



interspill LONDON 2012

SPILL CONFERENCE & EXHIBITION

Long term sponsor:





Impact & Restoration - Tourism

Chris Morton

Chris Morton Associates

www.ChrisMortonAssociates.co.uk

Spill Experience to Date:

Tourism Loss Assessments:

- Sea Empress South Wales 1996
- Nakhodka Japan 1999
- Erika France 2000

Overall Loss Review and Tourism Claim Assessments

- Prestige Spain & France 2003
- Solar 1 Philippines 2006
- Hebei Spirit S Korea 2007

Tourism – A Want Not a Need



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Wish You were here...



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Elements of a Holiday – Eventual Claim Categories

- Transport – planes, trains, ferries/boats, cars (fuel, car rental, car parks), cycle hire,
- Accommodation: hotels, motels, B&B's, guest houses, hostels, camp sites, caravan parks, self catering cottages
- Catering: restaurants, food retailers, cafes, snack bars,
- General retail: supermarkets, chemists, sports shops – e.g fishing equipment retailers, some clothes shops, beach items, souvenir sellers
- Local services: hairdressers, & sports providers: diving schools,

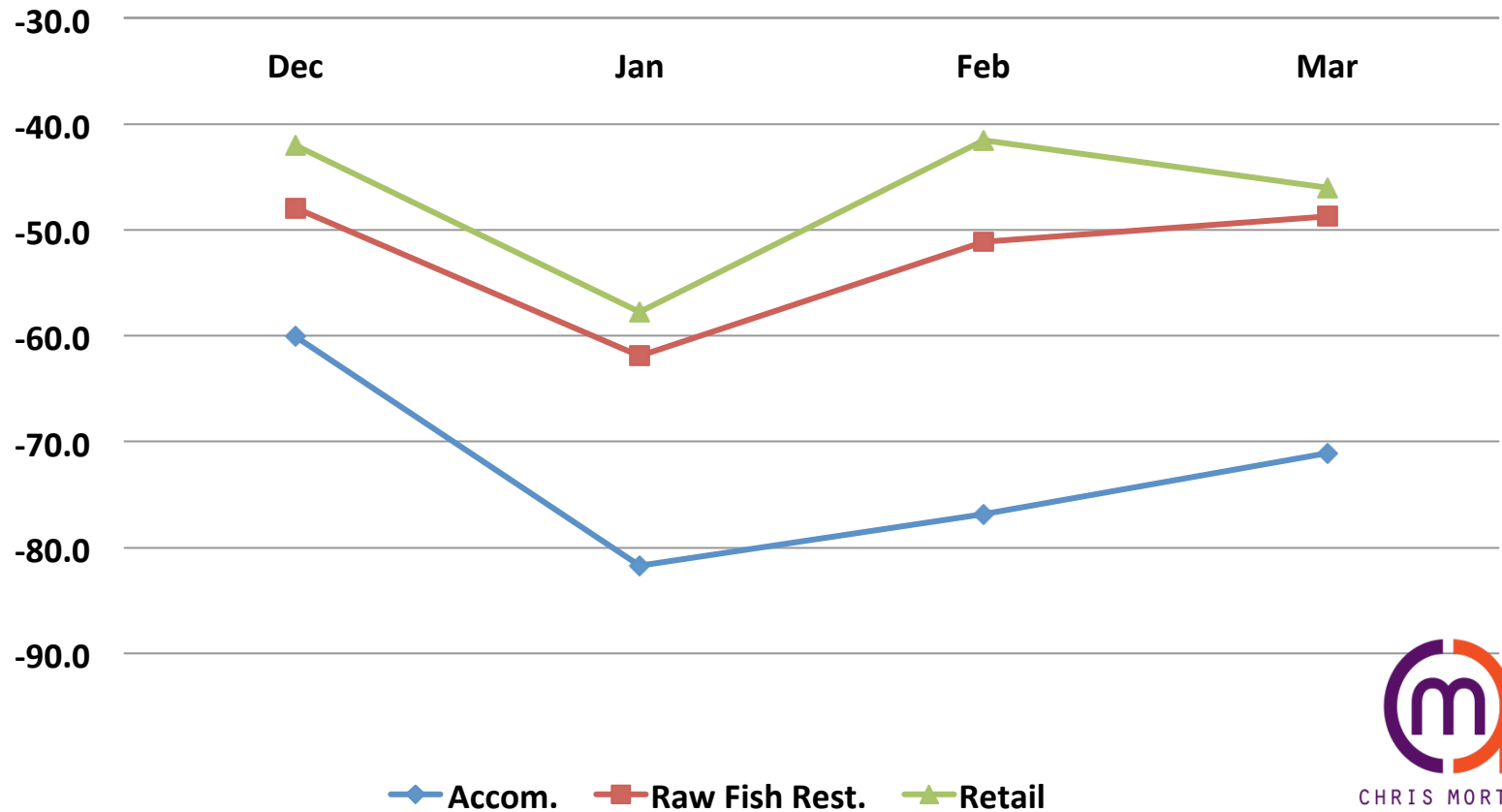
Claim admissibility is subject to dependency on tourism.



Wish You Were Here?

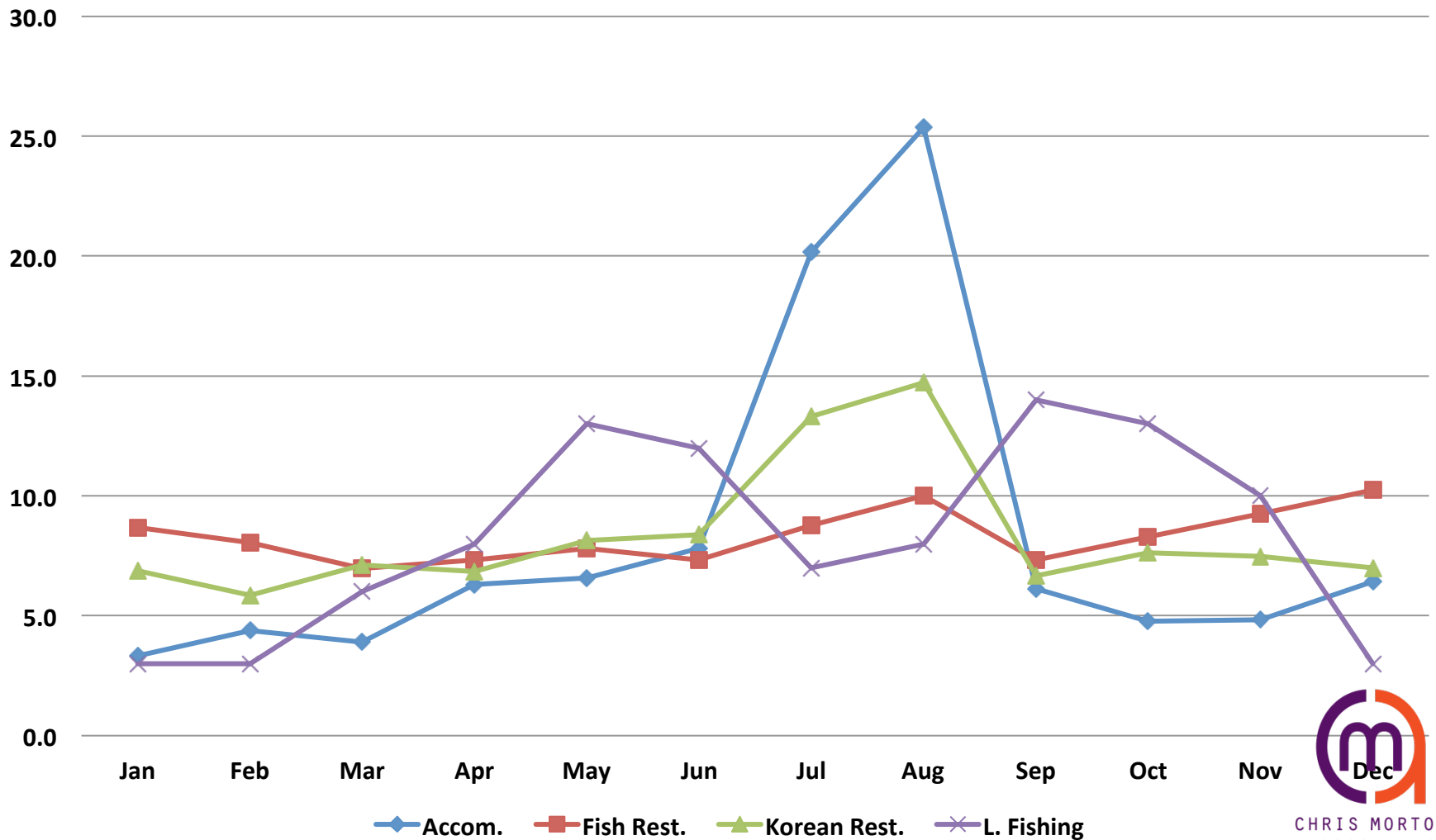
Impact Is Not Even

- Some are more dependent on tourists than others



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Seasonality of Four Taean Tourism Markets



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Overview of a Tourism Destination – S Korea



Tourism Businesses – Come in All Shapes & Sizes



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Factors Affecting Impact

The main factors affecting the degree of impact are:

- The level of contamination
- Media activity
- Timing of the incident – before, during, after season
- Visitor booking patterns
- Origin of visitors: international, national, regional
- Purpose of visits: sea food, sea based leisure activity
- Visitor culture: eco-awareness,
- Effectiveness of mitigation marketing activity

Lunchtime During First Main Holiday in N Taeon Following the Spill



Types of Visitor Information

- Road, rail, air, boat traffic data,
- Car park users data,
- Local vehicle fuel purchases.
- Area hotel occupancy levels,
- Local/regional visitor surveys
- Est. Of visitor spends & volume – regional level
- Visitor numbers at local attractions,
- Booking records from agencies,
- Local area tax revenues,
- Rubbish/ waste volumes.
- Cash distribution levels in the local banking sector,
- Mobile phone usage levels,
- Internet booking agencies

Challenge – Establishing Trends for a Previously Undefined Area

- Most tourism data is produced for pre-determined areas – usually political/administrative areas.
- Few visitor checks except at main borders.
- Oil spills do not recognise man-made boundaries – impact is normally in sub-areas though can affect several countries.
- Need to either disaggregate or combine data from several sources.

Assessing Overall Impact: Economic Loss

Two Methods: Top Down and Bottom Up

Top Down:

Using average area tourism spends by decline in visitor numbers based on visitor numbers & decline ratios from headline data: traffic counts, car park numbers, accommodation occupancy statistics.

Bottom Up:

Based on business counts and capacities: number of bedspaces, restaurant places, activity capacities etc.

Above estimates generate likely range of loss.

Calculation of Economic Loss

1. Estimate theoretical revenue based on 3 year trend not three year average – enables recognition of growing and declining businesses.
2. Subtract actual revenue from theoretical
3. Deduct variable costs, i.e food costs, direct labour, operating and energy costs from estimated loss of revenue
4. Add additional costs – i.e. marketing, cleaning, operating inefficiencies

Factors Affecting Individual Business Losses – Assessment Issues

External - Local

Changes in local communications
i.e new roads & closures, moving of
stations, change in flight
schedules.

Changes in local festivals/ events/
attractions

Competitive changes: new
competitors, facility changes

Changes in external grading systems

Internal Business

Key personnel changes

Changing marketing activity

Changes in capacity

Varying operating hours

Tariff amendments

Change in quality

Switching markets

Changing facilities available

It's Never Just a Single Factor – Despite What 'They' Say

Examples of Other Impacting Factors:

- The strength/ weakness of the economy: varying exchange rates in affected area & core market areas,
- External economic factors: fuel prices
- Disease: Foot & Mouth, SARS Virus, Swine Flu,
- Weather: Varying levels of rainfall, tempests, hurricanes,
- Wars/ social unrest
- Social trends
- Changing holiday periods and working practices

Impact - Main Conclusions

- Degree of impact greatest, closest to the location of the spill,
- Origin of visitors will vary impact: regional/ domestic tourists should return more quickly,
- Lingering media pollution will extend period of loss,
- Limited data available, business records are best – but are often poorly maintained,
- Large numbers of volunteers may prolong revenue decline,
- Different types of business & patterns of seasonality will cause varying levels of declines.

Tourism Incidents – Future Considerations

- Monitoring of the impact during the claim period is crucial to the later assessment of claims.
- Promotion of mitigating marketing activity is important for the reduction of claimed amounts and defence local businesses.
- Many operators have no experience of claim situations and are open to poor external advice that causes them more hardship and prolongs the time and increases the cost of claim assessment.



Restoration

- Coastal Authorities – Pre-planning
- Fighting Back – Media coverage can be good & bad
- Business Support – Keep the businesses alive

Coastal Authorities – Pre-Planning

- Ensure headline visitor data is collected:
Occupancy surveys, accurate visitor counts,
- Encourage businesses to maintain trading data,
- Develop visitor databases & marketing data – establish and maintain contact with visitors,
- Appoint an officer to work with businesses

Fighting Back – Area

- Communicate & tell the truth. Combat negative/sensationalist press coverage
- Keep business operators informed. Share past histories to overcome fear of loss.
- Identify operators who can influence visitor attitudes.
- Use all communication channels: more mobiles than desk tops, use modern means for benefits of operators and tourists: social media, bloggers, internet PR agencies.

Business/ Claimant Support

- Make the claim process transparent and simple. Remove communication barriers.
- Many tourism businesses are small family businesses. Ensure they are aware of claim process and any interim payment provisions
- Accept that many claimants have no claim experience. These operators need help.