

Responding to natural disasters: Managing a hotel in the aftermath of the Indian Ocean tsunami

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Received: 4th July, 2005

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ABSTRACT

KEYWORDS: *hospitality management, Thailand, tourism crisis, natural disasters*

The case describes the experiences of the General Manager of a luxury resort hotel on the Thai island of Phuket in the days immediately following the Indian Ocean tsunami at the end of 2004. Although the property escaped physical damage and there were no fatalities among residents and staff, the management had to deal with an unprecedented crisis caused by disruption to the tourism industry in the destination as a whole and a dramatic fall in arrivals. Recovery efforts are outlined and reference is made to longer-term impacts on business and the challenges of restoring confidence and returning to normality. Issues arising from the case are suggested in a final list of questions for discussion.

INTRODUCTION

Tourism crises are a topic of growing interest to both academics and practitioners in a world of increasing uncertainty and

unexpected events, features which heighten the risk of a crisis occurring. Several studies analyse crisis dynamics and processes and propose planning and management models. Crises can evolve at great speed in a chaotic manner, however, and are not always identifiable in advance. Recommendations about how to deal with them may prove either overly general or be too closely tied to a particular set of circumstances. The underlying problem of predicting the unpredictable means that managers are not always fully prepared and must respond intuitively to unfamiliar and confused situations as they unfold in a random manner. Handling crisis is an especial challenge for those at work in the tourism industry, which involves the movement and accommodation of people. Customers face personal inconvenience when things go wrong and their physical well-being and lives, as well as those of staff, may be threatened in the most severe conditions of crisis.

These characteristics of certain tourism crises are illustrated by natural disasters and this case is concerned with the tsunami in the Indian Ocean on 26th December, 2004. Its implications are considered from the perspective of the General Manager (GM) of a luxury hotel resort on the Thai island of Phuket. The property is located in one

of the most popular beach areas, about 20 kilometres from Phuket town and eight kilometres from Patong beach. It is built on eight hectares of ground along 500 metres of beachfront. The GM's experiences in the immediate aftermath of the tsunami are recounted, consequences for business and responses are outlined and questions for discussion are then suggested. Material was collected in a series of personal interviews conducted during a period of fieldwork.

The intention is to highlight the demands made on managers during periods of crisis and the tools at their disposal to handle difficulties. The account also reveals how tourism destinations as a whole may be damaged by a crisis such as that caused by a large-scale natural disaster. Management and recovery thus become a collective effort involving a multiplicity of individual enterprises from the public and private sectors.

THE INDIAN OCEAN TSUNAMI

Earthquakes and volcanic eruptions trigger tsunamis, waves which can exceed 100 kilometres in length and travel at 800 kilometres per hour. The waves increase in height, sometimes up to 30 metres, when they slow in shallow water and batter coastlines on reaching land. The 2004 Indian Ocean tsunami was an exceptional example with powerful waves which struck the shores of 12 countries across two continents. Over 225,000 are estimated to have died, among them many tourists, and there was widespread devastation. Some coastal resorts in Malaysia and India were affected, but tourism infrastructure damage was greatest in Thailand, Sri Lanka and the Maldives.

The tsunami waves in Thailand resulted in physical destruction and the deaths of over 5,000 people, almost 2,000 of whom were tourists. Six provinces bore the brunt of the tsunami, yet its impacts varied.

Khao Lak and Phi Phi Island lost most of their hotel stock of 6,000 and 4,000 hotel rooms respectively while only 20 per cent of Phuket's hotels saw serious damage and 85 per cent were open one week after the event. It was anticipated by officials that recovery would be a matter of weeks at some sites, but might take from one to two years elsewhere.

THE TSUNAMI HITS PHUKET

Boxing Day 2004 was the GM's day off, but he had an appointment at a sister property and left his own hotel at about 9.50am. He was driving along the coastal road when he was met by several tourists in swimsuits running, shouting and waving at him to get out of the way. He then saw the water approaching and hundreds of people fleeing from the beach and accelerated inland up a hill which was within 50 metres of the road in between two hotels. The water flooded the road within seconds, bringing with it a black mass of what looked like cement, pushing everything in its path out of the way. Screams were heard from a small restaurant at the foot of the hill as the water poured through the ground floor and into the bedroom of the owners. The second and third waves struck about ten minutes later and cars, sun-beds, umbrellas, tables and people were seen being picked up and washed away by the sea. Some people and objects were then brought back to the shore or deposited in a nearby lake.

Many had gathered on the hill for safety, including individuals separated from friends and family who were becoming hysterical. Local beach vendors taking shelter there were extremely anxious to return and try to save their livelihoods. Within about 15 minutes of the final wave, the water level on the beach seemed to be back to normal. No one was sure what might follow and a hush came over the whole area. The destruction along the roads was

high and cars, minibuses and an ambulance appeared as the water subsided. Mobile phones were jammed as people tried to communicate the news. The GM was unable to contact the hotel and remained on the hill for another hour. Then, alongside others who were ready to move, he left and drove back towards the hotel. Black silt was lining the roads, cars were piled two or three deep and people were in a state of confusion.

AT THE HOTEL ON 26th DECEMBER

Arriving at the hotel on an inland road and using the main back entrance, the GM hurried past reception to the beach which was separated from the hotel by a small five-metre-wide track. The water had gone, but left a mass of garbage, sun-beds, umbrellas, bags, personal belongings, cars and taxis piled up on top of each other. The hotel itself was undamaged and seemed to have been protected by a large sand-dune covered by mature vegetation which gave it added stability.

The GM found his assistant who was in charge that morning. There were tourists in their swimsuits walking around aimlessly, trying to find other members of their party and personal effects. Many appeared to be in shock. Hotel staff informed the GM that they had been able to save the lives of several tourists using the hotel's beach rescue lifebuoys which were thrown across the track into the sea.

One father and his two children were wandering around the hotel enquiring if anyone had seen their mother. They were not staying in the hotel, but had been washed 500 metres along the beach. The GM's first job was to have them comforted and assign a member of staff to escort them to the reception area to see what could be done. The receptionist was given the task of getting in touch with hospitals and hotels to try and trace the mother and the family was given a guestroom and free

refreshments. This situation was to be repeated during the early afternoon and the staff were asked to show compassion and offer the best possible service under the circumstances. Extra staff were put on duty in the public areas, especially the lobby and main coffee shop, to deal with distressed guests. The GM was to be complimented many times on the sensitivity and sympathy exhibited by staff.

The Front Office Manager was instructed to complete a roll-call of all guests and count room keys in an attempt to determine who was not on the premises. As guests returned to the hotel, their names were checked and the number unaccounted for fell quickly to 40 out of a total of 420 residents. Guests were known to have taken day trips and the travel agents and tour operators organising these were contacted to confirm they were unhurt. All guests had been accounted for by 11pm on 26th December and only two sustained comparatively minor injuries which required stitching and bandaging.

Personnel took a register of staff and found that at least 50 of the 339 on duty that day had left their posts and gone home. There were no fatalities among the staff and only one had been slightly hurt, although the families of two had been swept away. Employees were not penalised if they failed to communicate with the hotel during the first three days after the tsunami and were allowed leave if necessary. All staff were back at work by the end of the month.

There was news that the bridge linking Phuket and the mainland was closed and there were doubts about the airport, although this did re-open at about 4pm. The refrigerators and stores were locked and keys given to the GM who was worried about shortages of food and thieving.

Telephone operators were instructed to liaise with the local police and weather stations and keep the management updated

about possible aftershocks and official instructions. The Assistant Manager and the chef prepared a buffet lunch for all those in the hotel, but nobody really knew what to do for the best. The internet and television were the main sources of information, the latter tuned to BBC World. The realisation of what had happened became apparent as pictures of devastation were broadcast, the first images shown of Thailand being footage of nearby Patong.

News was received at 1pm that more waves were expected in the middle of the afternoon. The police arrived with megaphones and urged everyone to move to higher ground. The GM called an emergency meeting of managers on duty and decided that they would request help from the hotel behind them which was on the hillside. It was arranged that this hotel would provide space to where guests could be transferred if necessary. Guestrooms were then evacuated and guests and staff were told to make their way to the second floor lobby, about 50 metres from the beach road, and await further instructions.

Engineering staff started to clear the pool furniture and place plastic tarpaulins on the underground pumps in the five swimming pools. Other furniture was also shifted as a precaution. The security team was placed on the second-floor terrace at the beach side and acted as look outs. The beach is two to three kilometres wide and faces right out to sea so that the guards had ample time to warn of any signs of disturbance in the water. With all the guests and staff assembled in the lobby, the GM made a final tour of the hotel and discovered two newspaper journalists sitting on a wall. They told him that they were hoping for the 'one photograph' which would 'make them a lot of money'.

Everyone was still in the lobby at 3pm, but there had been no more waves and people were starting to get bored. No real information was being distributed by offi-

cial agencies and there was a reliance on the hotel management to find out what was happening. Guests praised staff for their efforts and offered to help, but there was no alternative to sitting and thinking about how to react if the waves reappeared. The GM took responsibility for reassuring anxious guests, a task made easier when they were gathered together. The hotel's e-mail address was distributed for the use of guests who were often more concerned about their Thai acquaintances and friends than themselves.

A message at 5pm notified management that the immediate danger had passed and it was safe for beachfront properties to revert to normal practice. Pleased guests were advised accordingly and more offers of help were proffered. The receptionist announced that the missing mother was safe in the international hospital and a car was arranged to take the family there.

The telephones started to get very busy after 5pm. Many calls were from overseas tour operators who were desperately searching for rooms for tourists from Khao Lak and Phi Phi islands whose hotels had been destroyed. One operator sent the GM a text message which described 'absolute catastrophe here in Khao Lak. I am walking over dead bodies in the hotels. There are probably thousands dead. I could find so far only 50 of our 290 guests'. The company had been one of the fastest to react, sending their Managing Director and Assistant Managing Director to Phuket on the first available flight from Bangkok. They had arranged five coaches to evacuate their clients, but had found the situation much worse than anticipated. There was also word of teams from 28 embassies expected in Phuket at 3am on 27th December which would be in operation later the same morning. The island was in the middle of the peak tourist season and rooms were therefore not easy to find. Inbound flights had been halted, however, except for those

carrying medical and emergency personnel, so some rooms booked for new arrivals were empty.

There was another management briefing in which staff were advised to be prepared for anything as the GM did not really know what would happen next at that stage. Nevertheless, the vacant guestrooms had to be made ready for immediate occupation as it seemed that they would be hosting guests from Khao Lak and Phi Phi islands who had often been left with nothing but the clothes they were wearing when the tsunami struck. The rooms were to be charged to the tour operators and the company's marketing office telephoned to confirm that normal rates were to be maintained, unlike other properties which were reported to be raising their prices. Tour operators would pay for the incidental expenses of guests who had lost everything. At midnight, the hotel was full once again with evacuated guests from other areas.

THE REMAINING DAYS OF DECEMBER

By 27th December, the focus was on the repatriation of tourists and the hotel became a centre for those waiting to travel home and these included the walking wounded. Many guests were accommodated for only one night as aircraft were sent from around the world to transport them back to their country of origin. The hotel's original guests, in residence prior to the tsunami, reacted in different ways. A number carried on as before, lounging around the swimming pools where a few could even be found in the early evening of 26th December. Others decided to leave as soon as possible, sometimes pressed to do so by their embassies and tour operators, and several were indecisive. Some long-staying guests did leave, only to come back later; for example, one couple returned in the middle of February to complete their four-month holiday.

Many guests chose to remain and contri-

bute to rescue and recovery work. These spent the remainder of their holiday at hospitals, embassy stations and blood banks assisting with translating, counselling and so on. Overall, tourists sought to help as much as they could with donations of clothing and other items as well as blood. The local radio station started broadcasting calls for blood donations at 11am the day after the tsunami as the three main hospitals on the island continued to admit the injured. The GM asked for volunteers among the guests and 30 agreed within 15 minutes, a response which was typical. Money was given to a local charity recommended by the hotel to ensure that the aid reached needy villagers.

Revenue was earned from rooms sold to those awaiting repatriation as well as journalists and television crews. Cancellations were recorded straight away, however, and there were 'no shows' from 26th December onwards with a flurry of faxes, e-mails and other communications. Some guests who wanted to travel were advised not to do so because their presence would hinder rescue programmes. Clients were still cancelling in February, especially those who had purchased 'early bird' discounts in October and November 2004 for accommodation up until the end of March 2005. Cancellation charges were generally not imposed and deposits made by tour operators were either returned or held, at their request, to be used later in 2005. Payments for direct guest reservations were repaid or retained to cover postponed bookings.

CONSEQUENCES AND RESPONSES

The gravity of the crisis was reflected in the hotel's occupancy figures. Expected occupancies in January and February 2005 had been 85 per cent and 92 per cent, but were actually 12.5 per cent and 15 per cent, respectively. March was projected to see a slight rise to 22 per cent. Chinese, Korean and Russian charter flights were all

cancelled and the hotel was still waiting to hear about starting dates for these in May. Asians generally seemed unwilling to travel, which the GM attributed to superstitious reasons and the Japanese confirmed themselves to be one of the world's most risk-averse tourists. Visitors from Australia and New Zealand were also slow to return. Europeans showed greater resilience, especially Scandinavians, and charter flights from there were restored by early March.

Marketing had to be constantly revised as the days went on. The hotel's sister property was closed down because of extensive damage and a company statement was issued to this effect, but it also stressed that the GM's hotel was fully functioning. Efforts were directed at conveying the message that 'we are open and operating'. The hotel entertained at least 15 parties of representatives from the media, Tourism Authority of Thailand (TAT) offices worldwide, tour operators and travel agents in January and February. These came from the principal markets of Japan, Taiwan, Germany, UK, Hong Kong, Singapore, Australia and New Zealand. This was part of a public relations exercise to get the hotel 'back on the map'. Other marketing activity was essentially short term and designed to generate much-needed cash flow.

High season rates had been forgotten and tour companies sought to negotiate special deals and reductions. The TAT had strongly recommended that hotels maintain their usual charges, arguing that heavy discounting would hurt the tourism industry in the long term. Most operators claimed that lower prices were vital to entice tourists, although some believed that there was likely to be a strong resistance to the idea of holidaying in a place where so many had lost their lives. Companies from countries such as Australia and New Zealand visited the hotel to discuss possible strate-

gies to stimulate business. Initiatives involved bargain rates negotiated with airlines as well as accommodation providers. The hotel agreed to provide exceptional 'flat rates' which were valid until the end of October 2005 for its major German partners.

Individuals making reservations directly and through the internet also enjoyed very low prices, often accompanied by value-added offers such as a 20 per cent discount on food and beverage purchases. Much of the work to drum up trade was devised and implemented on an *ad hoc* basis, with mixed results. It had become a buyer's market with an unprecedented choice of discounts and packages available.

The GM saw the TAT as very active and helpful. Its Phuket office was extremely energetic and quick to arrange media trips to the island. Groups from London, Singapore, Korea, Taipei and Tokyo were all hosted. The TAT also produced a short DVD which the hotel showed to all the parties at dinner in order to inform the audience about actual conditions in Phuket. This depicted the progress made in rehabilitation and emphasised that 90 per cent of the island was untouched by the tsunami. Some of the groups held forums and invited hoteliers and local destination marketers to attend, but others spent only one or two nights on the island and were principally concerned with viewing the state of the beaches.

Comments from media representatives indicated that journalists were overwhelmed by invitations to travel to Thailand, Sri Lanka and the Maldives. Only a limited number could participate and such visits therefore seemed likely to decline in frequency. However, a major TAT familiarisation trip was promised for March 2005 to enable tour operators worldwide to come and see conditions at the destination for themselves. This was organised in conjunction with the Thai Hotels Associa-

tion, of which the hotel was a member. The TAT also launched a 'Thai love Thai' campaign to persuade Thai nationals to holiday in affected areas, although the hotel initially did not benefit.

Regional airlines, both full service and budget, dramatically cut prices and many hotels cooperated with them in joint promotions which produced immediate returns for the hotel. Long-haul carriers flying out of Europe also discounted tickets and worked with selected tour operators in assembling special package deals which were advertised in national newspapers. One Thai airline gave away several hundred free seats and ran a scheme whereby two could fly for the price of one on some of its international routes serving Phuket.

RECOVERY AND CHALLENGES AHEAD

The hotel did not suffer any physical damage so there was no delay to recovery due to reconstruction and repairs. Staff did, however, help the Thai army and police to clear the surrounding roads in the aftermath of the tsunami. They also joined over 1,000 hotel staff from local hotels on the beach in a ceremony to pay their respects to the dead before starting to clean up the shore.

Shops near the hotel which were badly damaged had to be rebuilt, but most were back in business by February. The surrounding area, apart from three shops which the owners decided to keep closed, had returned to full operation by the same time. As enterprises re-opened, the wider locality became more active. Even Patong was seen to be returning to normal with only a few hotels still under renovation and the main beach road boarded up in places so that building work was less obvious.

The principal post-tsunami challenge acknowledged by the GM was financial survival given that peak season revenues in the first quarter of the year usually sus-

tained the hotel during quieter months, but such income had been lost in 2005. There were also human resource difficulties to face as many employees had been released or chosen to leave the island. Staff shortages were thus likely when recovery was more advanced. Dealing with existing staff was another issue and hotels were forced to cut salaries and ask employees to take between seven and 15 days' unpaid leave every month until the situation improved. Another key objective was to restore confidence in the hotel and destination and convince tourists and the industry in generating countries that Phuket was safe to visit.

On the more positive side, the beach and seawater seemed much cleaner and the sand finer after the tsunami. Marine life was observable in a way that it had not been before and these were strong selling points. The crisis had shown the world how hospitable the Thai people were as they demonstrated their compassion, helpfulness and friendliness to all visitors. It was also an opportunity to address environmental degradation caused by earlier uncontrolled development such as the mass of small restaurants, vendors and equipment on the beach which had marred its quality. Better planning in the future could lead to improvements and a more attractive ambience. The hotel also made use of the lack of guests, as well as good weather, to undertake household tasks such as painting the premises and waxing guest-room floors.

CONCLUSION

The Indian Ocean tsunami struck without warning and gave rise to a crisis of great complexity and gravity which extended to the tourism industry. Its repercussions merit further study, but this case has examined immediate and short-term impacts on a single hotel. The perspective affords insights into the pressures imposed on man-

agers in times of crisis and the decisions which they have to make in difficult circumstances which have not been anticipated. Some questions for discussion based on the material are listed below.

- Did the GM of the hotel manage the crisis effectively?
- Could a formal crisis management plan, prepared in advance, have assisted the GM in handling the crisis?
- What should be the principal marketing messages conveyed by untouched hotels in the aftermath of a natural disaster at a destination and how can these be best communicated?
- What are the advantages and disadvantages of employing heavy price discounting as a recovery strategy following a natural disaster?

- How important is cooperation and collaboration in crisis management?
- What are the main lessons to be learnt from the tsunami for accommodation providers?

FURTHER READING

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