12 Responding to Disasters: Strategies for Tourism and Hospitality Entrepreneurs

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Introduction

The hospitality and tourism industry is highly vulnerable to interruption by natural disasters owing to its heavy reliance on positive perceptions of safety, functioning infrastructure and visitor mobility (Laws and Prideaux, 2005; Ritchie, 2009). The increasing occurrence of natural disasters across the world has demonstrated the catastrophic impact such events can have on the tourism industry. Small businesses in particular are often those hit hardest when disaster strikes and it is therefore necessary for small businesses to understand the potential implications of a natural disaster and the role they can play in the recovery process to minimise extensive loss of trade.

The purpose of this chapter is to develop your understanding of the impacts of a natural disaster on tourism and small hospitality businesses and, more importantly, how small business entrepreneurs can expedite the recovery process for both the destination and their own enterprises. In particular, by the end of this chapter you should be able to:

- Discuss the impacts of disastrous events on destinations and hospitality and tourism small businesses;
- Discuss how small businesses can prepare for disastrous events;
- Explain how small businesses in the hospitality and tourism sector can adequately respond to disastrous events.

This chapter begins with a discussion on the impacts a disastrous event can have on tourism destinations. A number of preparation strategies useful to small hospitality and tourism businesses in particular are then discussed. Following this, a number of practical response and recovery strategies are presented.

The impact of disastrous events on the tourism and hospitality industry

Disastrous events, whether they be natural (e.g. cyclones, wild fires, hurricanes, earthquakes, disease outbreaks) or man-made (economic downturn, terrorism events, political instability) will inevitably influence global travel patterns as tourists avoid unnecessary travel to destinations that are affected. There are winners and losers among the tourism sector following a disastrous event. Winners are those destinations that may not have been considered prior to a disaster taking place, e.g. an Australian tourist planning to travel to Thailand before the tsunami may choose to travel to Bali instead. There is often a spiked growth in domestic travel as tourists decide to stay closer to home in response to global media coverage of a significant event that instils fear and uncertainty among travellers. The focus of this chapter however is on destinations that miss out on the tourism income they would have received had the disaster not occurred

Over the past decade we have witnessed a significant increase in the quantity and intensity of natural disasters in particular. The 2004 Indian Ocean tsunami had a significant impact on major tourist destinations such as Thailand, Indonesia and the Maldives. In 2005, Hurricane Katrina devastated the popular tourist destination of New Orleans in the US state of Mississippi, resulting in the closure of nearly 1500 tourism and hospitality businesses (Pearlman and Melnik, 2008). In Australia, the 2009 Black Saturday fires in Victoria resulted in an estimated loss of $400 million in tourism revenue, while in New Zealand, the Christchurch Earthquake in 2011 resulted in a 35% downturn in visitor numbers in the twelve months following the event. Other significant events that have caused major disruptions to the global tourism and hospitality industry include; the 2011 Queensland Floods, which were closely followed by Cyclone Yasi; Tohoku Earthquake in Japan in 2011 and Typhoon Haiyan that hit the Philippines in 2013. The specific impacts such events are likely to have on an affected destination are discussed in detail below.

Downturn in visitor numbers

One of the first problems a destination will face in the wake of a disastrous event is cancellations from would-be visitors. Tourists, regardless of their existing travel plans, will generally stay away from a disaster-affected destination at the time of, or soon after, an event for a number of reasons. These include fear of interfering with recovery efforts, of being physically injured, or of being emotionally traumatised by witnessing the devastation and destruction; a wish to avoid negative or tragic circumstances; and the perceived financial and physiological risks associated with simply enduring a bad experience at the destination (Walters *et al.,* 2012).

In severe cases cancellations will occur because it is simply not possible to continue with travel plans owing to a loss of infrastructure. For example, the hotel they intended on staying in may have been destroyed or the destination simply rendered inaccessible. However, it is important to note that many small businesses will encounter cancellations as much as twelve months in advance simply because they are located in the same vicinity – whether this be the same region, state, or in some instances, even the same country (Walters and Clulow, 2010).

Loss of tourism generated income

A downturn in visitor numbers will inevitably lead to a substantial loss of tourism-generated income. In 2009, the Black Saturday Bushfires cost Victoria's tourism industry in excess of $400 million despite the fact that only one hundred tourism businesses were directly affected by the fires and fifty businesses were destroyed. In New Orleans, Hurricane Katrina resulted in an estimated loss of US$4.2 billion in tourism-related income. For those destinations, whose economies are heavily dependent on tourism expenditure, a disastrous event can cause long-term socio-economic problems that hinder the destination's recovery efforts. Consider the 2004 Indian Ocean Tsunami and the Thailand tourism industry, for example, where a large majority of entrepreneurs directly hit by the Tsunami did not have insurance to cover the loss of their small hotels and restaurants. Faced with a total loss of income and continuing bank loan repayments, these entrepreneurs often had to walk away from the industry (Karatani, 2008). Thirty percent of small business entrepreneurs had to return to their pre-tourism occupations (boating, fishing and farming) following the 2002 Bali bombings, while 16% had no alternative income source (Cushnahan, 2004).