

Tourism Recovery After a Terrorist Attack

Based on Learnings from Global Experience

Market Development Facility | May, 2019

Background

On 21 April 2019, Easter Sunday, suicide bombers attacked 6 populated locations in Sri Lanka, unleashing widespread damage and fear. Three churches - St. Anthony's church, Kochchikade; St. Sebastian's church, Katuwapitiya; and Zion church, Batticaloa - and three five-star hotels in Colombo - Cinnamon Grand; The Kingsbury; and Shangri-La - were targeted. The almost-simultaneous attacks resulted in 258 dead (as of 9 May) and at least 500 injured. Among the dead were 45 foreign nationals from India, China, the UK, the US, Denmark, the Netherlands, Australia, Spain, Turkey, Japan, Portugal, Bangladesh, Switzerland and Saudi Arabia.

As events unfolded, the attacks were linked to international terror group Islamic State in Iraq and Syria (ISIS), working through two local groups, National Thawheed Jamath (NTJ) and Jammiyathul Millathu Ibrahim (JMI). The two local groups have now been banned in Sri Lanka.

What does this mean for Sri Lankan Tourism?

Sri Lanka emerged from a bitter 30-year civil war between the Government and Liberation Tigers of Tamil Eelam (LTTE) in 2009; the country would have celebrated 10 years of relative peace in May 2019. A boom in infrastructure investment following the end of the war drove up the economy, which subsequently settled into a stable growth trajectory (GDP growth was 3.7% in 2018).

The positive impact was felt particularly in tourism, which became the highest and fastest growing contributor to export earnings (recorded external earnings of USD 4.4 billion in 2018). Over 2 million tourists visited Sri Lanka in 2018 and the Government had estimated this to reach 4.5 million in 2020.

Given that three of the attacks directly targeted well-established hotels in the heart of Colombo, the ramifications for the tourism sector are expected to be long-term. Soon after the attacks, Finance Minister Mangala Samaraweera estimated the impact to the



tourism industry at over USD 2 billion. Previous research has shown that, after terror attacks aimed at tourists, the recovery period (in terms of tourist numbers) can be relatively long – at around 2-6 years. This compares with a lower impact on arrivals from terrorism that does not specifically target tourists.

Several countries have issued travel warnings, including China, which recorded the second-highest number of arrivals to Sri Lanka in 2018. Other key markets include the US, Australia and the UAE.

To find a way forward, MDF looked at the existing research and information on similar situations and how tourism destinations have recovered. Beyond the immediate aftermath of shock and dismay, an attack of this nature has a wide-ranging impact, seen among the various stakeholders involved.

Purpose

This brief aims to deconstruct the tourism impact, provide some guidance on what steps the private sector can take, and outline the broad priorities that Sri Lanka needs to address in order to re-emerge on the global tourism map.

What to Expect in the Aftermath

Reaction	Examples
Arrivals decline	<ul style="list-style-type: none"> Following the September 11 attacks, visitors to New York declined 14.3% (by around 5.4 million) in 2001 compared with 2000. In 2017, following the Las Vegas shooting, domestic bookings were down 21% in 3 weeks and international bookings down 16%. Following the Bali bombings in 2002, travel agents and tour operators from several countries blocked the sale of packages to Bali. Demand for accommodation and flights generally drops by 30% in the immediate aftermath.
The specific destination sees a disproportionate negative impact	<ul style="list-style-type: none"> In 2017, following the Manchester shootings, businesses in and around the specific area in which the attacks took place were badly affected. However, there was no significant drop in overall tourists visiting Manchester.
The informal sector is more affected	<ul style="list-style-type: none"> In Nigeria, after Boko Haram's kidnapping of schoolgirls in 2014, tourism receipts and numbers increased from USD 853 million in 2014 to USD 1.1 million in 2016. However, these were mostly business travellers who kept themselves confined to 'safe areas' – leading hotels and restaurants. In Bali, beach vendors saw income drop by as much as two-thirds, increased competition (due to lower overall business) and increased ethnic tension. This may be because they were migrants from other areas of the country, with no other source of income in the destination.
Market segments react differently	<ul style="list-style-type: none"> Following the Paris attacks in 2015, visits by Americans dropped 30% - indicating greater sensitivity to tourism by different nationalities. Visitors from China/Japan tend to travel mostly in groups and, as a result, these markets exhibit higher chances of mass-scale cancellations. As the originating countries have no to very low exposure to domestic terrorism, they are more sensitive to travel safety compared with EU, UK travellers.
The negative impact is not necessarily permanent	<ul style="list-style-type: none"> Following terror attacks, many destinations have rebounded (for example, New York). While the process can take somewhat long, the situation is not irreversible. Examples from Bali and Egypt (which suffered terror attacks) indicate that the tourism industry is more resilient than expected. The Sri Lankan government has stated that countries that have suffered from isolated ISIS attacks typically see a tourism recovery within one or two years (Belgium, France and Madrid took one year; Tunisia took two).

Strategies for the private sector

- *Initial silence, careful promotion thereafter*

It is important avoid tragedy when promoting products, as this can have a backlash. The initial response should be silence, unless it is a campaign to pay tribute to victims/affected groups.

- *Subtle change in messaging on/promotion of the destination*

New York used the themes of heroism, sacrifice, resilience, and the ability to re-build, endure, and thrive to promote the city after September 11.

France spent EUR 2.5 million after the 2015 terror attacks, EUR 1 million of which came from the French government. Rather than focusing on tourism, the campaign was solely based on "Made in France", to instil confidence and not oversell a product.

Appropriate pricing of products and airfares can help shift consumers' attention from other security issues to price.

- *Promote domestic tourism*

Nigeria, after the Boko Haram kidnappings of 2014, launched a new tourism strategy in 2016 (Tour Nigeria) focused on promoting domestic tourism.

- *Implement strong safety measures*

It is crucial to implement stronger security and intelligence measures that reduce or dissuade repeat attacks; this is key to winning back tourist safety perceptions.

When terror hit France in January 2015, within days the president deployed 10,000 personnel to 830 key attractions in the country. The government learned that swift response helped reassure tourists of their safety.

- *Focus on easier segments*

The sector can focus on segments that are less sensitive in terms of safety and more likely to visit (for example, neighbouring countries, repeat visitors and independent travellers).

- *Use international trade channels to reconstruct image*

Empirical studies have shown that countries with a poor image could utilize trade as a means of engaging with potential tourism sources.

- *Go digital*

In the aftermath of many terrorist attacks ranging from Manchester to Paris, there is a greater feeling of community, the need to support the affected, etc. By using hashtags and digital communities these can be better organized and communicated to the world, thereby creating a positive impact.

As visitors increasingly rely on informal sources for their travel information and perceptions, destinations can use 'influencers' to market their product.

Next steps for Sri Lanka

Managing the resurgence of tourism following the terrorist attack requires a coordinated response informed by evidence and global best practices. This applies to all stakeholders including the government, tourism associations and private players. MDF in consultation with the private sector has identified the following areas of work.

- *Safety and security:*
Enhancing the security measures adopted by hotels, tour operators and other tourism-facing businesses to convey a strong sense of safety to tourists, enabling them to relax and enjoy a memorable experience. Providing recommendations to the government on managing tourists at airports as well as employing soft diplomacy to have travel warnings withdrawn.
- *Promotion:*
Developing a short-, medium- and long-term promotion strategy that identifies tourist segments, key messages, and channels that can be used to minimise the negative impact on the industry. There is global evidence and scholarship on which segments are more resilient and quicker to recover, as well as on messaging and platforms that can be utilised to directly communicate with tourists. This insight can be incorporated into the promotion strategy.
- *Communications:*
Developing a reliable, one-stop source for information for tourists. This could include social media channels, a website, and a telephone hotline to provide guidance on travel advisories, directives by local authorities, as well as other relevant information.
- *Public Relations Campaign:*
In line with the promotion strategy, running a coordinated campaign to convey a unified tourism front to global audiences and communicating all the measures put in place to make travelling to Sri Lanka safe and memorable.
- *Operations Management:*
Equipping hotel general managers to withstand decline in revenues by building their capacity in cash flow management. Hotels can also be encouraged to use revenue management/active pricing as a buffer for low earnings.

MDF offers its support to the private sector, along with other development partners, to contribute towards the recovery and resilience of Sri Lanka's tourism sector.

MDF is Australia's flagship private sector development program in Sri Lanka. As part of Australia's close partnership with Sri Lanka, the program operates under the Ministry of Tourism Development and focuses on Tourism and Related Sectors. Currently, MDF works with 6 private sector tourism partners and has an MoU in place with The Hotels Association of Sri Lanka (and a previous MoU with Sri Lanka Tourism Development Authority)



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Fiji: Garden City Business Park, Grantham Road, Suva, Fiji

Pakistan: 95-E/1, Syed Shamshad Haider Road, Hali Road, Gulberg III, Lahore, Pakistan

Papua New Guinea: Level 6, PwC Haus, Harbour City, Port Moresby, Papua New Guinea

Sri Lanka: No. 349, 6/1, Lee Hedges Tower, Galle Road, Colombo 03, Sri Lanka

Timor-Leste: 2nd Street, Palm Business & Trade Centre, Surik Mas, Dili



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