

Affect of the Tsunami to Tourist Arrival in Thailand^v

Thailand is one of the eight Asia Pacific countries impacted by Tsunami disaster on Dec. 26, 2004 at the peak of the tourist season (see Fig. 1). The major affected areas were at the Andaman Sea side provinces of Phuket, Phang Nga and Krabi (See Fig, 2) Most casualties¹ and injured were concentrated in the two areas of Khoa Lak in Phang Nga and Koh Phi Phi island in Krabi province. Many of the hotels and resorts in the Tsunami affected areas were not hit. All basic infrastructures were restored very quickly without any foreign help, and no wide spread diseases were found. Still many tourists decided to opt out due to psychological reasons which had a major impact on the Thai tourism industry.

Tourism industry contributed about 12 % of Thai GDP and employed 3.9 million workers or 8.3% of total work force in 2004.² The Tsunami hit areas were estimated to represent at least 20% of the Thai tourism economy. In the aftermath, international arrivals to Thailand were fairly flat in the first half of the 2005 and several holiday makers and tour operators relocated their destinations inside the country away from the Tsunami hit areas. According to Visa International the inbound tourist spending in Phuket plunged from a 30% growth prior to Tsunami to a 75% decline by the end of January 2005. According to the Deloitte Hotel Benchmark Survey hotel occupancy rates in Phuket were still perching around 40% in June 2005 compared to 70% the year before,

^v This case study was written by Pongsak Hoontrakul who is a senior research fellow at Sasin of Chulalongkorn University, Bangkok. All correspondence is at Sasin Graduate Institute of Business Administration of Chulalongkorn University, Sasa Patasala Building, Soi Chulalongkorn 12(2), Phayathai Road, Bangkok 10330, Thailand. Tel 662 954 1689 Email: Pongsak@Hoontrakul.com and URL www.Pongsak.Hoontrakul.com

¹ More than 5,000 people are counted dead and more than half came from 37 different countries around the world. At least other 2,800 people are still missing. There are about 1,200 orphans and 10,000 homeless from this unfortunate event.

² The Economist, January 8, 2005.

and the revenue per available room (RevPAR) was down by more than 40% during the first six months of 2005.

The key objectives of the post-tsunami strategy for Tourism Authority of Thailand included focusing on the new markets of China and Russia, promoting new products like medical tourism and spa holidays, and developing new tourism attractions such as Tsunami Trail Tours. Among major international events the Miss Universe pageant draw tourist to Bangkok and Phuket in May 2005. However, due to the soft demand and low prices Thailand was visited increasingly by first time visitors and bargain hunters who enjoyed the excellent value of their vacation. Tourism experts were confident that the travel would recover from Tsunami impact faster than SARS episode since these areas were now used to “constant shock syndrome”.

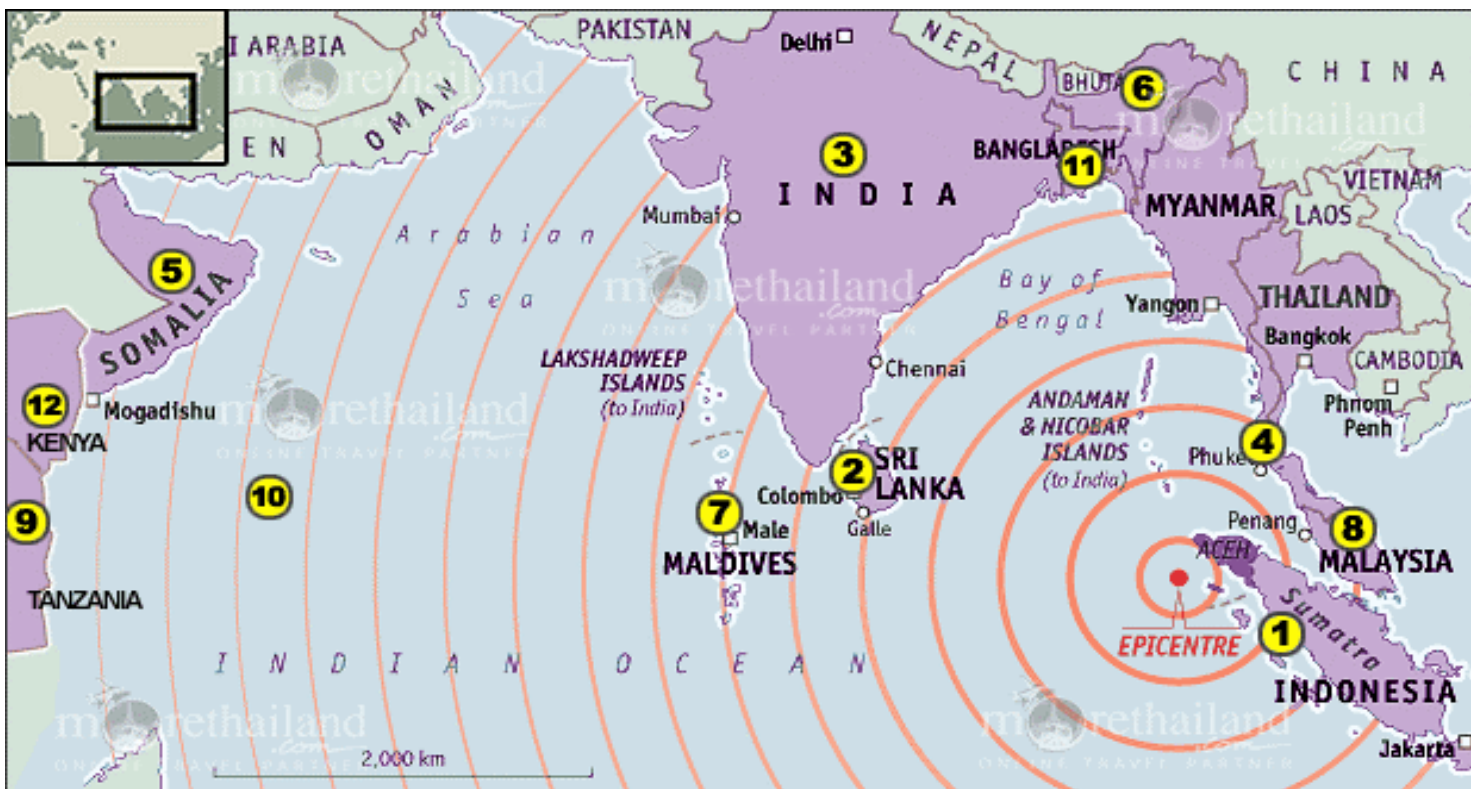


Figure 1: The Map of Epicentre of Tsunami on Dec. 26, 05. Source: www.MoreThailand.com



Figure 2: Tsunami Impacted Areas in Southern Thailand.

Source: www.MoreThailand.com