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UNDERSTANDING TOURISM CRISIS

~ Case Study of Bali and Phuket ~

In an era of considerable disaster and uncertainty, many destinations have been made alarmingly aware of the fickle nature of tourism. While peak industry bodies, academics and professionals advocate the introduction of risk/crisis management strategies as a means to better insulate against adversity – the operational capacity and capability of any destination is only truly determined in conditions of duress. Beyond the plethora of complicated theory and rhetoric, most stakeholders understand tangible lessons and solutions. The experience of recently crisis afflicted destinations such as Bali and Phuket provide an opportunity to examine destination vulnerability, response strategies and the common objective of destination recovery. Although still far from achieving the ideal of sustainable tourism, the strategies employed by both of these locations demonstrate that improved destination resistance and resilience may be achieved through greater institutional reform.

Destination Vulnerability – Establishing the Context

Prior to the terrorist attacks of October 12, 2002, the tropical island of Bali was generally considered a safe and tranquil tourist destination. Dubbed “The Island of the Gods” and “Paradise on Earth”, throughout the four decades of overt tourism development it had never suffered a disaster or incident substantial enough to seriously disrupt this burgeoning industry. While other regional and international destinations had been adversely affected by the Asian Economic Crisis, political instability, natural disasters, and a general decline in consumer confidence following events such as the “September 11” attacks – the impacts in Bali were relatively marginal. As the tourism sector continued to prosper, few local stakeholders would have conceived of any incident significant enough to undermine the stability of the entire industry.

Politically and geographically, Bali is located within the archipelagic nation of Indonesia. Yet even before the introduction of the official government “decentralisation” policy in 1999 it had evolved into a relatively self-reliant/self supporting region. Although tax and revenues are remitted to the central government in Jakarta, the majority of infrastructure, capital works and socio-economic initiatives for the community have always had to be resourced locally. As the tourism sector obviously generated significant employment, income and investment opportunities it soon became the primary source of development for the region. Rationalised by the perceived economic advantages, tourist associated structures were designed and built indiscriminately with little consideration to local environment, natural resource and socio-cultural issues. Similarly, as many traditional livelihoods were restructured to support and facilitate the diversity of traveller demands, the community developed a growing dependence on tourist expenditure.

Although most residents of Bali benefited financially from tourism, either directly or indirectly – health, education and security services remained rudimentary. The chaos that ensued following the tragic bombings of the two popular nightspots in Kuta revealed the full extent of Bali’s vulnerability and operational inadequacies. Despite the heroic efforts of first responders, medical personnel and volunteers, the existing emergency response capacity, facilities, equipment and available resources were seriously deficient. As the community struggled to react, it quickly became apparent

that the local authorities and relevant tourism stakeholders also lacked the management capabilities, flexibility and confidence to effectively deal with any unexpected, complex or critical situation.

As the South Asian tsunami impacted on the western coastline of Phuket and Southern Thailand on December 26, 2004, local stakeholders had similarly underestimated the solemnity of potential risks to their destination and tourism sector. While the reckless course of tourism development and associated reliance on tourism revenues has been comparative to Bali, this region generally experiences greater government support and assistance. Although the country of Thailand is still considered a developing nation, Phuket has become the richest regional province outside of Bangkok. Existing facilities and infrastructure on the island are predominantly modern and clean, with many international tourists travelling for the specific purpose of “cosmetic surgery/holidays” of comparable overseas quality at significantly reduced prices.

Featured in popular films like James Bond “The Man with the Golden Gun” and Leonardo di Caprio’s “The Beach”, Phuket was renowned for its “sun, surf, sand and sex”. As accommodation providers, restaurants and informal sector businesses gradually encroached on the beach front, little thought was given to the threat of a sea-based hazard. Prior to the Boxing Day tragedy no tsunami had impacted on the region within living local memory. While the physical destruction from this event was inevitable, the lack of public awareness and understanding resulted in many preventable deaths – most proved ignorant of the blatant natural warning signs. Speculative tsunami warnings issued to national Thai authorities following analysis of the causative undersea quake, were not conveyed to the general at-risk populations. Although many other countries were devastated by this event, the region in and around Phuket was dominated by tourist towns and resorts - as a direct consequence a high percentage of the victims were international travellers.

Short Term Response: Resources, Communication and Integration

The direct impacts of the Bali bombings were primarily structural and human. The two main explosions were localised, causing extensive physical damage and debris scattered in a radius of several hundred metres. Officially, the incident resulted in 202 fatalities and hundreds of injuries of varying severity. As subsequent media attention and concerns regarding personal safety and security resulted in a mass exodus of tourists, further cancellations, and holiday substitution; the destination was effectively plunged into tourism crisis. While the community of Bali struggled to comprehend this malicious, premeditated terrorist act, it was also faced with the potential loss of local livelihoods. Lacking any predetermined directives or experience, Bali was forced to develop purely reactive response strategies.

Without the requisite public relations skills or crisis understanding, most of the official strategies following the bombing seemed unrefined, confused and often lacked public credibility. Perceptions of death, destruction and adversity were exacerbated by poorly balanced media images and emotional stories transmitted to a global audience. As the Indonesian government visibly increased the police and military presence on the island, national strategies prioritised the identification of the perpetrators and greater control over possible terrorist activities. In the immediate aftermath limited local resources were reinforced by the generosity of significant

international donations and support. The gravity of the socio-economic situation helped create a strong altruistic/consensus approach amongst most destination stakeholders. As individuals, non-government organisations and international aid agencies strived to work as a coordinated group to establish a social safety net for the host community, the government and most tourist operators continued to function as separate entities.

With a limited impact area the restoration of damaged amenities proceeded relatively quickly. The majority of the injured were either expatriated or treated within local facilities. While the host community of Bali continued to suffer emotionally and psychologically, their long term socio-economic viability remained jeopardised by negative perceptions and poor consumer confidence. Efforts were undertaken both local and regionally to enhance safety and security throughout the island, however, few of these initiatives were communicated to the wider public. Without sufficient clientele many tourism enterprises were forced to cut back staff, wages, working hours, temporarily close, or, became liquidated.

Although the tourism sector of afflicted Southern Thailand also lacked any formal risk or destination crisis management plans – the national Thai government Department of Disaster Prevention and Mitigation was directed to the region immediately following the impact of the first tsunami wave. Well resourced and experienced in responding to disaster situations it quickly established a centralised operational centre, co-ordinating emergency response efforts, the collection/dissemination of information and providing a temporary relief shelter. As the magnitude and extent of the destruction became more evident the functional capacity of this operations centre was extended to include government, media, foreign embassy representatives and assistance for victims, friends and family.

With six provinces affected by the disaster, the official death toll for Thailand (including those still reported as missing) has been estimated at around 5700. As search and rescue efforts were hampered by the sheer geographical scale - medical staff and facilities were overwhelmed by the dead and injured. Although there were obvious shortages of medical supplies, disinfectants and morgue capacity, in the more urbanised areas of Phuket food and access to clean water was never a serious threat. In the following days a continued lack of credible information and explanations left many concerned about the possibility of reoccurrence. As the high number of foreign casualties ensured international media attention, the abundance of amateur video footage and personal photographs reinforced impressions of total destruction and devastation. Contrary to such negative images and perceptions, in Phuket over 80% of existing businesses remained operational. Within 48 hours the regional tourism authorities (Phuket Tourism Association) were able to compile and publish a comprehensive status report of local accommodation providers. Despite this functional reality most tourists opted to leave or avoid the region – instigating a tourism crisis.

As the host community began the enormous clean-up task the national government committed extensive operational assistance, personnel, machinery and even financial compensation for afflicted businesses. Lacking insurance most of the worst affected informal sector and small scale enterprises were forced to either initiate reconstruction efforts or ponder alternative employment activities. Construction activities operated

24 hours a day as the government, national, regional and local tourism authorities worked to convince the international community that the region was again safe to visit. With an unprecedented outpouring of global public support and financial assistance for the tsunami affected regions there was a unanimous call for the establishment of an Indian Ocean based warning centre. In contrast to other afflicted countries, the Prime Minister of Thailand made it abundantly clear that rather than money and material donations, Thailand needed foreign skills, knowledge and expertise to rebuild the damaged regions.

Recovery Strategies

As Southern Thailand still continues to rebuild and renovate, it is far from achieving full recovery of its tourism sector and socio-economic stability. While many locals in Phuket are anticipating significant visitor returns by the next high season in December 2005, more conservative predictions suggest a lag of between 2-5 years. Actual rates are bound to be differential, depending on location; the level of associated physical/structural damage; financial support; and subsequent hazards to the area. In an effort to address such concerns the government has embarked on a proactive community “natural hazard” education program at all schools and temples. With the construction of an interim hazard warning alarm system and the conduct of local evacuation drills, authorities in Thailand hope to convey the message that they place a high priority on community and visitor safety. Following the tsunami the government has also committed to stricter regulation of structural standards and redevelopment activities proximate to the shore line.

Beyond the immediate physical and environmental issues the long term viability of tourism in Phuket and Southern Thailand requires the restoration of both stakeholder and consumer confidence. While the tsunami was an inevitable “act of nature”, the associated force, devastation and human tragedy was unprecedented. Many local fishermen have become afraid of the ocean, while personal loss and local superstitions regarding the ghosts of unresolved souls hinder many redevelopment efforts. Tourism authorities, government and various aid agencies have collaborated to create a regional recovery plan – incorporating mitigation initiatives - yet as the focus and extent of implementation varies, the majority of tangible community-level accomplishments have been achieved by the private sector, non government organisations and volunteers. Tourism specific strategies including re-branding, discounts/incentives, stronger domestic marketing, and events promotion, have achieved considered success however; the uncertainty over future tsunami events (exemplified by the Nias earthquake in March 2005) remains a significant deterrent. In the current environment of consciousness and cautious optimism most stakeholders have at least verbally committed to making tourism in Phuket more sustainable and resilient to future adversity.

In contrast, considerable time has passed since Bali was first subjected to the reality of significant tourism crisis. While the extent of physical damage was fairly limited, the psychological impact in terms of tourism was far-reaching – the perpetrators of the Bali Bombings specifically chose tourists as their primary targets. It is a well accepted assertion that people are more understanding and forgiving of natural disaster than acts of terrorism/violence committed against other humans. Bali has vainly struggled to overcome consumer fear and heightened perceptions of personal risk. As the invasion of Iraq, SARS and the Avian/Bird Flu have affected global

tourism patterns – conditions for Bali have been further distressed by repeated terrorist bombings in Jakarta, domestic instability and more recently the Schapelle Corby and Bali Nine drug scandals.

While the tourism industry financed journalist/tour agents junkets, trade show exhibitions and numerous staged events, such efforts were not consolidated with effective public relations or enhanced messages regarding personal safety. Although re-branding, marketing and promotional efforts have been primarily based on heavy discounting and incentives, there has been a successful expansion of the domestic and regional market segment. Despite the contribution Bali's tourism industry makes to the national GDP (Gross Domestic Product) – government financial aid has been minimal. Local government support and assistance remains limited by available resources.

The majority of altruistic aid agencies and organisations that were established in the aftermath of the bombings have since disbanded or moved on to other causes. Most of the donations and financial contributions have also been expended with little consideration for the long term viability of projects. As the community continues to experience indirect and flow-on impacts, it has started to take a more proactive approach in its own development future. While perceptible successes have been limited and isolated, simple education and awareness initiatives have prompted greater public concern over health, education, and environmental issues. Although there has been a strong call for greater economic diversification – inferior infrastructure and a poor investment climate has limited most feasible alternatives.

As direct arrival numbers seem to indicate that Bali's tourism sector has recovered to the extent of actually surpassing pre-crisis trends and popularity, closer investigation reveals a disparity in the economic figures. The current demography of tourists, predominantly domestic and regional, have a tendency to spend less money and stay for shorter periods than their predecessors. Whether a consequence of the new visa policy, poor marketing, continued travel advisories or perceived risk to personal safety; Bali has still been unsuccessful in regaining the long-haul North American and European market segment. Socially and economically Bali continues to experience adversity.

While the level of current recovery may be attributed more to the natural resilience of tourism, community and the islands intrinsic value, than any professional promotional or marketing strategies, it has managed to emerge from the bombings as a less vulnerable destination. Even without the development of formal crisis management plans, most stakeholders have become considerably better prepared for adversity. At the government management level the Bali bombing has instigated the restructure of existing safety, security and emergency response capabilities, with a considered revision of existing development and construction standards. While poorly resourced, endeavours have also been undertaken to improve common health and sanitation issues. Socially, the experience of shared adversity has strengthened local and communal support networks, substantially raised hazard awareness and provided greater accord between all stakeholders. Through education, communication and improved understanding the host community of Bali has become more proactive in mitigating future contingencies.

Crisis Management and Recovery

The concept of tourism crisis recovery for many implies a destinations return to pre-crisis operational conditions, however; in contemporary crisis management theory the process is more regarded as a self-appreciating continuum where lessons learnt are integrated into developing an improved management system – ideally generating more proactive mitigation and preventative strategies against future adversity. Beyond any destructive, tragic or detrimental impacts associated with a significant event, crisis should also be considered as an opportunity to achieve greater sustainability. For destinations that have not been afflicted by serious crisis, such experiences of tourism recovery should be reviewed and utilised to better understand the issues, problems and strategies associated with achieving effective destination management.

While Bali and Phuket have yet to achieve comprehensive destination recovery, their experience of crisis and hardship reinforce the most fundamental precepts to achieving effective destination crisis management. Tourism may appear to be a resilient industry however to reduce destination vulnerability to sustained adversity, all stakeholders must adopt an approach that considers:

- *Holism*
 - Understanding the wider context of hazards, risk and vulnerability beyond just the tourism sector (eg. social, cultural, political, environmental, economic)
 - Incorporating a more generic all hazards approach (not all hazards can be predicted or anticipated)
- *Integration*
 - Developing cooperative and integrated crisis planning/management between all agencies/organisations/stakeholders – incorporating communication, media and tourism specific strategies at all stages
 - Active promotion and support of community/stakeholder engagement – involving all levels of government, private sector and civil society
 - Use and sharing of all available resources – human, material and financial
 - Development and encouraging inter/intra stakeholder networks and understandings
- *Proactive behaviour*
 - Commitment to action
 - Understanding/awareness and reducing destination vulnerability/susceptibility before significant crisis
 - Enhancing education, awareness and community preparation/resilience
- *Sustainability*
 - Maintain short, medium and long term viability
 - Ethically balanced socio-cultural (quality of life), economic and environmental development

Conclusion

Evidence from both Bali and Phuket suggests that to facilitate greater destination resistance and resilience to tourism crisis, the tourism sector needs to engage more proactively with the broader host community. Rather than remaining oblivious or

complacent, all stakeholders should be aware, educated and prepared to respond to any hazard – including adequate consideration of recovery strategies. Although it is impossible to predict or anticipate every threat, the shared and open accumulation of skills, knowledge, ideas and resources can enhance a destinations flexibility and capacity to implement effective crisis management. Without the ideal of sustainable tourism development, destinations like Bali and Phuket will continue to remain vulnerable to crisis conditions, however, such tangible lessons in crisis management can be used to reduce the potential impact of future adversity.

As a working paper these case studies are presented as a descriptive examination of real life tourism crisis and associated management strategies. The information provided is primarily based on extensive longitudinal fieldwork/observation, anecdotal evidence, personal communication and various sources of secondary data.