

THE EFFECT OF INTERNATIONAL TERROR ATTACKS ON GERMAN CONSUMERS' PERCEPTIONS AND FUTURE TRAVEL PLANS

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Abstract

German tourist consumers' perceptions of Northern Ireland and Lithuania as a tourist destination are examined in light of recent world events. Based on an analysis of survey data gathered at the 2004 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 warring political warfare. It has more affect on the travel industry than any other industry. The "new terrorism" being conducted by fundamentalist Islamic groups has led to the tragic events of September 11, 2001 and the rise in international terrorist attacks. 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 terrorism 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 September 11, 2001 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 September 11, 2001 led to an estimated loss of some £600M in tourism revenue (O'Riley, 2002). The WTTC also suggested that the impact of September 11, 2001 showed a decrease of 7.4% in global travel and tourism demand (Weinstein, 2002).

Not only has global travel and tourism been affected by the events of September 11, 2001, but the subsequent events that have taken place since that catastrophic event.

Countries have had to realign their marketing and communications efforts to try to dissipate the growing dread of terrorist attacks. Studies have now 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 such as Lithuania and Northern Ireland, 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 September 11, 2001; 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, has found that while travel is down, the tourists that are traveling are choosing 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 1993 and 1994, when the Kurds engaged in terrorist types of activities in Turkey, including the kidnapping of Western tourists, foreign tourists were afraid to travel to Turkey causing major financial problems for the tourist industry in Turkey (Republic of Turkey, n.d.).

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 September 11, 2001 attacks, that hotel revenue per room would not recover until 2005. "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 September 11, 2001 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. The original study investigated only perceptions of German travel consumers toward Northern Ireland; however, later studies included perceptions of Lithuania, as well as Northern Ireland. All of this research was completed at the various ITB Berlin

travel trade shows in Berlin, Germany. The terrible tragedies of September 11, 2001 in the United States have had a major impact on travel around the world. 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 September 11, 2001 and the onslaught of terrorist attacks since that event.

Methodology

Questionnaire

A survey instrument including safety and the effects of terrorist activity was developed. 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 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 tourist 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.

Survey Implementation

The researchers felt that the best way to complete this research on potential consumers was to interview German tourists at the International Tourism Exchange-Berlin (ITB). The International Tourism Exchange (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 more than two-thirds of its exhibitors and just over 30% 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, 2004). 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). Considering the sheer size of ITB,

it is able to provide the German travel consumer with valuable information on most major countries in the world.

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 Tourism-Ireland booth to gather data for this research project. The ITB 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 228 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 Figure 1, our respondents traveled quite a bit; the mean number of trips the respondents had taken the previous year was 4.47 (note: this particular question was worded “How often do you travel?” However, the responses referred to travel within the last year).

FIGURE 1

How often do you travel?

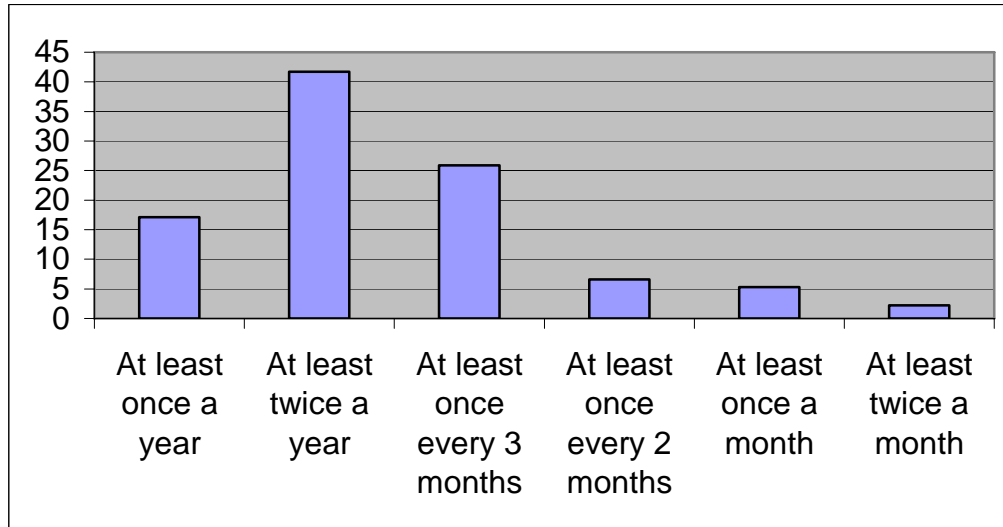
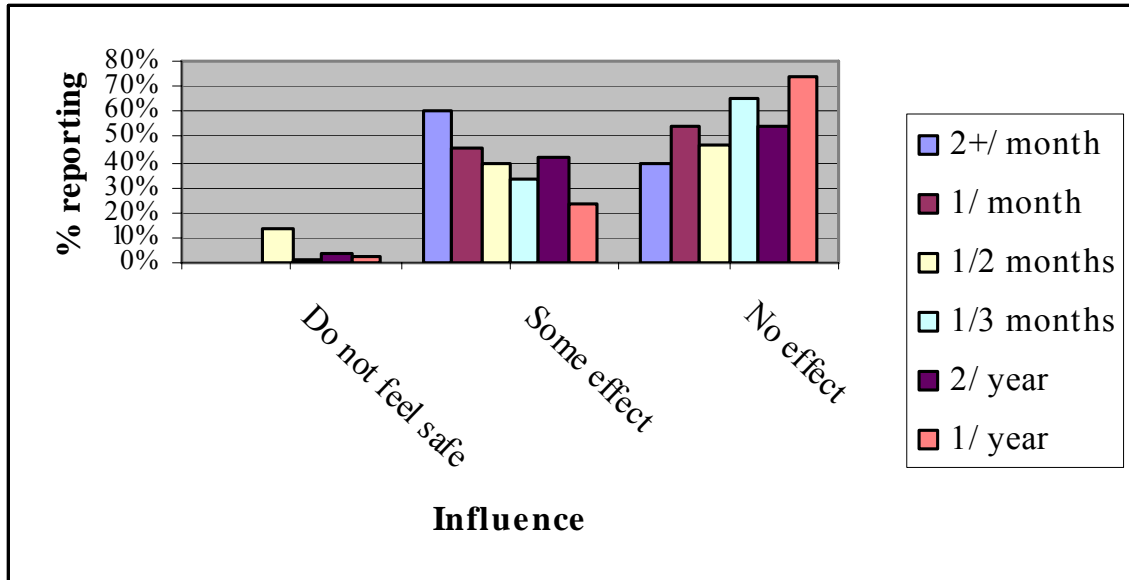


Figure 2 shows that of the total respondents who indicated that they had traveled at least once last yearⁱⁱ only 3.5% responded that they did not feel safe because of the incidents of the increase in international terrorist activities. 35.5% of respondents indicated that they were somewhat affected by the increase in international terrorist activities, but that they were still willing to travel. Sixty percent of the respondents indicated that the increase in international terrorist activities had no effect upon their future travel plans in general. It appears that our respondents overall feel pretty safe when it comes to traveling. 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 2

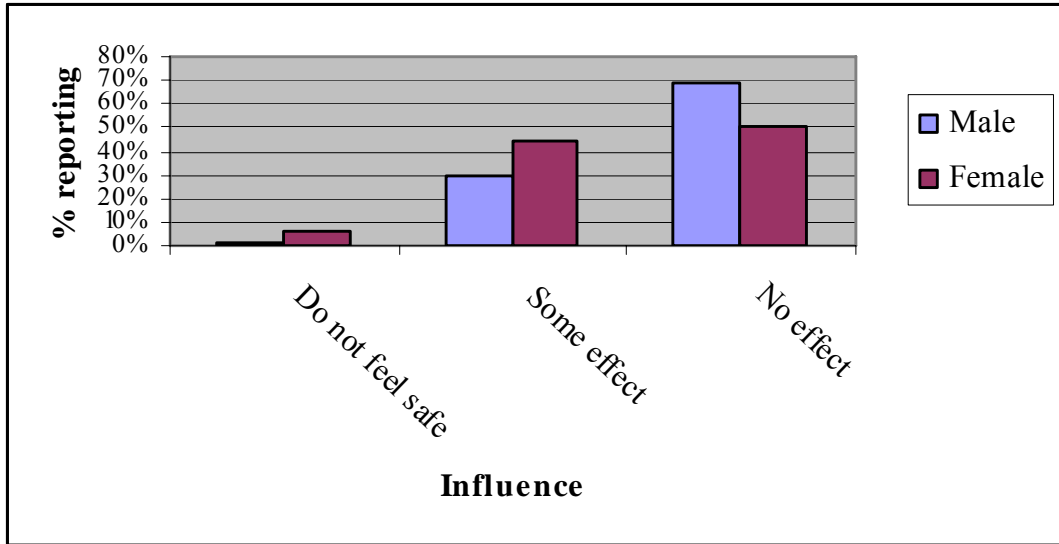
Influence of attacks on future travel by travel frequency



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 Figure 3, 48% of females said that the terror attacks had made them not feel safe to travel or had some effect but willing to travel, where 31% of males had the same attitude. Fifty percent of females said it would not interfere with their plans, and 69% 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.

FIGURE 3

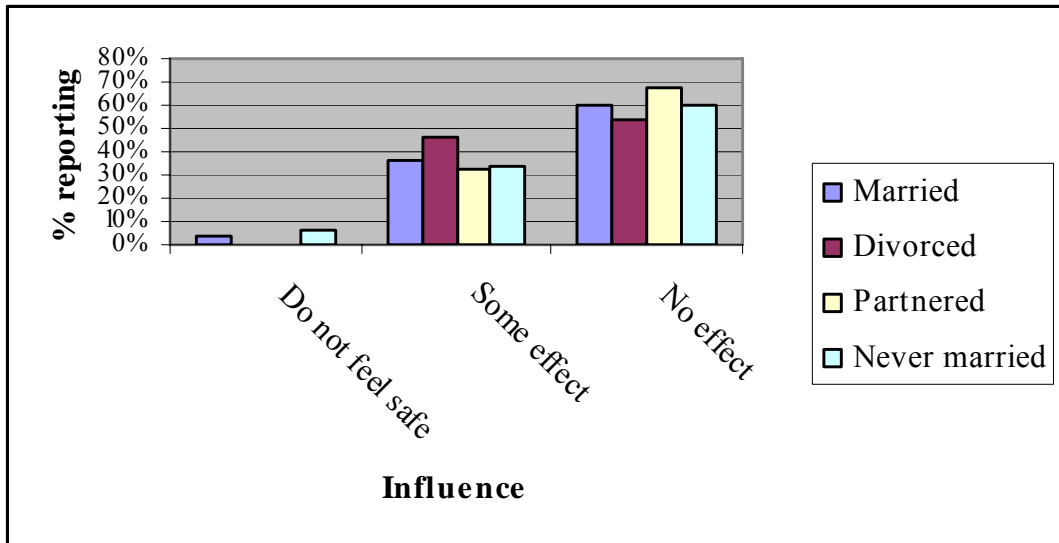
Influence of attacks on future travel by gender



No significant differences in responses to this same question could be found when the respondents were segmented by marital status (see Figure 4). Although partnered and married respondents seemed to have a higher percentage of no effect on travel. Variables such as traveling alone, with children, or with spouse/companion yielded similar results.

FIGURE 4

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 to 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 as of March 2004, 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 has forecasted 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). London's Heathrow airport recorded a 10.4% increase in passengers from one year earlier (Wall Street Journal, 2004).

An informal on-line survey conducted on the CNN website on July 5, 2002 showed that 91% of their respondents would not change their travel plans as a result of the shooting at Los Angeles International Airport (CNN, 2002). If these results could be duplicated in a more rigorous study related specifically to terrorism, this would be excellent news for the travel industry. It would imply that with time, most consumers will try to return to their normal consumption patterns. Obviously, they will be more safety conscious in their preparations, planning, and the trip itself. Additionally, the current economic climate and the sharp declines in the US stock market that have occurred these past few years are also contributing to problems experienced by the travel industry. This is very important to the US Tourism industry, because tourists from Europe are not traveling to the US in the same numbers that they did prior to September 11, 2001 (Swick, 2002).

Travel to Lithuania is still fairly inexpensive for most Germans when compared cost of travel to Western European countries. Lithuania is close and the standard of living is still significantly lower than in Western Europe. Additionally, the decline of the U.S. dollar in relationship to the euro is making travel to the U.S. quite a bargain for many Germans. Travel professionals are expecting many more Europeans to visit the U.S. during summer 2003 than summer 2002 because of this decline in the U.S. dollar.

Additional research is also needed to explain why travel consumers are now willing to travel. Are the events of September 11, 2001 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 consumers are willing to travel even after the horrific events of September 11, 2001 and the continuing attacks worldwide by terrorist groups. While German travel consumers were not directly

affected by the events of September 11, 2001, 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.