel intentions not only to tsunami-affected countries, but also to the rest of Asia. Almost 50% of Japanese and 60% of Korean travellers said that they would be less likely to travel in the Asian region because of the tsunami, while 54% of Japanese and 63% of Korean travellers would be less likely to visit the tsunami-affected countries in 2005.

On the other hand, the tsunami seems to have had the least impact on travel plans to affected countries among Canadian travellers (69% claimed it had no impact), followed by the French (65%), Germans (60%) and Australians (60%).

In some countries, the tsunami has actually had a positive impact on travel to Asia. Around one-fifth of travellers said the tsunami has made it more likely for them to visit affected countries, especially those from China (20%), the UK (19%), Canada (18%) and Sweden (18%). The main reason for this would seem to be support for the local communities, especially among Canadian, British, Swedish and Australian travellers. They expressed strong belief that taking a holiday in the affected countries is an excellent way to help the communities and economies recover from the disaster. However, their responses were also tempered to some extent by feelings that it is inappropriate to holiday in a destination where the local people are having a tough time.

It is clearly too early to judge the reliability of the market responses. Nevertheless, it is interesting to note that the Swedes have indeed shown the strongest rebound in tourism in the most afflicted areas of Thailand. But, contrary to the research's findings, Korean outbound travel to other parts of Asia in January and February actually rose by 19%, according to the Korean National Tourism Organization.

The Visa research was designed and conducted by AC Nielsen in February 2005 covering ten key markets around the world – the USA, Canada, France, Germany, Sweden, the UK, Australia, China, Japan and South Korea. It looked into salient issues such as the impact of the tsunami on travel plans to Asia in 2005, choice of destination, travellers' understanding of the extent of the tsunami's impact on different countries, prospective travellers' key concerns and their information needs and sources.