

# **Tourism Crisis Management Framework: The Thai Experience**

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## **Abstract**

Thailand's tourism industry has suffered significant crises including SARS, Southern Thailand unrest, tsunami and bird flu, all of which have required swift crisis management by the Thai government. This study addresses the Thai government's responses to these crises and their impact on tourism. The study proposes a crisis management framework that considers the degree of uncertainty in the operating environment and the degree of complexity in the operating mission. The purpose of the framework is to assist governments and private sector in managing future crisis including the looming global bird flu pandemic.

## Introduction

The new millennium has been defined by several global crises since the terrorist attacks in New York City and Washington D.C. on Sept. 11, 2001. There have been several terrorist inflicted tourism crises from the Bali bombings on October 12, 2002 to the most recent hotel bombings in Amman Jordan in November 2005. In addition to these crises, tourism has suffered from serious health crises including the foot and mouth disease 2001, the SARS<sup>1</sup> epidemic in 2003 and the bird flu<sup>2</sup> that started to expand in June 2002 and threatens to become a global pandemic. Tourism has also been impacted by several natural disasters including earthquakes, flooding, wild fires, hurricanes (i.e. Katrina and Rita in New Orleans and Texas October 2005, and Wilma in Mexico November 2005), and the most devastating Tsunami in December 2004. Several researchers have addressed individual tourism related crisis or a specific type of crisis such as terrorism (see Laws and Prideaux, (2005) and Mintel Oxygen (2007) for the most recent reviews). Pizam A. & Smith, G. (2000), Faulkner (2001), Ritchie (2004), Laws and Prideaux (2005), and Scott and Laws (2005) have highlighted the need for research focusing on the management aspects of crisis, their impacts and strategies for recovery, risk and damage minimization. This study contributes to the existing literature by addressing the Thai government crisis management of the four different types of crises, namely SARS, Southern Thailand unrest, tsunami and bird flu. Based on the findings the study proposes a crisis management framework that considers the degree of uncertainty in the operating environment and the degree of complexity in the operating mission. The purpose of this framework is to assist governments and private sector in responding to different types of tourism crises including the looming threat of the global bird flu pandemic. This paper concludes with suggestions for future crisis management research.

The study focuses on Thailand where the tourism industry has long contributed significantly to the Thai economy. According to the Bank of Thailand (BoT) the tourism industry accounted for 7.7 % of the USD 180 billion Gross Domestic Product (GDP) and employed 3.3 million Thais which amounted to 8.4 % workforce in 2004. World Travel & Tourism Council (WTTC) projects above 8% annual growth which would mean that by 2014 the tourism industry would be the most important economic sector in Thailand with 11.7 % of GDP and 12.6% of the workforce. The Thai tourism industry has suffered losses due to the Asian economic crises in 1997, the 9/11 terrorist attacks in the USA in 2001, the bird flu epidemic starting in 2002, SARS breakout in 2003, unrest in Southern Thailand since 2004, and the tsunami disaster on December 26, 2004.

## SARS and the Thai Government Crisis Responses

The World Health Organization (WHO) issued an alert terrifying the world shortly after the SARS outbreak in China in February 2003. The Ministry of Public Health (MOPH) of Thailand issued its first disease warning later in February and posted updated information of SARS from WHO's Global Influenza Network.<sup>3</sup> Soon after the outbreak Dr. Carlo Urgani, a WHO expert who contracted SARS in Hanoi, was given an emergency medical admission

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<sup>1</sup> SARS = Severe Acute Respiratory Syndrome caused by corona virus. (See <http://www.who.int/csr/sars/en/> )

<sup>2</sup> Bird flu refers to as Avian Influenza, a virus causing a contagious infection of the nose, throat and lungs. The present pandemic threat comes from the H5N1 strain viruses originated from wild migratory birds. (See [http://www.who.int/csr/disease/avian\\_influenza/pandemic/en/index.html](http://www.who.int/csr/disease/avian_influenza/pandemic/en/index.html) )

<sup>3</sup> See more details at [http://thaigcd.ddc.moph.go.th/download/SARS\\_Policy\\_Response.pdf](http://thaigcd.ddc.moph.go.th/download/SARS_Policy_Response.pdf)

to the Bamrasnardura Institute, a military-like hospital complex in suburban Bangkok. He was under strict infection control by the Department of Disease Control (DDC). Admitting Dr. Urgani meant that the Thai government was confronting SARS head-on, and it benefited from foreign medical experts who gave MOPH first hand experience with SARS.

Human fear, hysteria and panic are disproportionate to the severity of this disease. People have always reacted emotionally when confronted with an unknown epidemic such as SARS. Even though hotels, tourism and travel businesses suffered severely during this outbreak, they complied with SARS prevention measures given by the MOPH.<sup>4</sup> Due to strict compliance, Thailand became a SARS-free area with no single death reported. The Tourism Authority of Thailand (TAT) began to promote this selling point with a USD \$70 million six-month promotional budget, and with a USD \$25,000 road show rescue package. The TAT's strategy focused mainly on domestic travel, however, special discounts and promotions were offered in less SARS-affected regions such as Europe. The Prime Minister personally announced that a compensation USD \$100,000 would be paid to the family of any tourist who contracted SARS in Thailand and died. The cabinet additionally moved to guarantee the health-safety of visitors with free medical care and a compensation of USD \$100,000 to any tourist who could prove they were infected with SARS while staying in Thailand. The government also sped up its fiscal spending and provided credits to the businesses experiencing liquidity problems caused by SARS. The ultimate aim was to resolve the situation before the start of the high season in November 2003. Some critics asserted that the government actions were like throwing money at the problem. The Thai government claimed, however, that due to decisive crisis management it was able to limit the negative impact of SARS in Thailand.

SARS may have become the worst crisis in 40 years for the Thai tourism industry. The number of foreign tourists dropped 70% from Europe and 90% from Asia. Travel advisories from 19 western countries warned their citizens to refrain from traveling to and from SARS hit countries. The SARS outbreak had the most adverse impact on the number of foreign tourists which decreased from a 7% growth in 2002 to a decline of -8.5% in 2003. Based on the deviation from the general tourism growth trend line, the brief SARS epidemic may have directly cost Thailand about USD \$1 billion in 2003. The indirect business costs were unaccountable. Because SARS did not claim any lives in Thailand, the negative impact on foreign arrivals lasted only a few months. A strong rebound took place in 2004 resulting in a 16% annual growth until the tsunami tidal wave struck on the morning of December 26, 2004.

### **Tsunami and the Thai Government Crisis Responses**

Tsunami hit eight countries and killed thousands of people across Asia. The tsunami hit areas on the Andaman Sea side were estimated to represent at least 20% of the Thai tourism economy. Thai government restored all basic infrastructures very quickly and only small areas in remote locations remained without clean up after February 2005. No wide spread disease was found, however, many traditional mass tourists decided to stay away due to psychological reasons.

International arrivals to Thailand were fairly flat in the first half of 2005 when several tourists and tour operators relocated their destinations inside the country away from the tsunami hit areas. The inbound tourist spending in Phuket plunged from a 30% growth prior

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<sup>4</sup> See more details at [http://thaigcd.ddc.moph.go.th/download/SARS\\_Policy\\_Response.pdf](http://thaigcd.ddc.moph.go.th/download/SARS_Policy_Response.pdf)

to the Tsunami to a 75% decline by the end of January 2005. The hotel occupancy rates in Phuket were still only around 40% in June 2005 compared to 70% the year before, and the revenue per available room (RevPAR) was down by more than 40% during the first six months of 2005. The Thai Tourism Authority's post-tsunami strategy focused on targeting potential new source markets of China and Russia, promoting new products like medical tourism and spa holidays, and developing new tourism attractions such as tsunami volunteer vacations.<sup>5</sup> The promotion efforts were helped by major international events such as the Miss Universe pageant which draw tourists to Bangkok and Phuket in May 2005. The live TV coverage presenting an image of normalcy was extensively used to feature clips of Phuket and other southern provinces. Domestic tourism was targeted with Thai Airway's promotional packages for the meetings, incentives, conference and exhibit (MICE) markets such as "Love Andaman Thailand" campaign and drawings on Thai Airways flights. First time visitors and bargain hunters were enjoying excellent value vacations due to soft demand and low prices. Tourism experts were confident that the travel would recover from the Tsunami impact faster than the SARS since these tourism areas were now used to the "constant shock syndrome." By May 2005, arrivals at the Bangkok airport were at the same level as in May 2004.<sup>6</sup> The tsunami was estimated to reduce the growth in foreign tourist arrivals from 16% in 2004 to around 12% in 2005. A new plan for "Designated Areas for Sustainable Tourism Administration", mental care for orphans and homeless and post-tsunami reconstruction were among the medium to long run crises management plans by the Thai government.

### **Southern Thailand Unrest and the Thai Government Crisis Responses**

In January 2004, the separatist-related unrest re-emerged in the four provinces of Pattani, Yala, Narathiwat and South East Songkhla of Southern Thailand bordering Malaysia. Violence had been escalating with daily murders in these Malay-Muslim dominated areas. The situation had not improved despite several government efforts. After January 4, 2004 tourism related businesses in the effected areas were forced to cope with cancellations by tourists and travel agents mostly from Malaysia. The final draw was the blast that killed two people in the departure lounge of Had Yai International Airport on April 4, 2005. This incident put the whole Thailand on security alert. Singaporean and Malaysian tourists cancelled their planned trips en-masse just ahead of the high season – Thai New Year or Songkran Festival between April 12<sup>th</sup> and 15<sup>th</sup>. TAT swiftly began its road show in Kuala Lumpur and Singapore in a desperate attempt to lure back 1.4 million tourists. In 2003 Malaysians spent over USD \$73 million mainly in the Had Yai area. Pacific Asia Travel Association (PATA) suggested that Thailand should establish a warning system for both man-made and natural disasters. In June 2005 TAT launched the "Amazing Thailand Grand Sale" as an effort to help the battered Southern Thailand tourism to recover from the ongoing unrest. To celebrate the 30 years of Sino-Thai relations, TAT took part in the Beijing Tourism Expo and made road shows to Xian and Taiyuan. Fortunately, Conde Nast Travel magazine had announced that Thailand was the third most popular destination in Asia and TAT leveraged this heavily in its mass media campaigns. The government's official position was that the unrest in the troubled South was containable because all violence took place only

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<sup>5</sup> Volun-tourists are people who combine their travels with volunteer and relief work projects.

<sup>6</sup> WTO News, 3<sup>rd</sup> Quarter 2005.

in the four southern Thailand provinces. Critics, however, argued that it was only a matter of time before the terrorist acts would spread into other parts of Thailand.

### **The Bird Flu and the Thai Government Crisis Responses**

Bird flu has been around in Asia for almost a decade. The first avian influenza or H5 N1 virus transmitting directly from birds to humans was reported in Hong Kong in 1997. However, the first avian flu pandemic – the Spanish Flu – took place in 1918 and killed tens of millions of people. Migratory waterfowl are natural reservoir for the bird flu. These birds can become infected hosts transmitting the virus to poultry which is why millions of chickens have been culled and killed in order to contain the spread of the disease. Humans are rarely infected until now because transmission from person to person is inefficient though humans and pigs can serve as mixing vessels.<sup>7</sup> Many re-occurrences have surfaced in Hong Kong and China mostly during Chinese New Year when the main dishes are chickens and ducks and the winter weather is ideal for transmitting the bird flu. Never before has this disease simultaneously affected so many countries and resulted in the loss of so many birds. In Thailand, the first cases of bird flu in fowl were uncovered in November 2003, and the government declared a potential pandemic two weeks later.

The first bird flu victim was reported on January 3, 2004, and ever since the Thai government had difficulties in managing the bird flu related foreign relations and news media. The Prime Minister hosted a summit meeting on bird flu in Bangkok in January 2004, and admitted poor handling of the outbreak but denied accusations of a cover-up. He staged a lavish chicken lunch for himself and his cabinet members to reassure both locals and foreigners that Thai chicken is safe. Subsequently, PATA declared that because bird flu was not passed between people, there was little threat to travelers.<sup>8</sup> With the full support from the Thai government, PATA engaged in an on-going reputation-management program to balance the news of bird flu concerns. Yet, many travelers had cancelled their trip during February and March 2004 though the impact was minimal. Most cancellations came from China, Korea, Taiwan, Hong Kong and Singapore. As a lesson learned from SARS, Thai Airways launched the “Most Hygienic In-cabin Environment” program as a new standard exceeding the levels set by the WHO. All reusable items were thoroughly cleaned, disinfected and made-sterile after use, and the interior of each aircraft was sprayed with disinfectant prior to departure. New high-performance air filters inside aircrafts were deployed similar to operating rooms of major hospitals which caught viral particles as small as 0.1 microns or 99.999% of all airborne contaminants. All flight and cabin crews, numbering around 3000, received flu vaccinations annually in December. In October 2005, hotel operators and travel agents called on the government to accurately clarify the bird flu situation to the world community before the upcoming high season. The Thai government responded by developing a National Plan for Avian Influenza Control and Influenza Pandemic Preparedness 2005-2009. As of April 6, 2006 there were a total of 192 confirmed human cases of Avian Influenza which had resulted in 109 deaths globally. Thailand reported the third highest number, 22 cases and 14 deaths, among the nine countries being affected by the Avian Influenza.<sup>9</sup> During the first three months of 2006 there was no new bird flu cases reported in

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<sup>7</sup> See more details at [www.cuhk.edu.hk/sars\\_and\\_flu](http://www.cuhk.edu.hk/sars_and_flu) and <http://www.who.int>

<sup>8</sup> PATA Bird flu Fact Sheet, (2005), Pacific Asia Travel Association, October 2005.

<sup>9</sup> See more details at [www.WHO.int/csr/disease/avian\\_influenza/country/cases\\_table](http://www.WHO.int/csr/disease/avian_influenza/country/cases_table)

Thailand. However, it was too early to say whether Thai government's bird flu crisis management strategy was agile enough to counter this looming pandemic.

## Discussion

Laws and Prideaux (2005) proposed a typology for crisis management from a tourism perspective, and they highlighted the need for research focusing on the aspects of crisis, their impacts and strategies for recovery, risk and damage minimization. The SARS, tsunami, Southern Thailand unrest, and bird flu have had a varying impact on the Thai tourism industry depending on the Thai government's crisis management actions. This study suggests that each crisis require different crisis management strategies (see Figure 1) depending on *the degree of uncertainty in the operating environment* and *the degree of complexity in the operating mission*.

A *clear direction strategy* with command and control type operation may be effective for the tsunami type disasters with low uncertainty of the operating environment and low complexity of the operating mission. On the other hand, *an agile and flexible strategy* is needed for the southern Thailand type of violent unrest due to the high uncertainty in the operating environment and high ambiguity of the operating mission. A SARS type of disaster may require *a logical decision tree strategy* with low uncertainty of the operating environment but high complexity of the operating mission. The looming bird flu pandemic may require *an agile directional strategy* due to high uncertainty in the operating environment but fairly low complexity of the operating mission.

The tourism seasons has to be considered when planning and executing any of the four crisis management strategies. The SARS outbreak started at the beginning of the low season in March 2003, which limited its immediate impact. This may not be the case for the bird flu, which can become a global pandemic during the high season of winter 2007. Crisis management is also complicated by consumer psychology because tourists fear the unknown and are afraid of the worst. Timely and quality information dissemination is crucial for managing negative reactions such as fear and panic that are strongly associated with the bird flu pandemic. The future research should address trends and triggering events leading to the crises, and the crisis management actions and policies regarding the extent and depth of crisis pre-planning, management, reporting, communication, knowledge sharing and organizational learning.

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