

INTERNATIONAL TERROR ATTACKS: DO THEY HAVE AN EFFECT ON GERMAN TRAVEL CONSUMERS' PERCEPTIONS AND FUTURE TRAVEL PLANS?

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***ABSTRACT:** Based on an analysis of survey data gathered at the 2004 and 2006 International Tourism Exchange in Berlin, it does not appear that the tragic events of September 11, 2001, world terrorist attacks and the Iraqi War have had any permanent effects upon German travel consumers travel aspirations.*

INTRODUCTION

Terrorism is an age old method of wielding political warfare. Terrorism has more affect on the travel industry than almost any other industry. The “new terrorism” has led to the tragic events of September 11, 2001 (9/11) and the rise in international terrorist attacks. Besides the 9/11 attacks, there have been a number of major events have had significant negative impacts on international travel and tourism during the past decade. For example, the coalition invasion of Afghanistan (October, 2001), the Bali bombings (October, 2002), the “perfect storm” of the Severe Acute Respiratory Syndrome (SARS) outbreak and the war in Iraq (Spring, 2003), the Madrid train bombings (March, 2004), the massive, destructive tsunami in the Indian Ocean (December, 2004), the London Underground bombings (July, 2005), (Bonham, 2006), the bombings in Turkey (September, 2006), and the capture of more than 20 people in the UK planning to bomb aircraft traveling from the UK to the USA (August, 2006). Statistics on incidents of terrorism can be found dating back from the 1960's. A study conducted in 1985 found that from 1970 to 1985, the number of worldwide attacks per year went from 293 to 3,010 (D'Amore, Anuza, 1985). Unfortunately, the negative effects on tourism have been steadily increasing over the years. Prior to 1985, the effects of an attack were felt in the short term, with levels of travel rapidly returning to normal. With the rash of terrorist's activities since then, the travel industry is experiencing increased terror-related inquiries and many travelers are opting for insurance coverage.

Many consumers, after 9/11 were initially fearful of traveling anywhere, and flying seemed out of the question. Airlines drastically cut back on the number of flights and “mothballed” hundreds of planes. Some carriers went out of business completely (SwissAir, MetroJet). Other airlines had major financial difficulties (USAir, United). The U.S. Government bailed out its airline industry by doling out \$10 billion in government-backed loans and making some \$5 billion more available in outright grants in an attempt to keep the industry afloat (Becker, 2001).

The crisis also cost many people their jobs. It was estimated by The World Travel and Tourism Council (WTTC) that over 10 million travel industry jobs were lost worldwide (Travel Trade Gazette, 2002). Great Britain saw a 25 percent decline in tourism revenue in October 2001 as compared to the previous year (Travel Trade Gazette, 2002). In just three months, the events of 9/11 led to an estimated loss of some £600M in tourism revenue (O'Riley, 2002). The WTTC also suggested that the impact of 9/11 showed a decrease of 7.4% in global travel and tourism demand (Weinstein, 2002). In the months of September and October, 2001, 3,400 hotel workers lost their jobs in New York alone (Fainstein 2002).

Not only has global travel and tourism been affected by the events of 9/11, other terrorist attacks and the Iraqi War, but countries have had to realign their marketing and communications efforts to try to dissipate the growing dread of terrorist attacks. Studies have shown that had terrorist's acts not been repeated internationally, tourism may have rebounded (Pizam, Fleisher, 2002). When terrorist attacks happen frequently, such as in countries like Israel, tourism constantly decreases until it disappears altogether.

International tourism is one of the world's largest economies with many smaller nations and many developing countries relying on tourism income. In at least 49 developing and less-developed countries, reliance on tourism is outweighed in the economy as a source of foreign exchange only by oil. Mastny (2001) in her book *Traveling Light: New Paths for International Tourism*, stated, "Now more than ever, it is time to put the issues of sustainability at the top of the global tourism agenda." Acts of terrorism that have been perpetrated since 9/11; such as the Bali incident and the train attack in Madrid, have had an initial detrimental effect on all aspects of the travel industry. Spain, in the aftermath of the train attack, found that while travel went down, the travel consumers that traveled chose to participate in more organized tours and well known and frequented tourist spots (Voorhear, 2004).

A study which included 'spillover effects' (i.e., the impact of terrorist activities in neighboring countries), suggests that tourists will change their choice of destination to what they perceive to be a safer environment (Drakos, Kutan, 2003). When the level of terrorist attacks reaches a high impact level, tourists will avoid the region completely in an effort to find a safer place. This effect is seen as producing a regional tourism loss. As an example, in 2004, U.S. travelers being concerned about terrorism, were choosing destinations that are closer to home and are perceived to be safer. They planned shorter trips, scheduled them closer to departure dates, and took along the family. This helped to increase the overall tourism in Mexico and move it from 13th in the world in tourism income to 10th in the world in tourism income in 2004 (Dellios, 2004).

The effect of international terrorist attacks can also be felt in the hotel industry. Smith Travel Research located in the U.S., predicted after the 9/11 attacks, that hotel revenue per room would not recover for several years. "Every day when you read the paper, there's just one more reason not to travel," says Mr. Hanson from Smith Travel Research (Binkley, 2003).

While there is scant empirical evidence of the effects on travel that terrorism holds, several studies have shown a link between terrorism and tourism (Enders and Sandler, 1991, Enders, Sandler and Parise, 1992, Drakos and Kutan, 2003). With the ensuing attacks post 9/11 and the outbreak of the Iraqi war, travel experts thought the picture would remain bleak for many years.

RATIONALE

The authors have conducted biannual research studies on German perceptions of travel since 1999. The original study investigated only perceptions of German travel consumers toward Northern

Ireland; however, later studies included perceptions of Lithuania, as well. All of this research was completed at the various ITB Berlin travel trade shows in Berlin, Germany. The terrible tragedies of 9/11 in the United States and other subsequent major tragedies around the world (including the Iraqi war) have had a major impact on travel worldwide. The authors felt that it was important to attempt to find out what German travel consumer's perceptions of travel are since the increase in international terrorist activities. Therefore, in 2002, we extended our initial research at ITB Berlin to include not only perceptions of Northern Ireland and Lithuania, but also perceptions of travel overall since 9/11 and the onslaught of terrorist attacks since that event. We updated this research in 2004 to include a new questionnaire including questions specifically related to terrorism and then replicated this research in 2006.

METHODOLOGY

A survey instrument including safety and the effects of terrorist activity was developed and updated in 2004. There is little prior quantitative research in this area, so the questionnaire was developed specifically for this study. The survey instrument was a questionnaire consisting of seventeen questions (including demographic questions) designed to measure German travel consumer perceptions of various travel destinations. In keeping with accepted practice, the questionnaire was developed in English, translated into German, and then back-translated into English. In order to assure that there would be no translation errors, this whole process was done a second time with completely different translators. Additionally, the questionnaire was pre-tested for relevancy and validity with a set of bilingual subjects. At each stage, corrections were made to the questionnaire. Not all of the seventeen questions were specifically related to the increase in international terrorist activities on travel.

Some of the reasons for selecting Germany were: (1) the German travel consumer is quite used to traveling to distant lands for holidays (and business purposes); (2) they get more holiday (vacation) time than most other countries in the world; and (3) they have the resources to travel.

The researchers felt that the best way to complete this research of potential travel consumers was to interview German travel consumers at the International Tourism Exchange-Berlin (ITB Berlin). This was conducted in both 2004 and 2006. ITB Berlin is known throughout the world as the leading trade fair for the global tourism industry. Its leading position as an international meeting place is underlined by the fact that almost two-thirds of its exhibitors and just over 36% of trade visitors come from outside Germany. This makes ITB Berlin the main forum for communication and marketing for the worldwide tourism sector, attracting more exhibitors and trade visitors every year (International Tourism Exchange 2006a). In 2004, ITB recorded a total of 141,139 visitors, over 66,000 of which were consumer (versus trade) visitors. Of the 10,023 exhibitors at ITB, 7,836 were not German (International Tourism Exchange, 2004). In 2006, ITB recorded a total of 162,823 visitors, over 68,000 of which were consumer (versus trade) visitors. Of the 10,856 exhibitors at ITB, 8,727 were not German (International Tourism Exchange, 2006b). More than three-quarters (76.6%) of those German Travel Consumers attending ITB reported that they plan to book travel following the trade fair on the basis of the information they received (International Tourism Exchange 2006a). So, as can be seen, ITB Berlin is a very important part of the tourism industry.

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Trained interviewers were stationed near the general public desks of two different European country (Lithuania and Northern Ireland) booths at ITB. These two countries were selected because the

researchers had received prior permission from the director of the Lithuanian Tourist Board and the head of the Tourism-Ireland booth to gather data for this research project. ITB Berlin does not allow anyone to gather any data during the show without prior written permission from one or more exhibitors. Interviewing was done during selected time periods throughout the entire three consumer days of the ITB¹.

The interviewers asked persons leaving each of the two booths if they would be interested in participating in a short survey. Those that agreed were then asked to respond to the seventeen questions on the questionnaire. Therefore, overall, this research used a convenience sample since not every person attending ITB had an equal chance of being selected.

ANALYSIS AND RESULTS

A total of 497 usable questionnaires were collected and analyzed. No statistics were collected on those potential respondents that were asked to complete the survey and refused to answer. As can be seen from Figures 1 and 2, our respondents traveled quite a bit; the mean number of trips the respondents had taken in 2004 was 4.47, and in 2006 was 4.46 (note: this particular question was worded “How often do you travel?” However, the responses referred to travel within the last year).

FIGURE 1 – 2004
How often do you travel?

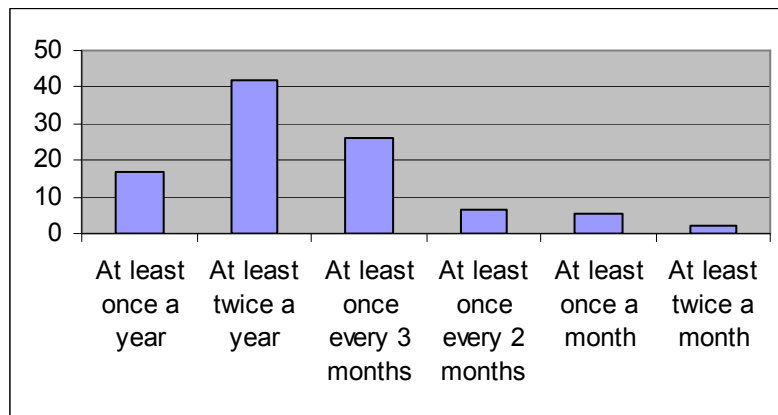


FIGURE 2 – 2006
How Often Do You Travel?

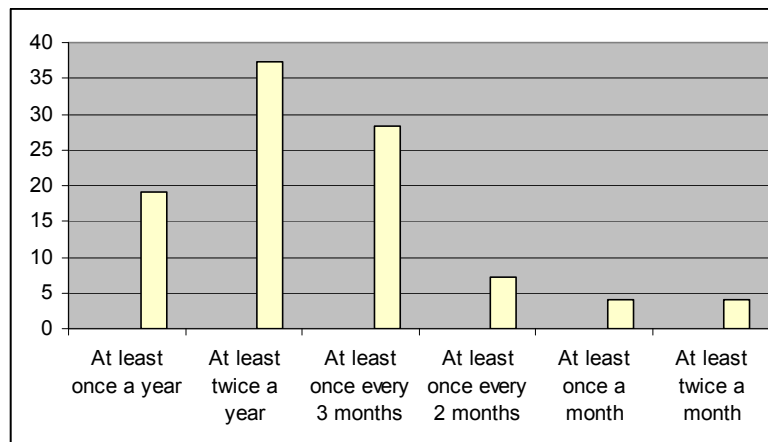


Figure 3 shows that in 2004, the number of respondents who indicated that they had traveled at least once last yearⁱⁱ (traveled in 2003) only 3.5% responded that they did not feel safe because of the incidents of the increase in international terrorist activities. Figure 4 shows that of the 2006 respondents who indicated that they had traveled at least once last year (traveled in 2005), 11.8% responded that they did not feel safe because of the incidents of the increase in international terrorist activities. This was an increase of 8.3% between 2004 and 2006. 35.5% of 2004 respondents and 41.2% of 2006 respondents indicated that they were somewhat affected by the increase in international terrorist activities, but that they were still willing to travel. While 60% of 2004 respondents indicated that the increase in international terrorist activities had no effect upon their future travel plans in general, only 46.8% of 2006 respondents had no effect. It appears that our respondents overall felt more safe when it comes to traveling in 2004 than in 2006. What is also interesting about this figure is that the percentage of respondents with no effect tends to go up the less frequently they travel.

FIGURE 3 - 2004
Influence of attacks on future travel by travel frequency

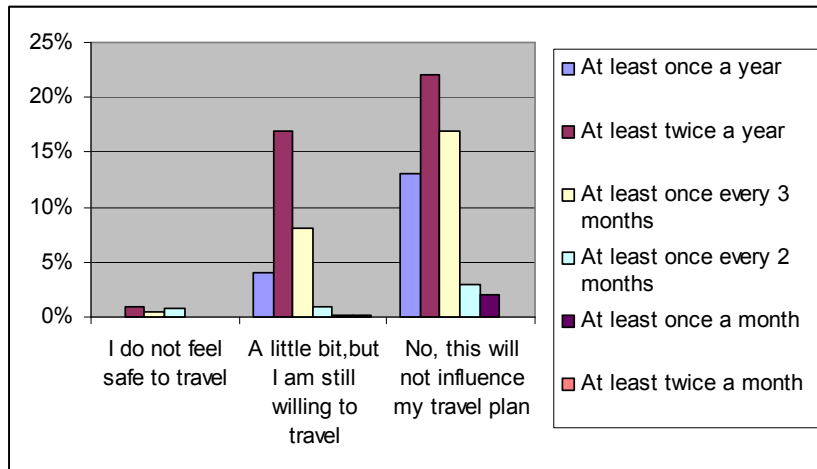
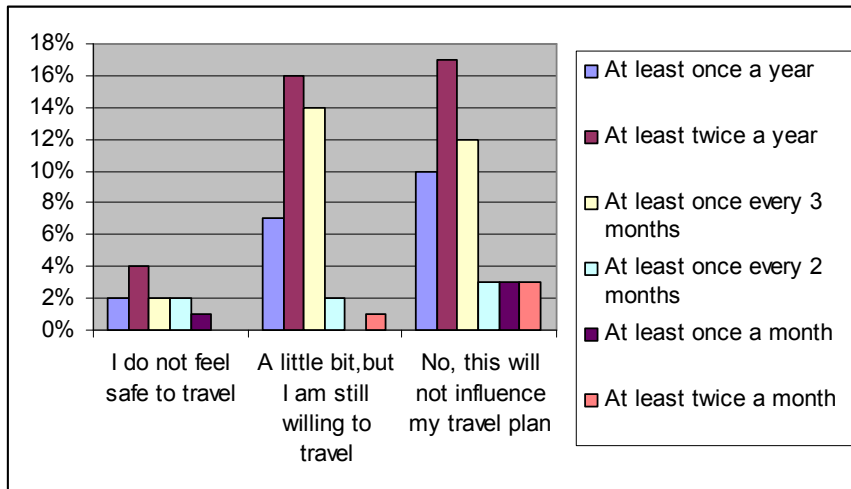


FIGURE 4 - 2006
Influence of attacks on future travel by travel frequency



Another point of interest was whether the increase in international terrorist activities affected future

travel plans of German male travel consumers differently from the future travel plans of German female travel consumers. As can be seen from Figures 5 and 6, only 9% of females and 5.7% of males in 2004 did not feel safe traveling whereas 11.6% of females and 11.5% of males said that the terror attacks had made them not feel safe to travel in 2006. In 2004, 66% of females and 75% of males felt either safe or very safe to travel. In 2006, 41.3% of females said it would not interfere with their plans, and 51.7% of males held the same view. It would appear that the male population has less anxiety about travel than the female population, therefore making gender a possible element for targeted marketing purposes. It also appears that German travelers felt safer about traveling in 2004 than they do in 2006. This could imply that more promotional measures are necessary to instill confidence.

FIGURE 5 - 2004
Influence of attacks on future travel by gender

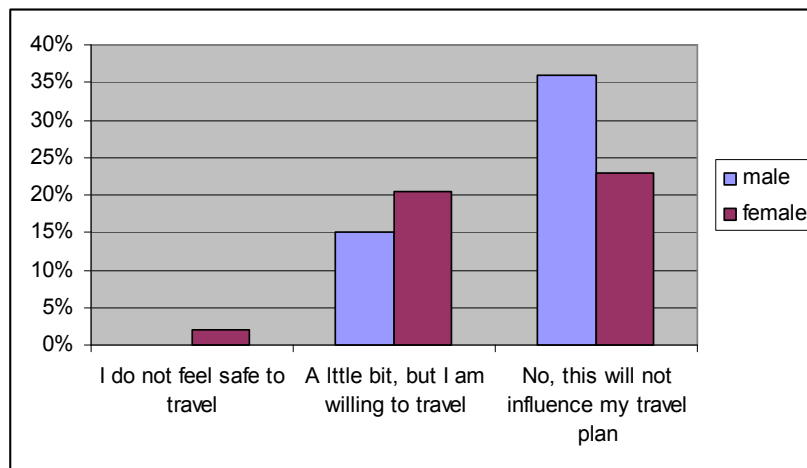
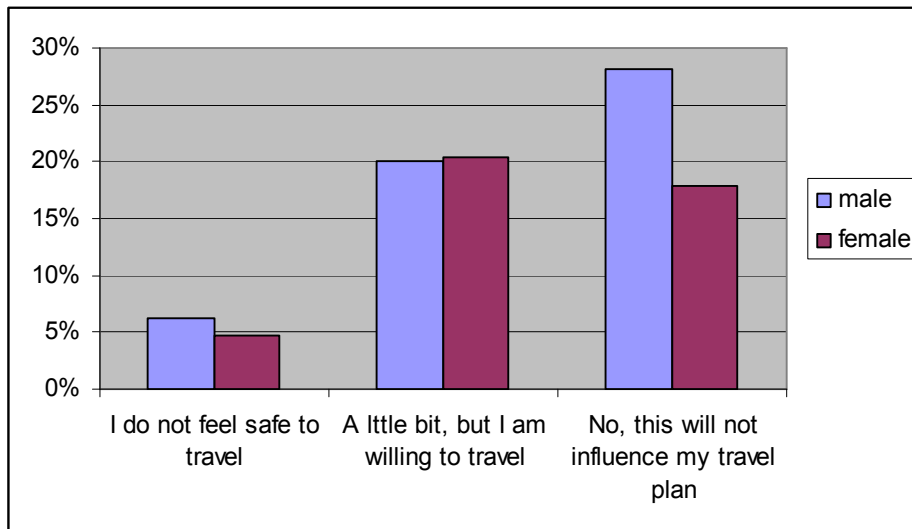


FIGURE 6 -2006
Influence of attacks on future travel by gender



No significant differences in responses to this same question could be found when the respondents were segmented by marital status (see Figures 7 and 8). Although married respondents in 2006 seemed to have a higher percentage of terrorism having some effect on travel. Variables such as traveling alone, with children, or with spouse/companion yielded similar results.

FIGURE 7 - 2004
Influence of attacks on future travel by marital status

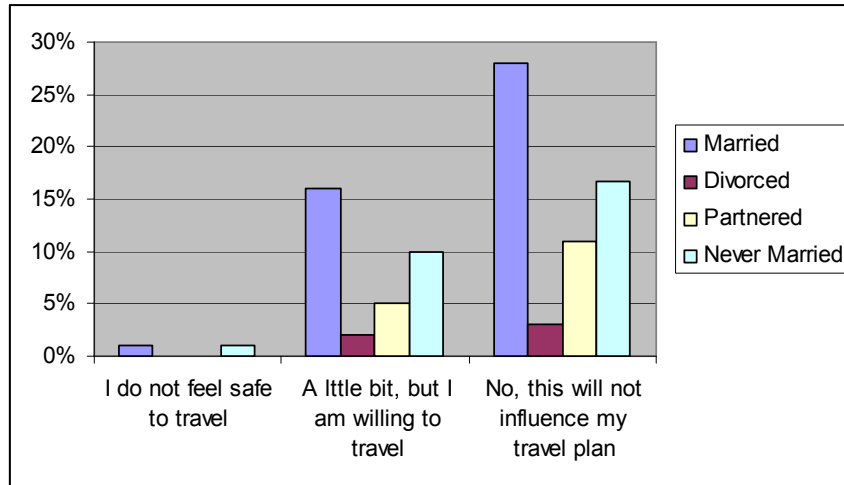
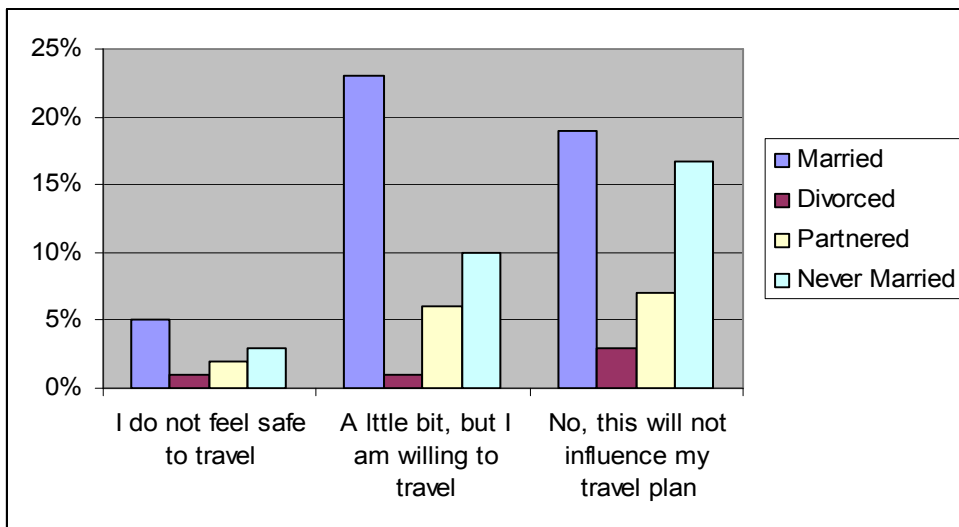


FIGURE 8 - 2006
Influence of attacks on future travel by marital status



CONCLUSION

The results of this research were quite surprising to the researchers who had assumed that the increase in international terrorist activities would have had a longer lasting negative effect upon German travel consumers' future travel plans. However, these results are good news for the travel industry. It

means that German travel consumers are very willing to travel. The increase in international terrorist activities did affect some consumers' travel plans; but it appears from our research in 2004 and 2006 that most German travel consumers are not letting those events affect future travel plans.

This sense of optimism seems to be echoed worldwide. The Travel Industry of America reported a 6% increase in travel in 2004. Expedia.com V.P., Michael Reichartz predicted online travel planning and purchasing to grow at 25% over the next several years (Zoltak, 2004). Mexican Government officials encouraged renewed investment in stalled resort projects, upgrading of highway systems and implemented tax breaks for international conventions. "We decided to bet on tourism, and we were not wrong," said Emilio Goicechea, head of operations for Mexico's tourism industry (Dellios, 2004). The speed at which spending on travel bounced back after the London Underground bombings created major optimism for the future (McDonough, 2006). In addition, after the plot in London to blow up transatlantic flights from the UK to the USA was foiled, Holger Schmiedling, an economist at Bank of America stated "Consumers and business people are unlikely to change their travel and spending habits..." (McDonough, 2006).

Additional research is also needed to explain why travel consumers are now willing to travel. Are the events of 9/11 and subsequent terror attacks now distant in their minds, has the shock worn off, have travel consumers become more fatalistic in their attitudes, or is it some other reason? The devastating effects of these tragedies upon the travel industry, the recovery process, speed of recovery, and final structure of this industry will be an important topic not only for future marketing researchers but also for class and case discussions in business schools.

The implications of this research seem to indicate that German travel consumers are willing to travel even after the horrific events of 9/11 and the continuing attacks worldwide by various terrorist groups. While German travel consumers were not directly affected by the events of 9/11, Germans in general are very travel savvy, and travel more than most other nationalities. Therefore, this research is very important to not only the German travel industry, but also to many other travel industries around the world (including the US).

Further follow-up research on the actual travel habits of German travel consumers over the next several years would be helpful to understand if they did actually travel as much as they suggested they would in this current research.

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ⁱ ITB was for a total of five days, but only three of these were for consumers, the other two were set aside for trade visitors.

ⁱⁱ The four respondents who stated that they had not traveled last year are not included in this Figure.