

CAN TOURISM BEAT TERRORISM?

David Harper examines the impact the Tunisian beach massacre has had on the country's hotel market and how trouble in the rest of Africa continues to blight a continent offering huge growth potential

After four difficult years following the Arab Spring, Tunisia had started to attract new visitors through a careful marketing and pricing strategy, and hoteliers were feeling hopeful for the future.

The Arab Spring had seen bed-nights in the country drop from 35.5m in 2010 to 29.1m in 2014, with overall visitor numbers dropping from 6.9m in 2010 to 4.7m in 2011 and 5.9m in 2012. They then recovered, to 6.3m in 2013 and 6.1m in 2014.

However, on 26 June a gunman opened fire on a beach in Sousse, killing 38 people – 30 from the UK. This was the second major attack this year, following a gun attack at the Bardo Museum in Tunis in which 22 people were killed.

News agencies went into a frenzy, and the widespread use of camera phones during and after the attack meant images were available to enhance the drama of the story. It seemed all the hard work of the national tourist authority and hoteliers had been undone in one afternoon.

International tour operators immediately began to fly tourists home and reallocated future holidaymakers to locations outside the country. Then, following "information received", the UK government issued an advisory warning against travel to the country on the basis of a new and imminent threat having been detected.

That effectively stopped all UK tourists from visiting Tunisia, as travel insurance becomes invalid if the traveller ignores a national travel advisory warning. Meanwhile, Thompson and First Choice cancelled all flights to the country for the rest of the year.

With UK tourists a key market for Tunisian resorts, this has had an

immediate impact on hotel occupancy in the key resorts of Sousse, Monastir, Makdia, Djerba, Zarzis and Hammermet. A number of hotels have already closed for the season, with more expected to close earlier than normal due to the lack of business.

Hotel values are down by an estimated 20%, according to a report by Hotel Partners Africa, after having risen by 16.4% in the past two years. Of the 12 new branded hotels listed in W Hospitality Group's pipeline study, 61% were under construction prior to the attack, and it is estimated that all but two are now on hold.

Tunisia is not alone in facing this problem. Almost every week new reports of terrorist activities in Nigeria come to light, with the majority happening in the northern states, far from the economic powerhouse of the country, Lagos.

Lagos and the capital, Abuja, have suffered isolated terrorist attacks, but as the business in these cities is mainly corporate rather than discretionary leisure, the impact was less severe.

TERRORISM VERSUS POLITICAL UPHEAVAL: THE LONG-TERM IMPACT ON TOURISM

On 7 August 2014, two men on a motorcycle threw sulphuric acid into the faces of two 18-year-old volunteer British teachers just outside Stone Town in Zanzibar, leaving them permanently scarred. Visitor numbers to the island declined significantly.

More than 500,000 tourists visit the island each year and more than 40,000 people are indirectly employed by the travel industry, which generates 42% of GDP. It was therefore essential that the impact was minimised.

An initial drop-off of more than 25% was soon stopped through careful

In May 2014, the US government issued a warning of "an imminent attack in Lagos on an international hotel like the Sheraton". Unsurprisingly, occupancy in both of the city's Sheratons dropped by more than half, but across the city as a whole demand held steady, dropping by less than 4%. In contrast, when the first case of ebola occurred in Lagos in July 2014, occupancy levels across the city fell by 30%.

The troubles in Egypt have led to many of the country's hoteliers having to close their businesses, with the average rate generated in Cairo and the resorts dropping to a 20-year low, as only "bargain hunters" are prepared to visit the country.

Kenya has also had its fair share of trouble, with the 2013 Westgate shopping centre hostage crisis (the centre only reopened in July this year) being followed by bombs in the north of the country, a school massacre and shootings in Mombasa, all in the name of Al Shabaab.

Throughout the country, occupancy

management of the situation and a clever media strategy, and by the end of 2014 international visitor numbers were once again increasing year-on-year.

In contrast, Algeria, one of the most beautiful parts of North Africa, remains firmly off the tourist trail. Government warnings about terrorism and kidnapping risks abound, and tourists have mainly stayed away. With the risks perceived to be "political issues" and the disputes internal affairs, tourists are unwilling to visit the country without a detailed knowledge of the situation.

Tourism contributes only about 1% towards the GDP of Algeria and it is unlikely that any significant advances will be made until the political situation is resolved.



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levels and average rates are down. It is estimated by some sources that occupancy levels on the Mombasa coast are at an all-time low, with many resorts closed and those that are open trading at less than 17% capacity. Just after the UK, Australian and US travel advisories were issued against the Mombasa coast, one hotelier even started offering plated breakfasts rather than a buffet for the first time since it opened.

Terrorism has in the past had a mixed impact on the hospitality industry. The Troubles made Northern Ireland almost a no-go zone for tourists, whereas the impact of the 7/7 bombings in London in 2005 were less severe, with international tourism climbing to a record 15.2m visitors in 2006, up by 9.4% on the previous year.

Indeed, until 2014 this number of

visitors was not surpassed in London. The London attacks had less impact because the city had a very healthy mix of leisure, business and conference visitors, which helped to absorb the impact of the attacks on the leisure market. New York, on the other hand, saw visits drop significantly after the 9/11 attack.

The unprecedented nature of the attack on the World Trade Center meant it took two full years for total visitor numbers to reach 2000 levels, and international visitor numbers did not recover until 2005. The January 2015 attacks on the Charlie Hebdo cartoonists led to an initial slowing of visitors to Paris, but within four weeks the impact had been completely undone, as reporting of the incident declined.

The key for a market like Tunisia is diversification. The ability for hotels to

attract a mix of visitors, not just relying on leisure tourists, will help the hotels to counteract problems experienced in any one sector.

The effects of terrorism on leisure businesses may not last as long as those of other factors that deter visitors, because of the desire among most tourists to avoid "letting the terrorists win". But until a new tragedy occurs, the story of Tunisia will remain in the minds of tourists, and they will be reluctant to book. The good thing is that memories are short, and there is always something happening somewhere in the world that will help people forget the tragedy of Sousse.

David Harper is director of Leisure Property Services and founding partner of Hotel Partners Africa