Crisis!
What Crisis?
A Descriptive and Normative Study on Crisis Management for Tour Operators

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Abstract

This study attempts to identify crisis management practices deployed by tour operators to face crises. Tour operators exercise a pivotal role in channelling tourism flows. Nevertheless, this role is often destabilized by crises in an increasingly volatile environment. Hence, sustaining the tour operators’ role and ensuring their long term growth demands a formal crisis management system. Yet, the ambiguous nature of the tour operating industry inhibits researchers from exploring existing crisis management practices. Therefore probing, metaphorically, is used to conduct an overview of these practices. It relies on a multiphase scanning of different sources representing various tour operators’ internal and external stakeholders. The study reveals that many tour operators consider crisis management as an operational issue, although crises are dealt with strategically. Furthermore, a generally adoptable crisis management system could not be clearly identified. As such, a flexible crisis management framework is suggested for tour operators to consider. The framework is based on the concepts of latent and active prevention, operational and strategic responses, legitimization, and organizational learning. The framework is also used to suggest areas for future research.
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ABBREVIATIONS USED IN THE RESEARCH

ABTA  Association of British Travel Agents
AITO  Association of Independent Tour Operators
CMT   Crisis Management Team
DIY   Do It Yourself
ETOA  European Tour Operators Association
FCO   Foreign and Commonwealth Office
FTO   Federation of Tour Operators
NTA   National Tour Association
THD   Travel Help Desk
UNWTO United Nations World Tourism Organisation
USTOA United States Tour Operators Association
WHO   World Health Organisation
1. INTRODUCTION

1.1. Rationale and Background of Research

Great occasions do not make heroes or cowards; they simply unveil them to the eyes. Silently and imperceptibly, as we wake or sleep, we grow strong or we grow weak, and at last some crisis shows us what we have become.

(Westcott, n.d.)

The word crisis normally carries a negative connotation that often makes people frown if not panic. The word is indicative of a situation over which control has been partially or totally lost. Westcott, on the other hand, sees a crisis as a moment of truth where the true nature of a person is tested and tried. This observation can apply to a person as well as to an organisation. Thus, one can picture an organisation as an amalgam of persons who must act and react together simultaneously and harmoniously to reflect a distinct organisational identity. This has several implications. First, the amalgam of these people must be coordinated through certain mechanisms to ensure order. Coordination in this context can be thought of as one of Fayol’s five elements of management where coordination is concerned with the harmonisation of all activities within an organisation (Fells, 2000); hence the amalgam metaphor is used. Second, these mechanisms must protect it from external shocks in order to maintain the organisation’s internal order and external position in its surrounding environment. A crisis management system can be regarded as a pivotal mechanism an organisation can deploy during a crisis in order to maintain such order. This type of mechanism can build strength and character in an organisation necessary for it to face its moment of truth in case of a crisis. While crisis management should be incorporated in the long-term plans of an organisation, it nonetheless remains a challenge. Already in 1949, Fayol argued that:

The best plans cannot anticipate all unexpected occurrences which may arise, but does include a place for these events and prepare the weapons which may be needed at the moment of being surprised (Fayol, 1949, p. 49).

The aforementioned amalgam metaphor can apply to any organisation. However, it is more relevant to service-oriented organisations that are labour intensive. Such is the case of tour operators whose business concept relies on packaging leisure, travel, and accommodation services for smoother and headache-free consumption by end consumers. Yet, often this packaging service puts a legal obligation on the shoulders of tour operators during crises. Such legal obligation can be exemplified by the “duty of care” set forth by the EU Travel Package Directive of 1992, which mandates the intervention of tour operators to protect their customers should a harmful event takes place (Rahman, 2004a). Other legal and ethical obligations mandate that tour operators intervene to protect their employees from such harmful event. These obligations can be regarded as demands that grow in scope and magnitude once the number of the tour operators’ stakeholders grows. As the circle encompassing different stakeholders widens, a tour operator must deploy more resources to maintain its internal and external order to be able to face its moment of truth.
order is reflected in its ability to maintain efficient and effective operations with a confident staff. The external order is reflected in the tour operator’s ability to maintain its credibility, profitability, market share, and growth potential. Losing control over any one of them may be subject to the butterfly effect, which may cause unpredictably significant damage that can span the organisation’s time continuum. This loss of control is more likely to occur during crises where uncertainty and time pressure can lead to panic and irrational decision-making, hence worsening the initial crisis or disaster. Consequently, damage control and maintaining order require more than ad hoc responses or intuition but rather a well thought about system that can sustain a tour operator’s internal and external order. This will be referred to later as the tour operator’s ability to align its responses with the demands of its stakeholders.

Crisis management provides a framework within which a tour operator can prepare for this moment of truth. The field encompass a wide range of tools derived from different disciplines such as marketing, economics, communication, and psychology. Furthermore, the field surpass the mere operational concerns that might be highlighted during a crisis. It can invite an organisation to frame its responses within a strategic mould that considers the long term growth prospects of the tour operator. In a highly competitive environment, such consideration cannot be deferred nor neglected. Furthermore, the cost savings that can be realised from crisis preparation cannot be ignored as it is demonstrated in the following figure.

![Figure I: Value of crisis preparation (Cutting Edge Information, 2002)](image)

Nonetheless, crisis management has not been fully developed for the tourism industry and even less for tour operating businesses despite the strategic and vital role they might play in the industry. Batman and Soybali (1999, p. 43) have noted for example that “the significance of travel companies has been strongly felt in the German tourism industry”, where Germany is the second highest tourism spender in the world. They also have noted that in 1994, 28 million holiday packages were sold by tour operators in Germany, amounting to about 43% of the total packages sold that year (Batman and Soybali, 1999). Furthermore Europe is mostly dominated by relatively few but very large tour operators (Batman and Soybali, 1999). The market concentration in the hands of fewer but larger tour operators implies both opportunities and threats. Opportunities manifest themselves in additional resources large tour operators can deploy as a buffer against the effects of certain crises. Threats manifest
themselves in an increased exposure to a growing number of threats and crises given the wider geographical and market presence that comes along a larger organisational structure.

The latest example of such consolidation is the merger and acquisition that took place between MyTravel and Thomas Cook, two of the largest tour operators in Europe. The merger brought the two companies under the umbrella of one company called Thomas Cook Group plc (KarstadtQuelle, 2007). This has been partly motivated by an attractive growth in tourism sales in Europe which have amounted to €263 billion in 2005 and forecasted to reach €348 billion in 2015 with an estimated annual growth of 2.6% (KarstadtQuelle, 2007). Before the merger, Thomas Cook and MyTravel were respectively the second and third largest tour operators in Europe in terms of sales. To reflect the magnitude of such consolidation, one can consider the fact that this merger has created a leading worldwide tour operator with number one position in the UK and Scandinavia, a customer base that exceeds 19 million holidaymakers, and a combined turnover of €12 billion (KarstadtQuelle, 2007).

This, among other consolidation examples such as the one that took place between TUI and First Choice, demonstrate the significance of tour operators in the global tourism industry. Not only are these tour operators large in size, but they also have operations in about every corner of the world. What distinguishes these tour operators from other multinational firms is that, instead of moving goods, they are in the business of creating unique experiences for people by taking them to different parts of the world. Thus, unlike other multinationals, these companies face challenges in securing an optimal experience for their customers given the unstable environment in which they operate. This unstable environment is plagued with negative events that can span various types of disasters and crises. These disasters and crises are even harder to manage by factoring in the distance variable which forces tour operating managers to seek effective systems to manage such crises (Ritchie, 2004). Yet, one has to realise that there are other factors as well that can create such necessity; social, political, and legal changes for example. This undoubtedly indicates an unstable environment for tour operators where their growth and profitability potentials are constantly challenged. Therefore, managing this instability, especially the unpredictable side of it, becomes critical in sustaining the short and long term growth of tour operators, small or large.

1.2. Research Question

The importance of tour operators in the tourism industry has been noted in the business and academic circles. The catalyst role this tourism organisation plays in establishing the link between tourism service suppliers and tourists is and will continue to be a considerable one. As such, sustaining the health of such link will ensure both the health of tourism suppliers and retailers as well as the satisfaction of holidaymakers. Yet, tourism is an industry where crises are the norm rather than the exception. Partly this is due to the globalisation of terrorism, the climatic changes resulting in severe natural disasters, the increasing spread of new technology, and the instantaneous diffusion of information through a global media.

These realities call upon tour operators to act swiftly through flexible response systems that rely on preparedness and organisational adaptation to emerging conditions. As such, this research seeks to evaluate current tour operators’ crisis management practices and develop a
crisis management framework that takes into account the strategic and operational orientation of these tour operators. This will eventually enable different tour operating businesses to minimise any possible financial and/or organisational damages that might be incurred once a crisis occurs. The motivation to conduct this research is based on the premise that there is an opportunity for clarifying the different aspects of crisis management for tour operators. It is also based on the premise that there is an opportunity to highlight how crisis management may differ from risk management for tour operators.

Hence, this research will attempt to answer the following question:

*What practices tour operators follow in managing crises?*

This research question will be answered by exploring the following sub-questions:
- What similarities and differences can be identified in the different crisis management systems tour operators use?
- Is crisis management integrated into the daily operations of tour operators?
- Are tour operators prepared to face crises in case they happen?

### 1.3. Research Purpose

The aim of this research is to understand how tour operators approach crisis management at the strategic and operational levels and to suggest a generally adoptable crisis management framework to be used by various tour operators. The idea behind this aim is to explore the various response options these tour operators opt to use when dealing with such detrimental occurrences or crises. The idea, behind this research, is to also develop an improved and holistic crisis management approach that can be suggested for practitioners in the tour operating business. This implies both a descriptive and a normative research approached from a tour operator’s perspective. The subsequent steps will be followed in order to realise this aim:

- For the descriptive part:
  - Use various sources to examine how tour operators approach crisis management
- For the normative part:
  - Examine if existing crisis management frameworks for tour operators reflect the identified practises in this research.
  - Combine the elements of existing frameworks as well as the extracted information to suggest an improved framework that reflects tour operators’ operational and strategic needs when managing crises.

This research is conducted from a practical business perspective, which emphasises strategic and operational actions that tour operating organisations can take to better handle crises and seize the opportunity to take advantage of them when possible. The theoretical fields related to crisis management are left to be analysed in future research.
1.4. Outline of the Thesis

To answer the research question, the thesis comprises the literature review, the methodology, the extracted data (operational actions and responses to crises, strategic crisis management and long term actions, internal systems and external support), the descriptive analysis, the normative framework, and the conclusions. The literature review starts with describing tour operators and their importance in the tourism industry. This is followed by definitions of crises and crisis management in order to frame the research field. Furthermore, viewpoints on how crisis management differs from risk management are provided together with a discussion of different crisis typologies found in the literature. The literature review also presents the current thought on contemporary crisis management exposing the need for further research. Because part of the research aim is to create a normative crisis management framework for tour operators, no specific model or framework is proposed to be used as a guideline for this study in the literature review. This framework is rather created after the descriptive part is fully developed. Nonetheless, the literature review presents an existing crisis management model developed for tour operators and whose concepts are used as an inspiration to develop the normative framework. The methodology chapter outlines the methods applied during this research, the general approach that was taken, and the process of data collection. It also presents the probing method, which was created to access the different levels and types of data relative to the field.

To emphasise the different aspects of crisis management, the collected information on crisis management for tour operators is divided among three chapters (chapters four, five, and six). Chapter four presents the operational actions and responses initiated by tour operators upon the occurrence of a crisis. Chapter five presents the strategic management of crises as well as the long term actions initiated by tour operators in response to such occurrences. Chapter six contains the specifics of certain crisis management systems that were accessed by this research. It also contains data on the external crisis management support provided by tour operating associations. The lines and arrows in Figure II show the relationship between the sources and types of data and their input into the analysis. In the analysis chapter, the empirical data was used to carry out a descriptive analysis using four themes to portray the field as it was observed. Furthermore, the normative analysis was carried out by developing a framework of crisis management that relies on the interesting points identified in the descriptive analysis while using an already established framework as an inspiration. The last chapter is conclusions. This is where the research sub-questions are answered in light of the analysed material. Furthermore, some final remarks are provided before proposing several future research areas that could further enhance the field of crisis management for tour operators. A simplified illustration outlining the structure of this thesis is presented below (Figure II).
Figure II: Thesis Outline
2. LITERATURE REVIEW

2.1. Tour Operators’ Role in the Tourism Distribution Chain

In order to tackle the issue of crisis management for tour operators, an understanding of the nature and characteristics of tour operators must first be established. Tour operators can be considered as a powerful intermediary in the tourism industry as they take on the important task of putting together various services in one package to be sold to a customer directly or via a travel agent (PPT, 2004). This is best depicted through the following diagram adapted from PPT (2004, p. 1). The implication of such packaging is two-fold. The first is that tour operators are able to diversify the product offering available to the customer (PPT, 2004). The second is that because tour operators are able to reach economies of scale, customers get to pay a reduced price as opposed to a situation where they have to buy services individually from each separate supplier (i.e. airlines, hotels, and restaurants) (PPT, 2004).

Generally speaking, there are two main categories of tour operators; mainstream tour operators serving price-sensitive customers looking for the 3 Ss (sun, sand, sea), and independent tour operators serving quality-sensitive customers looking for exotic and high quality tourism products (PPT, 2004). The former normally seek to be vertically and horizontally integrated with large worldwide operations (PPT, 2004) such as the newly integrated Thomas Cook Group. They also tend to focus on using traditional marketing channels and are usually preferred by local suppliers in various destinations since they bring large number of tourists (PPT, 2004). Independent operators on the other hand tend to be less integrated, smaller in size, and focus on exclusive destinations where they can offer high quality services and still pay local suppliers higher prices even if they bring low volume (PPT, 2004). One major characteristic of mainstream tour operators is that they are faced with low profit margins and thus they rely on gaining market share by lowering prices for an increasingly price-sensitive customer segment (PPT, 2004). Yet, despite their low profit margin, the influence of tour operators, especially the large ones, is quite significant (PPT, 2004).

Large tour operators play a vital role in marketing destinations and organising the activities available to their customers once they reach a destination. EU Package Travel Directive encourage tour operators to make their customers stick to the activities over which tour operators have control (PPT, 2004) thus putting a cap on possible loss of revenues (i.e. money spent on local services) and preventing other risks (i.e. physical harm from participating in local activities). There seems to be less than appropriate attention given to tour operators especially if one considers their role in promoting one destination at the expense of another (PPT, 2004).

![Diagram: The role of the tour operator in the distribution chain (PPT, 2004, p. 1)]
Batman and Soybali (1999) carried out a study on the organisational characteristics of selected German tour operators carrying out their operations in Turkey. They articulated the uniqueness of organisations functioning within the tourism industry when considering the simultaneous consumption and production of tourism products (Batman & Soybali, 1999). This leads to a complex organisational structure that characterise, among others, tour operators (Batman & Soybali, 1999). Management in the latter, as expressed by the authors, is a “process of harmonisation and co-ordination with different organisations, the people and all available resources” and this process is carried out within an organisational structure shaped by the products offered, the cultural context, the economic circumstances, and the size and the working environment of the concerned organisation (Batman & Soybali, 1999, p. 44). However, the same authors asserted that there is no standardised organisational structure for tourism establishments such as tour operators and the emphasis is directed towards the abilities of the managers to lead such companies (Batman & Soybali, 1999).

In terms of the legal constitution of tour operators, they are setup as limited companies to protect investors from the high risk that characterises the travel industry and therefore, this form attracts more investors and capital into the industry (Batman & Soybali, 1999). However, this is not the case for travel agencies because they are less exposed to risk and in need of less working capital compared to tour operators (Batman & Soybali, 1999). As for personnel, there is a direct relationship between the size of the tour operator and the number of personnel employed (Batman & Soybali, 1999).

According to Batman and Soybali (1999), tour operators seem to focus on packaging products and specialising in certain destinations and tourism products especially in the outbound operations, while most of the ticketing and excursions are left for travel agents. In other words, tour operators can be regarded as the wholesalers in the travel and tourism industry. Their research found that the organisational structure is more formal for tour operators than for travel agencies, whereby tour operators have clear-cut organisational charts with functional departments that have clearly laid-out and distinct tasks as opposed to travel agencies where division of tasks is blurred (Batman & Soybali, 1999). Furthermore, the decision-making structure of the majority of the tour operators is more or less decentralised while about 90% of the travel agencies have a centralised decision-making structure due to their relatively small size and less complex ownership structure (Batman & Soybali, 1999).

Most of the tour operators included in the research follow a departmentalisation that is either based on type of services offered, geographic regions served, or customer segments served (Batman & Soybali, 1999). The nature of the travel industry dictates having a motivated staff especially for tour operators where there is a focus on improving working conditions and staff morale but less emphasis on monetary incentives to boost staff motivation (Batman & Soybali, 1999). The authors claimed that “the human factor is the most important production factor in travel companies” (Batman & Soybali, 1999, p. 48). At the same time, the managers did not include technology or natural factors as important production factors for the researched tour operators, an observation which raises a question regarding if these managers are able to assess the impact of natural factors on the production of tourism services (Batman & Soybali, 1999).
2.2. Concept of Crisis and Crisis Management

Merriam-Webster's (2007) defines crisis as “the turning point for better or worse”, “the decisive moment” and “an unstable or crucial time or state of affairs in which a decisive change is impending”. The word crisis comes from Greek *krisis*, meaning: literally, decision, from *krinein*: to decide (Merriam-Webster, 2007).

The concept of crisis is more generic than that of catastrophe, and it is associated with a relatively well defined and noticeable event (Pearson & Claire, 1998), with the concept’s meaning being altered depending on the field being researched (Pauchant & Douville, 1993 cited in Santana, 2003). In the literature, definitions of tourism crises are rare, and they are normally used in a certain context and explain a particular crisis (Santana, 2003). An attempt to define crises in the context of organisations was made by Pearson and Claire (1998, p. 60) who stated:

An organisational crisis is a low probability, high-impact event that threatens the viability of the organisation and is characterised by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly.

Robert and Lajtha (2002, p. 181) argued that “crisis frequency is increasing in an increasingly volatile world”. This is supported by Ritchie (2004, p. 669) who argued that there is a “difficulty in responding to chaotic situations, which are often unpredictable and difficult to control”. He also emphasised that “chaos and change are an important part of public and private sector management which should be embraced and considered in modern tourism management” (Ritchie, 2004, p. 669). This is supported by other chaos and complexity theory researchers, who argue that crises are needed to push the industry to its limits, which forces changes that produce “a more viable tourism sector” (McKercher & Hui, 2003, p. 101). However, it is noted that “international tourism flows are subject to disruption by a range of events that may occur in the destination itself, in competing destinations, origin markets, or they may be remote from either”, where consequences may be “mild and relatively short term or have catastrophic impacts on existing tourism systems” (Prideaux, Laws & Faulkner, 2003, p. 475). Prideaux et al. (2003) argued that in recent years, there have been major disruptions in tourism including the Gulf War and the September 11. This suggests that crisis management is increasingly important, because the surrounding world is increasingly reflecting chaotic and uncertain features, usually named as crises.

According to Robert and Lajtha (2002, p. 181) there are thirty “anxiety factors” that contribute to a latent crisis potential, which are grouped in five distinctive groups including:

- **Concern with security** (health and safety issues, climatic concerns, economic imbalance and businesses concentrating into large conglomerates);
- **Concern with transparency** (increased monitoring and interference by governments, communications policies);
- **Concern with value distortion** (media appeal of many crisis, new “meaning creation”, globalisation as the only socio-economic model);
- **Concern with justice/equity** (heightened sensitivity to ethical issues, increasing recognition of victims and their rights, a rising tendency for litigation);
- **Concern with authority** (loss of confidence in rulers).
Of these concerns, the “concern with security” may come unexpected and may have a strong immediate impact (Robert & Lajtha, 2002).

Fink (1986, p. 20) categorised a crisis to consist of four different and distinct stages:
1. prodromal crisis stage
2. acute crisis stage
3. chronic crisis stage
4. crisis resolution stage

According to Fink, the prodromal phase is the pre-crisis time, when some warnings of a possible up-coming crisis appear, and with good crisis management awareness, most of them can be noticed and treated at this stage, before a full-scale crisis breaks out (1986, p. 21). This stage can also be compared with risk management, which plans for foreseeable occurrences and steps into action if they happen. However, in crisis management, the prodromal stage should also react to occurrences that are not foreseeable and tries to mitigate them on the spot (Fink, 1986, p. 21). This could be exemplified by the inspection of tour operators’ airplanes. Technicians can cheat during their inspection due to a lack of time, resources, or ethics. This invites a crisis to occur. The looming crisis would be easily avoided by allocating more people and resources, and being more selective when hiring technicians. This action would cost less than the costs associated with material and immaterial damage that can result from a plane crash for example. At this stage, an organisation can also exercise some control over the severity of crisis, even if it may not be avoided (Fink, 1986, p. 21). The acute crisis stage is when the crisis erupts, at which point the most important action is to try to control as much as possible “the flow, the speed, direction and duration of the crisis” (Fink, 1986, p. 22). Fink classifies the chronic stage of a crisis to be the period of recovery, self-analysis, and healing, where all taken actions can be analysed, to continue with the business, or to experience financial upheaval and even bankruptcy (1986, p. 23-24). The crisis resolution phase is when the “patient is well and whole again” (Fink, 1986, p. 25). Nevertheless, research has shown that historically, crises evolve in a cyclical fashion and rarely appear alone (Fink, 1986, p. 25).

A crisis is characterised at the same time by negative effects (perturbation, deregulation, conflict, confusion of action, excessive stress leading to rushed and poor action) and positive effects (mobilisation, solidarity, co-operation, improved adaptation to the environment, experimental learning) (Lalonde, 2004, p. 77). There is a general opinion that not enough research is done in crisis management, and there is a confusion of definitions, as some researchers use crisis synonymous to risk (Lalonde, 2004). However, exceptions exist such as the work of Tarlow (2004). Tarlow (2004) attempted to differentiate between risk and crisis management where his results are shown in the following table:
Crisis response can be viewed as a “complex system with fuzzy boundaries and diverse agents” coming from several different divisions of the organisation, where this system serves one or several crisis response tasks, a point that has been previously articulated by Mitroff (2005) (Paraskevas, 2006, p. 895). It is shown that systems do not evolve in a vacuum, but a system “influences the other organisational sub-systems and the external environment, and in complexity terms, when it moves along its fitness landscape, it alters the fitness of other systems” (Kauffman, 1995 in Paraskevas, 2006, p. 895). Therefore, crisis planning defines the rules for interaction between the different components of the system or an organisation, while also defining the environment where the components operate (Lewin & Vorberda, 1999 cited in Paraskevas, 2006).

Through research and training, crisis management seeks to improve readiness and possible response to the physical threats facing society (Taubmancenter, 2007). Such threats include natural disasters (hurricanes, tsunamis, forest fires & earthquakes), technology failures (airline and train crashes & industrial disasters), emergent infectious diseases (West Nile virus, SARS & Bird Flu), or manmade catastrophes (terrorism) (Taubmancenter, 2007).

### 2.2.1. Inadequacy of Traditional Crisis Management

Traditional crisis management refers to an approach that is more concerned with planning and creating responses to certain types of crises (Robert & Lajtha, 2002). Mitroff (2004) argues that it may be misleading to consider only those crises that have occurred and the ones one is familiar with. It should be noted that the evolvement of uncertainty in the environment and the recent crises promote “the apparent ineffectiveness of traditional crisis management plans and responses” (Robert & Lajtha, 2002, p. 184). The criticism articulated by these authors can be summarised as follows (Robert & Lajtha, 2002, pp. 184-185):

- Risk analysis –a rational method aimed at identifying and classifying uncertainties according to their probability and their severity. “It is clear today that such analysis is not likely to be useful as a diagnostic methodology for crisis situations” and it is

| Table I: Some basic differences between risk and crisis management (Tarlow, 2004, p. 24) |
|---------------------------------|---------------------------------|---------------------------------|
| **Risk**                       | **Crisis**                      |                                |
| Safety of Occurrence            | Uses a statistical system       | Is a known event               |
| Goal of management              | To stop the event prior to occurrence | To minimize the damage one event has taken place |
| Type of preparation to combat the "event" | Probability studies Knowledge of past events Tracking systems Learning from Others | Specific information such as medical, psychological, or crime. Developing a what if attitude |
| Training needed                 | Assume crises and find ways to prevent them. | Assume crises and practice reacting to them. |
| Reactive or Proactive            | Proactive | Reactive, though training can be proactive toward the reactive. |
| Types of victim                 | Anyone, maybe visitor, staff, or resident | Can be visitors, staff members, or site |
| Publicity                       | Goal is to prevent publicity by acting to create non-events | Goal is to limit the public relations damage that may occur. |
| Some common problems            | Poor building maintenance Poor food quality Poor lighting Fear of terrorism Fear of a crime occurring | Rude visitor Sick person Robbery Threat to staff Bomb scare Lack of language skills. |
possible that a crisis develops “despite a very low risk assessment severity rating” (Robert & Lajtha, 2002, p. 184). Risk management needs to be supplemented by alternative techniques when crisis management is planned.

- Emergency response / disaster recovery plans are frequently only a gesture rather than realistic operating guidelines, and the majority of these guidelines are outdated
- Simulation exercises – “often based on scenarios developed secretly and submitted within a compressed time-frame to an unprepared crisis management team” (Robert & Lajtha, 2002, p. 184).
- Media training for spokespersons – which is useful but too often leads to confusion between crisis management and crisis communication.

Furthermore, Robert and Lajtha (2002, p. 185) revealed that several “conceptual black holes” exist relating to crisis management techniques, which are summarised in the following points:

- The language and practice of anticipation – is the only part of crisis management that can be conducted in a controlled “cold” environment.
- Rapid access to essential information in an appropriate format
- Decision-making -how many people, including senior managers, have been taught how to recognise and make effective decisions under stress and in the absence of sufficient information, time, and resources?
- Psychological preparation and appropriate training of crisis management team members
- Crisis command centre design and location
- The need to question/ challenge the operational status quo – crises are characterised by the absence of obvious solutions, the scarcity of reliable information when it is needed, the lack of adequate time to reflect on, and a debate over alternative courses of action.
- The active involvement of senior management (Robert & Lajtha, 2002, p. 185)

2.2.2. Non-traditional Approaches to Crisis Management

Paraskevas (2006, p. 895) proposed a “complexity-informed framework for effective crisis response”, categorising its parts under the following headings:

- crisis response as a complex co-evolving system –crisis response is considered as a complex sub-system of the organisation with agents from different parts of it, where the whole system can learn from its environment and change its internal structure as well as the behaviour of its individual elements;
- the purpose of the crisis response system –to redefine the system, to enhance the strength and flexibility of the whole company, to become resistant to disturbance, and to enhance its capacity to restore itself;
- distributed control – allows flexibility for each component to respond to crisis at a local level, to let decisions be made by those who are “close” to the crisis;
- self-awareness by diffuse feedback –the system needs to be able to monitor its overall performance and with a wide information network updating information at all levels;
- non-linear system connectedness –the information flow needs to be de-centralised, two-way, and horizontal as well as vertical; and
exaptation and scaffold response – high degree of flexibility to build new connections between agents or to use new ways to respond that allow to explore all possibilities and recombine them in a novel way. (Paraskevas 2006, pp. 898-902)

Paraskevas emphasised that “the system should not aim at specific agent behaviours and actions but at the collective robustness and resilience of the organisation” (2006, p. 903). It should “set the rules of interaction, provide enough structure for the business to operate and information to flow easily to and from all parts of the system and allow flexibility for the agents to self-organise at local level according to their particular conditions of the crisis” (Paraskevas, 2006, p. 903). He continued that the system should have a “diffuse feedback network that allows the system to self-correct if needed and the agents to self-organise by modifying their crisis response behaviours” and that the “system should be autodidactic, i.e. be able to learn from its experiences, and to store the knowledge for future use” (Paraskevas, 2006, p. 903).

To address the problems of the traditional crisis management, a ten point mental action plan for crisis management is suggested by Robert & Lajtha (2002, p. 186):

1. Reversing the polarity – looking at the positive attributes that investment in crisis management training can yield
2. Reversing the priorities – getting chief executives and top management involved
3. Managing a continuous process – avoiding unnecessary and undesirable planning rigidity
4. Challenging accepted practices – questioning existing crisis management initiatives or the absence of a credible crisis management response capability
5. Changing focus – paying more attention to the beginning and end of crisis, where crisis management can be most effective
6. Lateral thinking – paying greater attention to what might initially appear to be marginal / peripheral
7. Addressing organisational taboos
8. Building / rebuilding confidence in the organisation – the core objective of crisis management
9. Breaking inflexible mindsets – training oneself to deal with unexpected
10. Developing a fresh approach

2.3. Typology of Crises

The typology of crises is of paramount importance since it allows organisations to have a framework of analysis by providing them with a point of reference to which they can go back to should a crisis happen (Gundel, 2005). Gundel argued that classifying crises is “the first step to keep them under control since they can be named and analysed” (2005, p. 106) a viewpoint which is shared with Mitroff (2004, p. 63). However, it is difficult to have a typology for crises since the crises that have happened or are happening do not necessarily reflect the crises that will take place in the future (Gundel, 2005, Mitroff, 2004, pp. 64-65). As such, the typology must be progressive to the extent that it encompasses the new crises that can take place in the future (Gundel, 2005). Gundel pointed out that the normally used crisis typology of man-made, natural, or socially induced crises, is weak in a sense that although these three categories maybe mutually exclusive, subsets of each type may not be mutually exclusive (2005). An example for this is global warming; while this phenomenon can be
regarded as a natural catastrophe, it is nonetheless a result of the actions of millions of people around the globe and thus natural and man-made crises in this example are not mutually exclusive (Gundel, 2005). This, as argued by the author, has serious implications in a sense that it becomes difficult to blame human error of such crises or consider it as an act of nature over which one has little control (Gundel, 2005). One way to counter this problem is to create major subsets under general headings like terrorist attacks, oil spillages, or air disasters being the most used concepts in the literature (Gundel, 2005). However, an exception to this is, for example, the 9/11 terrorist attacks which can be categorised under terrorism, air disasters, and many other subsets (Gundel, 2005). Modern research, especially the one that came after the 9/11 terrorist attacks, presents another typology that distinguishes “normal” crises from “abnormal” crises; whereby abnormal crises are premeditated like terrorism while normal crises are caused by system overloads or natural disasters (Mitroff & Alpaslan, 2003, p. 110, Mitroff, 2004, pp. 68-70). Criticising the value of the numerous typologies developed before, Gundel (2005) proposed a new typology that is based on two elements:

First - Predictability: The element of predictability is essential for crises since some can be predicted while others cannot. A predictable crisis is one that is known to a third competent party and its occurrence probability cannot be ignored (Gundel, 2005, pp. 108-109). Predictable in this sense means that it must be knowable by calling upon a third party to examine where a crisis can happen and the probability of such crisis taking place must surpass a benchmark set by convention (Gundel, 2005, pp. 108-109).

Second - Influence possibilities: The influence possibilities refer to responses that are known and can be carried out to reduce and minimise the effect of the crises (Gundel, 2005, p. 109)

Following these classification criteria, Gundel (2005) developed a crisis matrix that has four major types of crises that are more flexible to account for different types of crises facing many organisations today:

1) **Conventional crises**: this crisis type is predictable with a known set of influence possibilities, and it results mostly from ill-structured systems (Gundel, 2005, p. 110) (e.g. fault in nuclear power plant reactor) and thus countermeasures to offset the crisis can be planned. Although the author considered this type as a crisis, it can be more or less be considered under risk management rather than crisis management since this type is predictable and there are numerous tools with which it can be influenced and even prevented.

2) **Unexpected crises**: this type of crises is less predictable but has a range of influence
possibilities, meaning that if the crisis happens, there are a number of measures that can be taken to offset this kind of crisis, such as the example of a fire-proof railway that burnt in a tunnel killing a number of people (Gundel, 2005 p. 111).

3) **Intractable crises:** this type of crises is more predictable but lacks influence possibilities or the appropriate response measures. The Chernobyl example is given where the state of the reactor was known to be bad but once the crisis took place, little was to be done to stop the subsequent reactions that led to a disaster that affected human and natural life way beyond the region where the reactor is located (Gundel, 2005 p. 111).

4) **Fundamental crises:** these crises are the most dangerous since they can neither be forecasted nor counteracted with response measures since they come with an element of surprise and irreversible damages such as 9/11 terrorist attack (Gundel, 2005 p. 112).

Another way of classifying crises is proposed by Parsons, who suggest three types of crises (1996, pp. 26-27). The strategies dealing with each crisis situation vary depending on time pressure, the extent of control that an organisation has over the crisis and the magnitude of the latter (Parsons, 1996, pp. 26-27):

1) *Immediate crises:* where little or no warning exists therefore organisations are unable to research the problem or prepare a plan before the crisis hits.

2) *Emerging crises:* these are slower in developing and may be able to be stopped or limited by an organisational action.

3) *Sustained crises:* that may last for weeks, months or even years.

The table at the right, developed by Burnett classifies crises into different types, using four variables; the time pressure, degree of control that can be exercised, the threat level and the number of response options, resulting in sixteen cells (1998). On the other hand, he classified the level of crises into four distinctive categories and the level 0 is not classified as crisis at all (Burnett, 1998). The levels can be compared with the typology of Gundel (2005), where the level one is similar to conventional crises, and counter-measures are relatively easy to plan. Level two and three have similarities with unexpected crises and intractable crises, with varying levels of threat, degree of control and possibilities to influence. The level four crises are comparable to the fundamental crises, where crises come unpredicted with low levels of control while posing a great threat to the organisation.

Figure V: Classification of crises (Burnett, 1988, p. 483)
2.4. Crisis Management for Tour Operators

The body of research that puts a direct link between crisis management and tour operators is limited to this date. In one attempt, Evans and Elphick (2005) recognised this and tried to examine the response of some British tour operators to the catastrophe that took place in New York on September 11, 2001. In their research, Evans and Elphick (2005) tried to apply a model of crisis management developed by Smith (1990) and later improved by Smith and Sipika (1993). This model puts organisational learning at the heart of the crisis management model used by a specific organisation. Such organisation should look upon the model as a set of interrelated processes that take place in a never-ending feedback loop (Evans & Elphick, 2005). Thus, the idea of the model is to be able to evaluate potential crises and to plan for them in a pre-crisis stage but when the crisis happens, flexibility should be the key to manage it, while keeping in mind the importance of learning from such crisis and transferring such learning to the pre-crisis planning stage (Evans & Elphick, 2005). Another element that distinguishes this model from others is that it puts government involvement as part of the model, in addition to accounting for a set of internal and external triggers when a crisis happens (Evans & Elphick, 2005). In their research, the authors observed and analysed the responses of four large tour operators to the “9/11” crisis. These responses were mainly concentrated towards adjusting future capacity by cutting costs and making staff redundant (Evans & Elphick, 2005).

The drawback of their research, and thus indicates its limitation, is that at the time of the crisis, the studied UK tour operators did not have visitors in New York (Evans & Elphick, 2005) and thus they were less affected than those who actually had visitors in New York, a fact that would normally entail a more complicated crisis response system. Furthermore, the authors pointed out to the difficulty of having a contingency plan since it is difficult to foresee the unpredictable and plan for it (Evans & Elphick, 2005). Still, they stress the importance of flexibility to enable tour operators to come up with an efficient and effective response to possible future crises (Evans & Elphick, 2005). The authors also suggested that “no two crises are the same” and thus no standardised model can exist since each organisation will have individual circumstances that will call for individualised or customised responses to crises (Evans & Elphick, 2005, p. 149).
3. METHODOLOGY

In this research, methodology is understood the way Silverman described it; as “a general approach to studying a topic” reflecting the overall research strategy to study a phenomenon (2001, pp. 3-4). The aims of this research; to make a descriptive study of crisis management for tour operators and to create a normative framework for tour operators that may assist them to manage more effectively and efficiently through various crises, demand both scope and depth in the data collection. Thus, this is a qualitative research that uses both qualitative and quantitative data. A characteristic of qualitative studies that Silverman pointed out is that prior theory may work as a framework for critically understanding a phenomenon, or to loosely guide through a research (2005, pp. 77-79). Prior theories that were found in the literature review gave the initial set of knowledge that was used to initiate this research.

The data collection includes accounts of various major crises and how tour operators responded to these occurrences at the operational and the strategic levels. Consequently, the extracted data includes the tour operators’ strategic decisions and long term actions, the operational effects and responses to crises, as well as the internal crisis management systems and the external support these operators receive from tour operating associations. All these were collected through different sources such as popular, industry, and scholarly media. Other sources also include tour operators’ own accounts through annual reports, interviews and electronic correspondences to ensure that as many crisis management aspects as possible were covered and to gain a holistic view of the field.

In this research, the data collection and methods applied came in sequences, where one inquiry led to another. Even though there was an initial plan to be used, additional questions arose in the process thus requiring further inquiry to be carried out. For example, a search in the media databases on crises and crisis management brought to our attention the existence of Docleaf, a consultancy company which has specialised in crisis management for the tourism industry and tour operators. Thus, crisis management experts and consultants were contacted and their reports were evaluated in order to integrate the experts’ point of view into this research.

3.1. Sources

Sources used in this research vary by their nature; by their depth and scope, and by the intention they have been originally designed for. A direct comparison between data from sources such as the news media, industry journals or the annual reports cannot be made. However they all serve the purpose of revealing different aspects of the same or similar crises. Media sources provided information on how specific crises were handled and the actions that were visible to the general public. This aspect is important if one acknowledges the importance of image, reputation, and public opinion. In journals intended for industry professionals, the actions taken by tour operators, how they handled specific crises and also some expert opinions on how these crises were or should be handled, were revealed. The importance of crisis management to top management and the company’s shareholders were revealed from the annual reports as well as from direct interviewing and mailing. Specifics
on crisis management systems used by tour operators were also revealed through interviewing and personal communications.

However, the scope of data that was found did not have the same weight for each crisis, each tour operator, and each source. The more a crisis was devastating, the more information is available in all different sources and the more reliable the information is. Thus, in this research, major crises are used to reveal the general line of actions, reactions, and attitudes that tour operators have towards these crises in particular and crisis management in general. This helped to analyse even those crises where the scope of the utilised sources was less that it was hoped for.

3.2. Probing

In space research or in deep sea research, it is extremely difficult or impossible for the researcher to go and make direct observations at the source and to create timely accounts of the phenomenon being researched. This is why these researches send out probes to collect information and/or samples. The probe is loaded with an initial set of tools to collect information or the data. Depending on the information that is gathered from the first probe, the researchers make modifications to the next one, which may be sent with a different set of equipment or to explore another area. Information brought back by these probes is evaluated and sorted out to find valuable data that can contribute to the understanding of the researched phenomenon. When this process of sending probes and gathering data continues, the researchers’ understanding grows from a general level of knowledge towards a more accurate and detailed level of knowledge used to answer the initial research problem. Finally a saturation level is achieved when there is enough information to answer the research questions or ideally when no questions are left unanswered. In hard sciences such as physics and chemistry, the saturation level is a measurable figure. However, in soft sciences, saturation is a matter of definition and perception, and it depends on the boundaries of the research in question. For this research, where soft science applies, it is extremely difficult to define absolute saturation because by doing more research, additional information can be obtained. As such, in qualitative research, saturation depends on the predetermined parameters of the research, and once these parameters change, the saturation level will also change.

Glaser and Strauss (1967, p.65) gave a definition for “theoretical saturation” that is reached when:

... no additional data are being found whereby the (researcher) can develop properties of the category. As he sees similar instances over and over again, the researcher becomes empirically confident that a category is saturated ... when one category is saturated, nothing remains but to go on to new groups for data on other categories, and attempt to saturate these categories also (Glaser & Strauss, 1967, p. 65, original brackets).

Similarly in this research, it was not possible to observe actual crisis management of several companies simultaneously from inside to reveal the internal processes, and from outside to evaluate how tour operators handled these crises and how they were perceived in doing so. Another aspect which rendered direct observation impossible was the unpredictability of crises; it was not possible to sit and wait for a crisis to occur, and even less to simulate one for the sake of this research. Therefore, probing was seen as the most appropriate method to
conduct this research. The probes in this research are not physical equipments, devises or teams sent to investigate a company or a phenomenon. They can be thought of, in a metaphorical sense, as sequential actions of concentrated research taken in different areas. The first probe of the researched area provided a chance to reflect on how to proceed with the data collection. This process of probing, where the system feeds its next probe with the results of the previous one, provided more possibilities to further explore the research area. In this research, the saturation level was achieved when the data collected from different sources gave sufficient answers to the research questions given the time and resource constraints.

**Schematic Framework of Probing**

A schematic presentation of the probing method is presented below. However, it has to be noticed that this scheme is a simplification of the entire process. In reality, some of the levels and the sequences were processed simultaneously and they were not clear cut one after the other. The main research area/field of each probe is identified together with the level of research to clarify how the phases developed throughout the research. The arrows show the direction of the information flow, the research, and the impact of one activity on another. This method may be used in as many phases as possible in order to increase the level of understanding of the phenomenon and to obtain sufficient information on the area being researched. For this research, three phases and levels were used to answer the research question.
3.3. Data Collection Methods

As the schematic framework shows the data collection was done in phases. The first phase intended to develop a general understanding of the field, to define the challenges in it, to find the areas to be studied, and to find the sources that would provide the best possible information. Hence, phase one included the first probe: doing desktop research and the second probe: to visit MyTravel Northern Europe. Even though the desktop research continued, the information that was gathered from probing during the first phase guided into the second phase; to scrutinise the media, press releases, news sources and their databases and archives, e.g. launched the third probe. Simultaneously the fourth probe was launched; the extensive project of contacting personally and emailing all European Tour Operators Association (ETOA) and thereafter the United States Tour Operators Association (USTOA) tour operators in order to get co-operation with at least some of them and by doing that to get the insider view into their approach to crisis management. When it came clear that extensive co-operation from several tour operators was not going to be achieved the third probe and data
from press releases suggested to enter a new phase, to research the annual reports (probe number five) and contacting Docleaf (probe number six) that could offer the needed insider information. Thus the data collection continued to the third phase.

3.3.1. Desktop Research
The first phase of the research was to learn about the current state of academic research that is done in the field of crisis management and especially that of tour operators, thus the academic journals, publications and books were reviewed. Only recently has any specific research been made on crisis management for tour operators, hence the general field of tourism had to be included. One model suggesting a framework for crisis management that can be used by tour operators was found (See the model of Evans & Elphick (2005) in the literature review). Therefore, some additional research was necessary to reveal existing crisis management practises and systems used by tour operators.

The data search was conducted systematically, by making general search in search engines and by making key word searches in electronic databases extending the search to journals online, e-reviews, trade and consumer magazines, newspapers, and other media sources, such as broadcasting agencies. For each respective source the archives were searched for accounts of historical events. This was done during the second phase, with the use of the third probe. Key words for data search and collection included, but were not limited to: tour operator, crisis, crisis management, emergency, safety, management, system, travel, tourism, tour operators and their brands such as MyTravel, Thomas Cook, Thomson, First Choice, TUI, Kuoni, Ving and Fritidsresor. Also all possible combinations of the aforementioned key words were used to find essential information. The results varied depending on the search capabilities of the database and the search options given.

Press releases, which tour operators had issued, were retrieved from their own web-sites, their corporate web-sites and through central associations, which issue press releases on the behalf of their member tour operators, such as the Federation of Tour Operators (FTO). All releases after and including the year 2000 and up to the current date were scrutinised (when available) for information about different crises, their handling and their effects. MyTravel is an exception for the time span of its press releases, because their releases were collected until the merger with Thomas Cook in May 2007.

3.3.2. Field Study
During the second phase, several tour operators were directly contacted (probe number four) in hope to gain access to their internal documents, crisis management manuals and to their approach towards crisis management. Due to the time and resource constraints, all worldwide tour operators could not be contacted, and the ambiguous nature of the industry makes it difficult to come up with a comprehensive list for random sampling. As such, this qualitative research targeted tour operator groupings in the form of associations. The associations were selected on the basis of the largest generating and receiving tourist markets in the world; Europe and the USA. According to the United Nations World Tourism Organisation (UNWTO) (2007), Europe is the largest tourist arrival and tourist generating region in the world. In terms of tourist arrivals, it has a global market share of 54% (UNWTO, 2007).
Furthermore, it has a 51.1% of global market share when it comes to international tourism receipts (UNWTO, 2007). In terms of generating tourists, Europe has a 56.3% global market share (UNWTO, 2007). About 33% of global tourism expenditure is done by only four countries, one of which is the United States and the others are European (UNWTO, 2007). Therefore, the study concentrated on the largest tour operator associations in these regions; the FTO, the USTOA, the ETOA, and the Association of British Travel Agents (ABTA). The member lists for the USTOA and the ETOA were available while the list from ABTA was not. However, this was compensated by the information provided by ABTA regarding the guide of emergency procedures the association provides to its members. The USTOA has about 500 members, of which 136 were on their list of tour operators and 46 of them are active members (USTOA, 2007). These members account for $9 billion in sales, which is still far below the turnover generated by the newly formed Thomas Cook with annual sales exceeding $17 billion. This shows the significance of European tour operators and their strength in the most important markets if not globally. Therefore, also the largest tour operators in Europe were contacted, namely; Thomas Cook, MyTravel (before its merger with Thomas Cook), TUI, First Choice (before its merger with TUI), and Kuoni, all of which are also members of the FTO.

The ETOA list of member tour operators (see Appendix 1) was first evaluated and thereafter most of them were systematically contacted by e-mail. The e-mail was sent to the contact person, who was named on the ETOA list. In the e-mail it was requested if they had a specific system to manage crises and emergencies in the destinations they operate in, and to know if there was room for any co-operation with this research (See appendix 2 for a sample e-mail). All tour operators who acted on the international markets or arrange activity or “high risk” tours as well as the international wholesalers were approached. Firms with Do It Yourself (DIY) packaging online, local travel agents and local sightseeing operators were skipped, given the fact that they did not represent the research target group, since they are not legally obligated to provide a “duty of care” to their customers in case a crisis takes place (Rahman, 2004a). Of the ETOA list of 107 member tour operators, 69 were contacted and 38 were not.

Similarly the member list of the USTOA was scrutinised, and the contact information of each operator was searched from the tour operators own home pages. All tour operators who had given an e-mail address to contact them received a direct e-mail. These tour operators received an e-mail asking if they had crisis management systems or plans, and if so, did the USTOA have a role in helping them in managing specific crises. They were also asked for further co-operation with this research. Of the total of 136 tour operators, 91 were contacted, and the remaining 45 were not due to the lack of contact information. Two of the expedited e-mails were not delivered due to incorrect addresses; hence 89 tour operators received the inquiry.

At this point it was noticed that one of the tour operators of the ETOA; lastminute.com was a member of FTO. Therefore a decision was taken to send all the remaining ETOA member operators a similar e-mail that the USTOA operators received to create a better cover of contacted tour operators. Of these e-mails one failed to be delivered, hence, totally 101 ETOA operators received the inquiry. Thus all accessible tour operators of both ETOA and USTOA were eventually contacted.

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The reply ratio proved to be very low: 11% for the ETOA members and only 4.5% for the USTOA members. However, information from other sources helped to cover the lack of direct participation of the tour operators. Of the 101 ETOA tour operators that were contacted, eleven replied and eight of them confirmed that they do have a crisis management system and gave some information. However, four of them denied co-operation due to time or other constraints. One tour operator, confirming that it has an existing crisis management plan, fell silent after a couple of e-mails, without providing further information. Three tour operators; Kuoni Destination Management, BA Holidays and Fez Travel agreed to co-operate and to provide more information. Both Kuoni Destination Management and BA Holidays have provided additional information on their crisis management systems or practices. Kuoni also provided its internal crisis management manuals for review.

Of the USTOA tour operators, only four replied, of which one said it has a crisis management plan but as it is a fairly small tour operator, it recommended to contact its parent organisation; First Choice in UK. Of the two other operators that replied, confidentiality was given as reason for denying this research access to their documents. One tour operator; People to People Ambassadors (name changed from Student Ambassadors from the Ambassadors Group) agreed to tell more about their crisis management system, which was created with the help of Docleaf. However, the co-operation was never realised.

Due to the fact that Foreign and Commonwealth Office (FCO) in UK gives travel advisories and the tour operators are obliged to follow them, the FCO was also contacted by e-mail. They were asked about how the FCO assist tour operators during a crisis, their requirements for tour operators, statistical data on crises, basis for setting their travel advisories, the rules of intervention that the FCO follows during a crisis and the nature of their co-operation with ABTA and other tour operators. The FCO’s replies, although incomplete, shed some light on the organism’s take on crisis management.

Several associations and organisations were contacted in order to find how they help their members in managing crises. The FTO represents twelve of the largest tour operators, and has an active role in promoting the importance of crisis management among its members. It also issues press releases on the behalf of its members during crises. Contacting the FTO by e-mail provided this research with documents which clarified the communication between them and the FCO. The ABTA was also contacted. The association has a manual “Emergency procedures for tour operators” for their members, and by request it provided a copy of it. The National Tour Association (NTA) provides “A Guide to Developing Crisis Management Plan” for their tour operators, which was accessible through the association’s website. The Association of Independent Tour Operators (AITO) was also contacted, but no reply from their part has been received.

MyTravel was approached several times, and data was collected through several channels, during both the first and second phase, and by using two probes; the second and fourth probe. After an initial contact with Anders Enhagen, MyTravel Northern Europe crisis management team leader, a meeting including an informal interview was agreed upon. During this informal interview, Enhagen explained the emergency/crisis management system MyTravel Northern
Europe uses. Further e-mailing with Enhagen provided us with additional data. Even though MyTravel merged with Thomas Cook earlier this year, Enhagen confirmed through personal communication that the same system is still in place with no changes to be noticed (Enhagen, personal communication, October 10, 2007).

Contacts with both Peter Huber at Kuoni Destination Management and Anders Enhagen at MyTravel Northern Europe were kept actively open. This ensured that additional information that may be needed during the research would be accessed.

3.3.3. Annual Reports

In order to identify how tour operators’ top management relate to crises and the underlying philosophy leading to this approach, the annual reports of five of the largest tour operators (Thomas Cook, MyTravel, TUI, First Choice and Kuoni) in Europe have been analysed from 2001 till 2006 with 2001 being the base year given the catastrophic magnitude of the 2001 terrorist attacks that took place in New York. The tour operators’ annual reports have been analysed to see the importance top management gave to crisis management and how this importance changed from 2001 to 2006 (probe number five), a method similar to the one adopted in a study on the evolution of Corporate Discourse on CSR (Bakker, Ohlsson, Hond, Tengblad, and Turcotte, 2007).

The importance of annual reports and the credibility of information obtained from them derive from the fact that they are audited by external auditors, even if it may concentrate mainly on the financial section of the report (Bakker et al, 2007). It is also argued that “annual reports are a well-known means of communication between firms and their stakeholders… [and they are] a tool for impression management because, as a written self–description, it helps creating a desired identity for the organisation that publishes it” (Bakker et al, 2007 p. 55), a point that was acknowledged by Arndt and Bigelow (2000) and Stanton and Stanton (2002) (cited in Bakker et al, 2007 p. 55). By producing these annual reports, companies also attempt to earn the trust of others and thus earn “external legitimacy” (Preston & Post, 1975 cited in Bakker et al, 2007). This is particularly important for the company’s shareholders who must have confidence in the company to maintain their stake in it, while those intending to acquire a stake must be persuaded to do so (Bakker et al, 2007). The company conveys its messages to these stakeholders through the non-financial part of the annual report, which explains its level of effectiveness and efficiency in running the company and ensuring its survival (Hyland 1998; Segars & Kohut 2001 cited in Bakker et al, 2007).

The method used in analysing the annual reports followed a method called concordance which is “a presentation of a selected word in its context, where the word searched for is centred” (Bakker et al, 2007 p. 57). This method allows for quick analysis through a long report as opposed to reading the whole report (Bakker et al, 2007). The words used are closely related with the field of crisis management and have been derived from various sources such as institutional documents, the media, or other companies; sometimes referred to as “buzz words” (Bakker et al, 2007, p. 57). The fact that all these reports have been produced in English simplified the task of data collection by avoiding the use of specific techniques for linguistic analysis.
3.3.4. Expert Input

After Docleaf, which is a professional crisis management consultant, was quoted in several media sources and because it was recommended by another expert of crisis management Jonathan Bernstein, Dr. David Perl, the chief executive of Docleaf was approached by e-mail (probe number six) during the third phase. Perl co-operated with this research by giving an insider’s view to how tour operators, big and small, handle crisis management and to their attitudes towards it. The correspondence was done by e-mail, but a telephone interview was conducted after Perl proposed to discuss some issues, which were complicated to put in writing. This interview followed partly the questions that were e-mailed earlier and partly it evolved through follow up questions. The channel to his expert knowledge was kept open, and he made himself available if further questions would arise during the research.

From Docleaf websites, several existing crisis management products were found for both small and large tour operators. There was also information about the costs to build a crisis management plan and to keep up with crisis preparedness. Perl also gave the full access to Docleaf travelsafe.biz (previously called travelsafe.com) an internet platform for tourism companies, about safety ratings of accommodation suppliers, which can be made available for tour operators.

3.4. Analysis

Qualitative researchers have pointed out to the need to use all possible sources of information to build a clear picture of the studied phenomenon (Carson, Gilmore, Perry and Gronhaug, 2001, p. 176). The authors present two stages of data analysis, where the first stage consists of controlling the quality of the collected data, evaluating this data, and carefully choosing the most relevant and important pieces of data needed to answer the research issues and questions (Carson et al, 2001, p. 176). In this research, quality control was done while extracting the data since it was of varying quality to some degree given the nature of the different sources. In this preliminary screening, it was necessary to pick the most relevant data to narrow down the enormous amount of data collected.

The second stage of analysis, argued by Carson et al., is to link the theory and the data (2001, pp. 179-180). The first objective in analysing the data was to draw some general conclusions about tour operators’ actions in general. This was done by going through both the publicly visible actions and the internal responses of the researched tour operators with similarities and differences being highlighted. The second objective consisted of a more detailed analysis of each tour operator, how their responses evolved with time and by lessons learned, finding which changes were made after the tour operator had experienced a crisis.

When these stages were completed and the picture of the current state of crisis management started to take shape, an additional level of analysis was added, trying to find and fill the empty spots, where the results did not directly give answers. Therefore, an analysis that “reads between lines” helped to complement the whole picture. The significant points highlighted during this analysis were used to suggest an improved and holistic crisis
management framework using an existing model as an inspiration. The framework is intended for practitioners in the tour operating business. After the analysis was conducted, the research moved on to answering the research sub-questions identified earlier as well as drawing conclusions and making recommendations for future research.

### 3.5. Trustworthiness and Ethical Considerations

Qualitative approach suits well to gather data in a dynamic process (Gilmore & Carson, 1996) such as crisis management, while the quantitative research would involve a more statistical analysis of data (Silverman, 2001, p. 28). In this research much of the information is more of an interpretative nature and it cannot easily be quantified, thus qualitative approach was adopted. By using a combination of quantitative and qualitative data, the field of crisis management could be explored from different angles (Silverman, 2001, pp 35-37).

Probing as a research method helps to research at different levels of data (e.g. media at a superficial level and annual reports at a strategic management level). It can be used in stages or sequences because probing allows to research in great depth at a specific or general level. Thus, it can provide different types of information as desired. Because one of the objectives of this research is to create a general framework that can be utilised by most kinds of tour operators, this method was adopted. Probing as a method contains some features of case study methodology, because when probing is concentrated on one company, the resulting data is similar to the one retrieved using case study methods. However, in this research, many tour operators were studied in order to see which crisis responses were reported in the media and which internal processes these tour operators had in place to manage these crises. As such, probing provided a more suitable method to produce the intended crisis management framework.

Data collection for this research was done by searching several databases, news media archives, academic journals, as well as by directly contacting tour operators, associations and crisis management experts. The method used to select the contacted tour operators, being members of ETOA, USTOA and FTO, poses restrictions on the generalisation of the results. Furthermore, all studied crises were not covered by all sources, nor reported by all tour operators as crises. The collected data may also be more incomplete when minor crises are involved. This may have an effect on the depth of the analysis. Nevertheless, the major crises were reported by the researched tour operators in the media and other sources, and thus they provided accounts that may be referred to as “calibrating” crises. This means that they revealed the internal processes and actions taken by these tour operators and they also indicated what seemed to be the generally applied systems of these particular tour operators. The tour operators that were studied more closely in this research were all large and similar information on smaller tour operators was not available.

The low response rate from the contacted tour operators posed at the beginning a serious limitation to the data collection for this study. However this was mostly compensated for by the strategic and operational responses retrieved from the annual reports. It was also compensated by the rich accounts of the actions and reactions to specific crises that were retrieved from different media sources. One of the reasons for not getting access may lie in
the tour operator’s own perception regarding the confidentiality of its information or its value to competitors, a point that Carson et al. previously raised (2001, p. 174).

The available time to do this research posed another limitation. Due to the fixed deadline and the resource constraints (e.g. limited human and financial resources), the researched area could not be explored further or in greater depth. Therefore, for example, not every type of media was audited; some selection and judgement were made to uncover the most relevant and reliable sources.

Some limitations were imposed by the contact persons of the tour operators who participated in this research. When they particularly asked that some information should be kept confidential, such was not included in the research nor published. Interviews were not conducted anonymously, but a level of confidentiality was established to assure the interviewee that all material and information is properly handled.
4. OPERATIONAL ACTIONS AND RESPONSES

This chapter presents the extracted data on the tour operators’ responses to crises at the operational level. The responses have been categorised according to two main types of crises; natural and man-made. The natural crises are presented in the sub-chapters from 4.1. to 4.4., whereas the manmade crises are presented in the sub-chapters from 4.5. to 4.8. Each category comprises of specific crises that have taken place in the last few years and it details how various tour operators responded to these crises at the operational level.

4.1. The Tsunami

The tsunami of 26th December 2004 (see Appendix 3.) was devastating; by February 2005, the death toll was more than 225,000 with thousands still missing (Infoplease, 2007). Compared to this figure, the UK death toll is low, almost 200, of which most were independent travellers (Welsh, 2005). Of the nationalities outside the affected area, the Swedish were worst hit (“Tsunami Disaster”, 2005). Material damage was huge in all affected areas such as in Sri Lanka, especially south from Colombo, in the Maldives and in Phuket (“Tourism and Asia’s tsunami”, 2005). The FTO tour operators had very similar actions from the initial searching and contacting customers, rebooking to other destinations or giving refunds for those who were due to travel soon and making arrangements to repatriate those who wish to interrupt their holiday (FTO 27.12.2004). Most British tour operators offered their clients an alternative destination or a refund on all departures up to 31st January (“Tourism and Asia’s tsunami”, 2005), although customers had to notify their operators by 15th January, or normal booking conditions applied (FTO, 4.1.2005). In contrast the French operators started to operate to some of the affected destinations the 16th January saying that “there is no better way to help people of this region than to go on holiday there” (“Tourism and Asia’s tsunami”, 2005).

TUI had around 2000 customers in the affected region, of which 800 were German (TUI Group, 27.12.2004a). Information about the incident was received almost directly, but the real scale of the disaster was revealed first much later (TUI-aid, n.d.). A short time after the initial alert the crisis unit met, including “members from the press, tour operating, distribution and central transport departments”, and during the information collection TUI put up hotlines (TUI-aid, n.d.). In the Maldives all TUI clients were well, but due to huge property damage it took them to other islands; only very few wanted to leave prematurely (TUI Group, 27.12.2004a). From Sri Lanka the first repatriation flight left the 27th December and the last flight back home left (TUI Group, 27.12.2004b). The situation in Khao Lak was for long unclear, with no reliable information concerning possible victims (TUI Group, 27.12.2004b).

TUI chartered many carriers from Britannia to repatriate its customers during the first couple days after the disaster (TUI-aid, n.d.). It sent members of its Emergency Care Team “to offer psychological support on the flight back” and at arrival to home airports (TUI Group, 27.12.2004b). Its other divisions worked similarly and the Swedish were early to put information for customers and press on its website (TUI-aid, n.d.). TUI Nordic got its responses rapidly in place to rescue its customers; in co-operation with competitors it analysed how to bring their tourists home as quickly as possible (TUI-aid, n.d.). In Phuket
staff went “with a list of names repeatedly from hotel to hotel, combed the region and spoke with immigration authorities and embassies” (TUI-aid, n.d.). Additional 40 staff travelled to Phuket, and journalists, who wanted to travel to the affected area to report on the situation, got there on the empty outward flights (TUI-aid, n.d.).

Those customers who already had a reservation to the affected areas often only amended their booking, although cancellation was free of charge up to 31.10.2005 if done by 31 January 2005 (TUI Group, 4.1.2005). On the 1st of January TUI restarted flying to the Maldives and planned to fly to Phuket and Sri Lanka in February (“Tourism and Asia’s tsunami”, 2005), aiming to return to normal as quick as possible because many areas, which are situated further away from the damaged coasts, were not affected at all (TUI Group, 4.1.2005). TUI started on its website online reporting on the status of destinations in the affected area, to promote the undamaged regions (TUI Group, 4.1.2005).

Later in January TUI set €1.25 million for long term aid, helping the crisis hit area in Southeast Asia, more particularly to rebuild a village in Sri Lanka (TUI Group, 12.1.2005). They also set a website up at www.tui-aid.com (TUI Group, 31.1.2005). A large donation was made by TUI’s employees and customers to help some of the affected areas, while other Group companies individually supported specific relief projects (TUI Group, 2005). The tsunami put some restraints in bookings for the first month, but already in February it reported a slight growth (TUI Group, 12.3.2005). This growth was mainly due to good business development in the UK; the figures were lagging behind in the hard hit Nordic countries (TUI Group, 2005).

Kuoni UK had two fatalities, which is quite little considering that of the UK operators they had most customers in the areas (“Tsunami Disaster”, 2005). Kuoni took already on January 8th new bookings for the tsunami region, although at lower rates, and they also sent one group to the Maldives the first week in January (“Tourism and Asia’s tsunami”, 2005), even though they had offered refunds for their customers (Tricks & Mason, 2004). Susan Biggs, Kuoni’s UK managing director, said that the “precedents from recent crises such as Bali bombings, SARS and 9/11 suggested that recovery could be fairly quick”, and she expected it to be from one to three months (Tricks & Mason, 2004).

In the 2005 annual report, the Kuoni Group acknowledged the effects of the tsunami in 2004 on the Group’s operations (Kuoni Group, 2005). It highlighted that the speedy reconstruction efforts in the affected destinations that followed the disaster has led the Group to take on the challenge of marketing the destinations again (Kuoni Group, 2005). The tsunami has led to a decline in turnover for the Group’s UK and US divisions, since the affected areas are considered to be some of the most important destinations for the Group (Kuoni Group, 2005). The tsunami, according to the report, proved to be exceptionally challenging to the Group with the impact on the company’s operating result reaching about CHF 20 million (Kuoni Group, 2005). This was compounded by the effects of other terrorist attacks in Sharm El Sheikh in Egypt, which had a significant impact on the Group’s European divisions whose customers normally have an appetite for Egypt as a holiday destination (Kuoni Group, 2005).
A year after the tsunami the prospects were looking bright for Kuoni; their agents expecting a buoyant long-haul business, and the tsunami-affected regions to come back (Mayling, 2006). Sri Lanka was expected at last to be recovering, and Kuoni reported that it was “slowly but surely climbing back towards the upper end of its top 10, helped by tactical offers and an increase in the quality of hotels” (“Indian Ocean”, 2006).

MyTravel had in total about 5400 customers in the affected region, of which the Northern Europe division had 4500 mainly in Thailand and Sri Lanka and the UK division had the remaining 900 mostly in the Maldives (MyTravel Group, 29.12.2004). MyTravel had totally seven fatalities but information was still incomplete by December 29th (MyTravel Group, 29.12.2004). By December 29th UK customers had returned already home or were to leave that day, however it took longer time and totally eight flights to get all Nordic customers home (MyTravel Group, 29.12.2004). At that date MyTravel expected some negative impact inflicted by the tsunami, but not an effect on its business plans (MyTravel Group, 29.12.2004, Wallop, 2005). However, by March 31st it estimated the total impact reach £12m (MyTravel Group, 31.3.2005).

MyTravel showed their support to children orphaned in the tsunami, by making donations to SOS Children’s Villages (MyTravel Group, 2004) and in donations for orphanages in Sri Lanka (MyTravel Group, 2005). The Northern Europe division constructed two orphanages in Phuket and MyTravel North America employee donations were used both for the victims of the tsunami and of the hurricanes Katrina and Wilma (MyTravel Group, 2006). A year after the disaster, MyTravel Northern Europe took more customers to the affected area than before it and their operating profit rose by £17.7m despite the negative effect of £8.8m (MyTravel Group, 2005).

First Choice had three fatalities due to the tsunami, and it emphasised that its “first responsibility is to ensure that they account for all their customers and colleagues and ensure that family and friends are made aware of their loved ones’ circumstances” (First Choice, 2005, p.15). Despite the difficulties of the year its operating profit increased by 35% to £32.1m, except for their specialist holidays division that stayed flat (First Choice, 2005). According to its 2005 annual report, “key has been the ability to react quickly to sudden changes in demand and to adjust capacity accordingly” (First Choice, 2005, p.19). The same report explains that they “cut capacity for the second half of the winter to ensure that capacity matches demand” (First Choice, 2005, p.23).

Thomas Cook Group reacted quickly and comprehensively to the tsunami, according to their annual report 2003-4:

The crisis management system put in place for such eventualities proved its worth. This included the setting up of hotlines, the cancellation of holidays booked, supplying information to customers, putting on additional flights to bring Thomas Cook customers home, providing freight capacities for aid supplies, contacting and assisting customers at the destination as well as supporting customers on and after their return flights by the deployment of appropriately trained staff. The plethora of activities undertaken, above all in the form of evacuation flights, means that Thomas Cook incurred expenses. Nevertheless, as is the case with the Tsunami disaster itself, these have no serious implications for the Group’s situation in terms of assets and profit. (Thomas Cook, 2004, p.19).
In the annual report of Thomas Cook, of the year 2004-5, it recognises that growth after the tsunami would have been even better, if the unusual big amount of hurricanes would not have hit the Caribbean and Mexico, it still being affected by the tsunami (Thomas Cook, 2005).

In several instances tour operators and the travel industry received praises in how the crisis was handled (Crawshaw, 2005). It was also written in the Travel Trade Gazette that “from smallest shops to biggest operators, the travel industry has responded generously to the tsunami disaster”, and that the industry showed professionalism, maturity and efficiency (Welsh, 2005). Sandie Dawe, VisitBritain strategy director, agreed saying that “the travel industry is well positioned to take advantage of the good faith it had built up with customers during the crisis” (Crawshaw, 2005).

According to travel agencies and Maldives officials, only three days after the disaster tourists were again willing to travel to the Maldives, which is a relief for their government that wants to use the hard currency generated by tourism to pay rescue efforts (Tricks & Mason, 2004). Similar tendencies is shown in other research saying that after the tsunami, only every fifth consumer planning a trip to Sri Lanka and Thailand have changed their minds (Fox, 2005). Also it was revealed that the “fear of unknown disease is far tougher to manage than a rare natural disaster, however horrific” (“Tourism and Asia’s tsunami”, 2005).

ABTA pr chief Keith Betton commented that travel journalism is affected more and more by “citizen journalism” –people with their mobiles and cameras, which was seen particularly during the tsunami (“Abta Report”, 2006). The ABTA reported that it “can only influence - not control - how media portrays events” (“Abta Report”, 2006). Betton exemplifies it as “how a tour operator may help to rescue hundreds of customers in a natural disaster, but the national media reports only on a few customers who had gone missing” (“Abta Report”, 2006).

4.2. Hurricanes

Hurricane Katrina’s (see Appendix 3 for further information) devastating effects did not only have effects in shattering hotels, but the rising fuel prices led to an increase in airfares, and worsened financial crises at major airlines, because it disrupted the oil pumping in the Gulf of Mexico (David, Dosh and Boehmer, 2005). Hurricane Katrina in New Orleans reminded of the need of making crisis management plans, and according to David Perl, of Docleaf, “operators to Florida, Caribbean, India and the Far East should ensure that websites and brochures warn against hurricanes, as a failure to do so may result in legal action” (“Viewpoint: Katrina”, 2005). Perl suggests that the tour operators need to plan in advance how to track hurricanes, and to ensure that their partners have contingency plans for such events and that cooperation with local authorities is seamless (“Viewpoint: Katrina”, 2005).

The FTO tour operators had around 8 500 customers in the area of Cancun (FTO, 23.10.2005). These tour operators co-operated closely during the passage of Hurricane Wilma (FTO, 23.10.2005) (See Appendix 3 for further information). As a normal procedure, the customers were offered to move to alternative areas in Mexico and those who stayed in
Cancun were informed about local authorities’ safety measures (FTO, 23.10.2005). During the passage of the hurricane, customers remained in the shelters assisted by their reps who worked together with local authority officials, hoteliers and the FCO (FTO, 23.10.2005). The tour operators started early to check the condition of hotels and other property (FTO, 23.10.2005). While the tour operators waited the Cancun airport to reopen, they explored the alternatives by road to other airports and made the necessary flight arrangements (FTO, 23.10.2005). Simultaneously, the FTO operators monitored the potential impact of the hurricane on Cuba, as well as its progress towards Florida (FTO, 23.10.2005). Due to the changing circumstances the customers due to travel to close destinations were given the option to amend their bookings (FTO, 26.10.2005). Before the Cancun airport was reopened the 25th October, customers were either transferred by coach to Merida airport from where they flew home, or from this day onwards they flew home directly from Cancun (FTO, 25.10.2005). The FTO tour operators offered “an ex gratia payment for the non-air element of customers’ holiday pro rata from when they were moved from their hotel to the hurricane shelters” (FTO, 31.10.2005).

MyTravel had 3862 customers in the Yucatan peninsula at the time Hurricane Wilma approached (MyTravel Group, 1.11.2005). The company’s efforts to quick evacuate and repatriate its customers was made very difficult due to the destroyed infrastructure in Mexico and the late re-opening of the Cancun airport (MyTravel Group, 1.11.2005). MyTravel used Cancun, Merida and Chichen Itza airports to evacuate customers to the Dominican Republic, and the first evacuation flight lifted on October 24th (MyTravel Group, 7.12.2005). On Dominican Republic MyTravel provided the customers with “accommodation, clothing and medical assistance” (MyTravel Group, 2005, p.5). While waiting for repatriation until 27th to 30th of October the customers were looked after by MyTravel and “a specialist team of UK counsellors” (MyTravel Group, 7.12.2005).

MyTravel reported that the hurricane Wilma caused extra costs of about £4m, mostly in repatriation flights and cancellations (MyTravel Group, 1.11.2005). The hurricane slowed down the receipt of new bookings, and it also announced that it will continue “to increase flexibility and reduce risk in the business” (MyTravel Group, 1.11.2005). It was expressed in a press release that “the extent of damage to hotel properties will have an impact on North America over the coming months, however [they] expect to shift a significant proportion of this capacity to other Caribbean destinations” (MyTravel Group, 1.11.2005). MyTravel assessed the damage to the resort hotels, infrastructure and facilities, and the first flight to Cancun after the hurricane was planned to the 21st of December (MyTravel Group, 7.12.2005). In March 2006, MyTravel announced that their North American operations still felt the effects of Hurricane Wilma, but expected it “to be offset on a Group basis, by the significantly improved performance in the UK and further improved performance in Northern Europe, resulting from cost reduction projects across the Group” (MyTravel Group, 13.3.2006).

First Choice reported that “the flexibility in the business meant that [they] were able to move and significantly increase bookings to the West Coast of Mexico, away from Cancun, which was badly affected by Hurricane Wilma” (First Choice, 2006, p.8). The Online Services were affected both of the bombings in Turkey and of the hurricanes (First Choice, 2006, p.12).
“Hurricane Wilma caused extensive damage, especially in Cancun, Mexico, which resulted in the destination being almost entirely closed for the peak season as hotels, resorts and infrastructure were repaired or rebuilt” (First Choice, 2006, p.12). First Choice acknowledged that “the nature of the business means that [they] are at risk of geo-political events or natural disasters affecting [their] business. It is for this reason that [they] ensure all [their] businesses operate with a flexible and efficient business model and minimise the reliance on any one destination” (First Choice, 2006, p.19).

Thomas Cook also acknowledged the destruction of infrastructure caused by the hurricanes, and their effects on its business in the areas of the Caribbean (Thomas Cook, 2005). As it did for First Choice, Thomas Cook Destination America had some decline in customer numbers due to the hurricanes (Thomas Cook, 2006). This was mostly felt in the Dominican Republic, Cuba, and Mexico and even though the customers increased to the USA, it was not enough to fully offset this (Thomas Cook, 2006).

The Hurricane Wilma caused a general fall in bookings particularly for Cancun, Florida and the Dominican Republic (Noakes, 2005). Due to Wilma, “a multimillion-pound rescue effort in Cancun airlifted 8,500 British tourists from the resort during the peak half-term week” (Noakes, 2005). Such events will evidently happen again, as it was said from the Met Office, because “this year could be the start of an extended period of extreme weather in the Caribbean” (Noakes, 2005). The Caribbean has been one important area where operators try to shift the falling booking numbers from short-haul destinations, like Spain, which are increasingly being served by the “no-frills airlines and DIY packages” (Noakes, 2005). The costs of hurricanes to the travel industry are huge in many ways; in monetary terms, they cause losses of lives, and in complaints about both lacking preparations and post-hurricane relief (“Viewpoint: Katrina”, 2005).

The progress of Hurricane Dean (see Appendix 3 for further information) was monitored by the FTO members, who updated customers with all news or safety measures given by the local authorities (FTO, 17.8.2007). They also waited to contact those customers who were due to leave in the next three days to see if it would turn out to be necessary, keeping flights operating normally and holding on to normal booking conditions (FTO, 17.8.2007). On the 20th of August, it was expected that the storm would not hit the main holiday areas of Cancun, where the FTO tour operators had totally 9000 customers (FTO, 20.8.2007). Of these 9000 customers, the holiday of 3500 was finishing and they were flown home, and the customers in Cozumel were moved to mainland, as a preventive measure (FTO, 20.8.2007). Hurricane Deans’ effects were limited to the trees, power lines and partly to the beaches around Cancun, and no people was injured nor any structural damage on the hotels was reported (FTO, 21.8.2007).

4.3. Pandemics and Epidemics

The World Health Organisation (WHO) estimates that SARS has caused the travel industry $10 billion in additional costs, which surpasses the costs caused by the war in Iraq (Cooper, 2003). In Hong Kong SARS made the tourist arrivals to drop by 58% in the second quarter of 2003 (Gimbel, 2005). Dong Tao, chief regional economist at Credit Suisse First Boston, said
that “ultimately the problem with an epidemic is not the lack of hospital beds, but the panic and the empty restaurants” (Gimbel, 2005). SARS reminded the industry of three issues: to appreciate and to use the reliable information of the WHO; to be aware of the possibility of misinformation and misinterpretations, which can be aggravated through media; and to understand the effects not only on customers but also on staff (Cooper, 2003). Thomas Cook reported that the customers’ willingness to travel suffered from the bird flu and the acts of terrorism, which led to a decline in sales, and that the only way to have any trips sold was to cut the prices considerably (Thomas Cook, 2003).

Even though the WHO sent a team to Turkey to investigate the bird flu outbreak, and they announced that “there was no reason to introduce any travel restrictions” (Boland & Jackson, 2006), the bird flu caused a decline in bookings for tour operators operating in Turkey and forced Thomas Cook, which had a downturn of 50%, to review its capacity (Mayling, 2006). Similar monitoring actions were also taken by tour operators like TUI (“TUI assesses”, 2006). It was recommended to downsize in stead of cutting prices, because low prices would have a worse effect on Turkey’s image than the bird flu or terrorism had (Mayling, 2006). Despite the fact that the H5N1 virus could be controlled relatively easy, tour operators’ and airlines’ shares and bonds were dragged down (Boland & Jackson, 2006) and MyTravel included the avian flu or the threat of it in trading risks which can restrict international travel (MyTravel Group, 2006). According to George Mann, the “international air travel would spread the disease very rapidly around the world”, but “grounding airlines would have a catastrophic effect on the global economy” (“Ask the expert”, 2005).

4.4. Forest Fire

The forest fires in Halkidiki were adhered to with similar actions as the hurricanes were. The members of the FTO had around 1500 customers in the area and these tour operators cooperated closely with local authorities, who evacuated some locals and tourists as a precaution (FTO, 21.8.2006). The customers returned very quickly to their hotels, or moved to the nearby resort of Thessaloniki (FTO, 22.8.2006). The FTO members checked the infrastructure of the resorts, and said that they would inform of upcoming events if necessary, but at that time normal booking conditions applied (FTO, 22.8.2006). Few customers returned home prematurely, but most of them followed their original holiday plans (FTO, 23.08.2006). Another forest fire was tackled on the south/south west side of Skiathos, where FTO had about 750 customers (FTO, 12.7.2007). Here also some of the customers were relocated away from the fires and the reps kept all of them informed about the situation (FTO, 12.7.2007).

4.5. Terrorism and Armed Conflicts

4.5.1. Internal effect on tour operators

The news media reported extensively on the effects of the September 11 terrorist attacks on the tourism and travel sectors. Although no major tour operators reported any human loss or injuries as a result of the attacks, figures of losses incurred by tour operators right after the attacks are as follows (Coulter, 2002):

1. **Thomas Cook**: 60 managers laid-off within a week of the attacks and 370 staff were laid off by October 1;
2) **First Choice**: 500 employees laid off in UK and another 600 in the month that followed the attacks

3) **Airtours**: 200 employees laid off and 15 employees laid off in the US division

According to Coulter (2002), there were suspicions around the reaction of the tour operators, especially regarding the job cut since it was argued that they took the attacks as more of a justification for slashing jobs, which was more difficult to do prior to the attacks. Coulter (2002) states that the big four tour operators slashed in total about 3500 jobs as result of the attacks with the worldwide aviation industry displaying a more severe picture with the loss of 102000 jobs in the industry. The monetary burden taken by the US and UK governments with $10 billion in compensation paid to the US airlines by the US government and £39.7 million of compensation being paid to UK carriers by the UK government and £22 million of this amount going to British Airways alone (Coulter, 2002). Another issue that faced the tour operators, according to Coulter (2002), was the shift in booking pattern towards late booking, which affected the way tour operators conducted their business. Furthermore, the suppliers of these tour operators such as airlines were badly hit by the crisis resulting in many bankruptcies such as the failing of Ansett (Australia), Gill Airways (UK), Swissair, and Sabena (Coulter, 2002). Hotels, another important supplier to tour operators, were not spared and the example was given for hotels in London which saw a drop of about 35% in occupancy rates following the attacks (Coulter, 2002).

In its 2001 annual report, Airtours Plc. (later renamed MyTravel) acknowledged the seriousness of the 9/11 attacks and a loss of £11.4 million as a result of direct costs to the company and of lost contributions (Airtours, 2001). The 2002 report identifies new trading conditions that resulted from the 9/11 terrorist attacks (MyTravel, 2002). These conditions include a dipping demand level leaving the group with unutilised capacity and a new booking pattern leaning towards late bookings thus depriving the company from securing its sales and revenues early on (MyTravel, 2002). To counter these adverse trading conditions, the Group has adopted a series of measures:

1) Align capacity and programmes offered with the forecasted demand specifically for the major markets of the Group
2) Use a conservative approach to the Group’s operations and adjusting prices to efficiently use the Group’s resources
3) Use various incentives to encourage early booking and discourage customers from booking at a later date

(MyTravel Group Plc, 2002, p. 13)

In its 2001 annual report, Ian Clubb, Chairman of First Choice, states that the group has incurred costs and loss of contribution that amounted to £10.5 million as a result of 9/11 (First Choice, 2001). In the 2002 report, First Choice used its communications channels to ease the restructuring efforts that followed the tragic events of 9/11 since many employees were laid off, and it states:

Our approach to communication provides a combination of interactive and structured involvement with employees which was particularly effective for the business and our employees during the restructuring programme following the tragic events of September 11.

(First Choice, 2002, p. 32)

TUI acknowledged in the 2002 annual report that:
2002 was a very difficult year for the tourism division. Business was adversely affected by the aftermath of the terror attacks of 11 September 2001, the pronounced weakness of economic activity in key source markets and several attacks on tourist destinations, factors that were strongly reflected in the overall earnings. 

(TUI Group, 2002, p. 32)

Given its presence in various markets, the company was able to assess the effect of the attacks in different markets where demand fell sharply due to consumer’s fear of travel (TUI Group, 2002). The fall in demand was felt specifically in Germany and the Nordic region while the effect was minimal in the UK and growth was noticed in Ireland and Belgium (TUI Group, 2002). The effect of the attacks, however, was noticeable for the tourism business with a decline of 2.7% and 37.4% in turnover and profitability respectively (TUI Group, 2002). This decline was considered to be a significant drop (TUI Group, 2002).

The cumulative effect of the September 11 attacks on four UK tour operators were compiled by Evans and Elphick (2005) with corresponding strategies adopted by each tour operator in response to the crisis created by the terrorist attacks (see below). Audit of other sources such as the media also gives further data.

<table>
<thead>
<tr>
<th>Tour operator</th>
<th>Jobs</th>
<th>Capacity and/or the brochure</th>
<th>Strategies</th>
<th>Other comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>MyTravel (formerly Airours)</td>
<td>350 jobs were lost after '9/11' with the chief executive announcing that a further 2000 jobs may be cut, which would include 300-400 in the UK</td>
<td>The group did not cut capacity sufficiently and hoped that there would be only 500000-700000 left to sell but instead there was 1 million</td>
<td>They acted rapidly; cut costs and the number of holidays on sale. They started to promote new global brands and offered up to 55% off holidays for 4 weeks</td>
<td>Shares fell by about one-quarter in the immediate wake of attacks. Currently concentrating on UK core businesses</td>
</tr>
<tr>
<td>TUI UK (formerly Thomson)</td>
<td>400 jobs have been lost which is partly due to the name change to TUI. However, there could be more job losses on the way</td>
<td>Suspended winter 2002.03 brochures until 2002</td>
<td>Have spent to stimulate the market and starting shifting seat only deals to the sun and promoted their new global brands</td>
<td>Retail staff told to clean their own branches</td>
</tr>
<tr>
<td>First Choice</td>
<td>500 jobs have been lost with the cuts expecting them to save £20 million a year</td>
<td>Contingency plans to adjust capacity for the winter (by 15%) and next summer (20%). Also cut the aircraft fleet from 22 to 26</td>
<td>They have cut costs and capacity (eastern Mediterranean cut by 40%). They have repeated a tried and tested theory but with less spending</td>
<td>Greece and Turkey sold very well, although Florida suffered. Crisis cost them £10 million</td>
</tr>
<tr>
<td>Thomas Cook</td>
<td>1930 jobs were lost which included 60 UK managers. Staff offered unpaid leave, reduced hours or voluntary redundancy. Pay cuts were up to 10% for remaining staff and 15% for senior staff</td>
<td>Slashed summer 2002 capacity between 15 and 20%</td>
<td>Costs and capacity were cut with the plan to cut its role of sales administrators in the smaller shops. They have focused on internal matters</td>
<td>Grounded some charter flights and closed 100 agencies after reporting a 12% fall in bookings</td>
</tr>
</tbody>
</table>

Table II: Tour operators’ strategies for 9/11 terrorist attack (Evans & Elphick, 2005, p. 139)
faced the company by the prolonged effects of September 11, 2001 and the successive terrorist attacks in 2002 whose effects were compounded by the conflict in Iraq and other external factors (TUI Group, 2003). Frenzel states in the report that the “tourism business was particularly affected by these external factors” but he attributes the good performance of the tourism despite these factors to (TUI Group, 2003, p. 5):

1) The management efforts although they were not able to offset all the effects of these factors
2) Pan-European presence in all major markets where fall-off demand in some markets specifically because of the war in Iraq was offset by the growth in other markets

In its 2003 annual report Ian Clubb, Chairman of First Choice, states that the company faced challenges borne out of the Iraq war but the impact of the crisis was minimised by the flexibility and the tight control over costs the company was able to achieve as a result of its restructuring programme in 2001 and 2002 (First Choice, 2003).

In its 2003 annual report, the Kuoni Group acknowledged a very difficult year as a result of the war in Iraq and the SARS outbreak (Kuoni Group, 2003). The report states that the company was still feeling the effects of the 9/11 terrorist attacks as well as the terrorist attacks that took place during 2003 specifically those in Djerba (Tunisia), Bali, Mombasa, Morocco, and Turkey in addition to the outbreak of SARS and the war in Iraq, conditions that all led, with other factors, to the fall in the company’s turnover by 11.9% (Kuoni Group, 2003). On the other hand, the Group’s focus on flexibility and capacity management enabled it to increase its profit margin from 26.2% to 28.3% despite the fall in turnover (Kuoni Group, 2003).

Specific to Kuoni Group’s incoming services in Africa, the year proved to be a difficult one after the British Foreign Office issued a travel advice against travelling to Kenya in its response to the Mombassa terrorist attacks, which have led to “a huge drop in the number of tourists arriving from the UK and the USA” (Kuoni Group, 2003, p. 42). As for the Group’s incoming service in the USA, the Group acknowledges that the USA was still suffering from the after effects of the 9/11 terrorist attacks despite currency depreciation that has marked the US dollar in 2003, which makes it a cheaper destination for holidaymakers coming from the Euro zone and Asia (Kuoni Group, 2003).

The terrorist attacks that took place in 2004 in Egypt led to numerous cancellations for two tour operators, Peltours and Longwood, who operated in the region. To face the crisis, Peltours offered 10% price discount to keep its customers but did not provide any booking refunds given the fact that “demand was still high” (Rahman, 2004).

The bombings that hit Egypt in 2005 created a dilemma for tour operators who did not know whether to keep sending their customers to the destination or not (Starmer-Smith, 2005). One of the hotels used by MyTravel in the destination was badly damaged by the bombings and as such, the tour operator had to look for another hotel that can receive the Group’s customers (Starmer-Smith, 2005).

In its 2005 annual report, MyTravel reported its casualties as a result of the terrorist attacks that took place in Sharm El-Sheikh in Egypt. MyTravel had 1117 clients in Sharm El-Sheikh during the bombings and consequently 7 of these customers lost their lives (MyTravel Group
plc, 2005). The company gave the rest of the customers at that time the option of going home (MyTravel Group plc, 2005). The company’s “result was also adversely impacted by £6.8 million of net repatriation costs and lost margins as a result of natural disasters and the bombings in Sharm El-Sheikh” (MyTravel Group plc, 2005, p. 8).

In the aftermath of the terrorist bombings that took place in August 2006 in Turkish destinations of Marmaris, Antalya and Istanbul, there was a fear among tour operators that late prices affect adversely leading to poor performance (“Terrorist bombs”, 2006). Refunds are given only if the UK Foreign Office advises against travel to a specific destination and since no such advice was given in regards to Turkey despite the bombings, tour operators did not give any refunds to their customers (“Terrorist bombs”, 2006). The following reflects the actions taken by specific tour operators:

- **Jewel in the Crown** provided its customers the option to change to another resort during one week
- **First Choice** gave the option of cancellation to those who were at the airport and getting ready to be flown to Turkey at the moment the news of bombings broke out but it did not offer the same option for customers leaving later on
- **Thomas Cook**, the operator opted for imposing cancellation fees given the absence of any warning from the Foreign Office (“Terrorist bombs”, 2006)

In its 2006 annual report, First Choice identified difficulties in securing bookings for summer 2007 as a result of the effect of the thwarted terrorist attacks in Turkey (First Choice, 2006). These attacks had a cumulative effect of 14% and 11% decline in number of customers and revenues respectively (First Choice, 2006).

The war that broke out between Israel and Lebanon in the summer of 2006 led tour operators like Harvey World Travel and Bales Worldwide to cancel a joint programme aimed at using Lebanon and Syria as new destinations for a niche market (Walsh, 2006). Furthermore, many tour operators were worried about important destinations close to the conflict such as Egypt and Cyprus and such was the case of Jewel in the Crown, which saw its bookings for Egypt “taking a dip” (Walsh, 2006).

### 4.5.2. Tour operators’ crisis readiness and responsiveness

The aftermath of the London bombings in 2005 shows another picture of tour operators’ response to crises, one that deals more with ensuring the safety of its clients. A US operator, which had 500 students in London at the time of the bombing, made use of its simulation exercises of a possible crisis to get through the crisis created by bombings as the operator knew exactly what to do at the time of the crisis (“Business advice: Preparing”, 2005). The simulation exercises were part of a training given by Docleaf, a crisis management specialist (“Business advice: Preparing”, 2005). Perl, chief executive of Docleaf, argues that emotional support and counselling that must be provided to customers is expected during and after a crisis and people will often be compensated for the lack of such support during a crisis (“Business advice: Preparing”, 2005).

Tour operators overlook cost considerations in their response to crises and they focus on
giving quality service to their customers. Such was exemplified by the account given by the USTOA regarding how some of its members responded to the 9/11 terrorist attacks:

- Cruise West: Provided staff’s cell phones to customers to contact their families and friends and worked with airlines to reschedule flights for their customers stuck in Alaska.
- Maupintour: Assisted their customers all over the world to get extended stays in the hotels and arrange flights to take them back home.
- Globus and Cosmos: Got hold of all customers in New York and provided them with bus transportation.
- TCS Expeditions: Contacted the families of their customers and informed their customers that all their families were safe.
- Classic Custom Vacations and Royal Celebrity Tours: Provided free hotel stays for their customers.

(USTOA, n.d.)

However, such response does not come as a coincidence. The USTOA gives an example of one its members, Tauck World Discovery, which allocates an annual budget of $100,000 to updating its crisis management plan and training the company’s top directors in managing various types of crises (USTOA, n.d.).

### 4.5.3. Effect on customers

In 2004, the terrorist attacks that struck the resorts of Taba and Sinai Peninsula in Egypt led to 34 casualties and 105 injuries among tourists (Rahman, 2004). On the other hand, Longwood quickly activated its crisis response team after the bombings (Meadows, 2004). Longwood also provided phone-based counselling to their traumatised customers once they returned from Egypt and their efforts were appreciated (Meadows, 2004). While less lethal, the terrorist bombings that took place in the Turkish destinations of Marmaris, Antalya and Istanbul in 2006 led to 10 injuries among Jewel in the Crown and Thomas Cook customers (“Terrorist bombs”, 2006).

From 2001 to 2006, a number of tourism-related terrorist attacks have been accounted for. The following table adapted from Paraskevas and Arendell (2007 pp. 1561-1562) gives a list of post 9/11 tourism-related terrorist attacks. The terrorist attacks detailed in the table are only those attacks which were directly targeted towards tourists and as such, they do not include those attacks that were targeted towards locals and tourists alike such as the Madrid and London bombings (Paraskevas & Arendell, 2007).

<table>
<thead>
<tr>
<th>Terrorist attack</th>
<th>Date</th>
<th>Human cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Airlines Flight 63</td>
<td>December 22, 2001</td>
<td>None</td>
</tr>
<tr>
<td>Karachi Bus bombing</td>
<td>May 8, 2002</td>
<td>13 people dead and 40 injured</td>
</tr>
<tr>
<td>First Bali bombing</td>
<td>October 12, 2002</td>
<td>202 people dead and a further 209 injured</td>
</tr>
<tr>
<td>Suicide bombing and missile attack Mombassa, Kenya</td>
<td>November 28, 2002</td>
<td>13 people dead and 80 injured in the hotel</td>
</tr>
<tr>
<td>Davao City Airport bombing – Philippine</td>
<td>March 4, 2003</td>
<td>21 people dead and 149 injured</td>
</tr>
<tr>
<td>Casablanca bombings</td>
<td>May 16, 2003</td>
<td>20 people dead in the restaurant and 2 in the hotel</td>
</tr>
<tr>
<td>JW Marriot Hotel bombing, Jakarta, Indonesia</td>
<td>August 5, 2003</td>
<td>12 people dead and 150 injured</td>
</tr>
<tr>
<td>Canal Hotel bombing in Baghdad, Iraq</td>
<td>August 19, 2003</td>
<td>22 people dead and over 100 injured</td>
</tr>
<tr>
<td>Event Description</td>
<td>Date</td>
<td>Casualties</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Superferry 14, Manila, Philippines</td>
<td>February 27, 2004</td>
<td>63 people dead and 53 are presumed dead</td>
</tr>
<tr>
<td>Two Russian airliners’ bombings</td>
<td>August 24, 2004</td>
<td>72 passengers and 19 crew dead</td>
</tr>
<tr>
<td>Sinai bombings</td>
<td>October 7, 2004</td>
<td>34 people dead and 171 injured. In the Hilton alone, 31 people killed and 159 injured.</td>
</tr>
<tr>
<td>Sharia al-Moski, Cairo, suicide bombing</td>
<td>April 7, 2005</td>
<td>3 tourists dead, 11 locals and 7 overseas visitors are injured</td>
</tr>
<tr>
<td>The Sixth of October Bridge and Citadel bombings, Cairo</td>
<td>April 30, 2005</td>
<td>6 Egyptians and 4 tourists injured</td>
</tr>
<tr>
<td>Sharm el-Sheikh bombings</td>
<td>July 23, 2005</td>
<td>88 people dead and over 150 injured</td>
</tr>
<tr>
<td>Second Bali bombing</td>
<td>October 1, 2005</td>
<td>23 people dead and 129 injured</td>
</tr>
<tr>
<td>Amman hotel bombings – Grand Hyatt, Radisson SAS, and the Days Inn</td>
<td>November 9, 2005</td>
<td>60 people dead and 115 injured</td>
</tr>
<tr>
<td>Dahab bombings</td>
<td>October 1, 2005</td>
<td>23 people dead and 80 injured</td>
</tr>
<tr>
<td>The Transatlantic Aircraft Plot</td>
<td>August 10, 2006</td>
<td>None</td>
</tr>
<tr>
<td>Turkish resorts’ bombings</td>
<td>August 28, 2006</td>
<td>3 people dead and at least 41 injured</td>
</tr>
<tr>
<td>Gun attack in Amman, Jordan</td>
<td>September 4, 2006</td>
<td>1 tourist dead and 5 injured</td>
</tr>
</tbody>
</table>

Table III: Post 9/11 tourism-related terrorist attacks (Paraskevas & Arendell, 2007, p. 1561-1562)

4.6. Criminal Acts

Holidays are expected to be safe, but this logic was challenged following the disappearance of Madeleine McCann (Urquhart, 2007). Tour operators’ crisis management system should comprise also this type of situations and in this specific case the tour operator Mark Warner found out in action how well it’s planning and preparation were made (Urquhart, 2007).

Mark Warner faced a crisis that it had to handle, but it also took the opportunity to use the media attention to promote its child care facilities and itself (Kierkegaard, 2007). Mark Warner head of marketing, Nigel Ragg, explained that;

Mark Warner has had crisis procedures in place for six years, and runs crisis simulations twice a year to establish protocols and best practice. All of this kicked in when the warning went out. I think we have been extremely efficient, although we’ve never gone through anything like this before (Walsh, 2007).

The company’s managing director, three senior staff and four extra nannies and trauma counsellors went to Portugal (Urquhart, 2007; Walsh, 2007). One of the senior staff was the crisis management leader, who had 20 years of PR experience and knows how to keep the interest of the public (Kierkegaard, 2007). Mark Warner in the UK and in Portugal was frequently contacted both by the public and the customers, they cooperated with the police and as a result their staff was congratulated for the help they provided (Walsh, 2007).

During the crisis Mark Warner cancelled its advertising, because at that time it would not have strengthened its image to promote family holidays (Urquhart, 2007). Being a customer of a famous PR consultancy company Mark Warner quickly started utilising all possible turns in the criminal investigation around the disappearing to strengthen the public opinion of the
company (Kierkegaard, 2007). Walsh of the Travel Trade Gazette argues that “Mark Warner has responded well: We can’t think what else they should be doing” (Urquhart, 2007). However, Perl from Docleaf reminds that media does not grill Mark Warner because the child was not in its care and it cannot be held accountable (Urquhart, 2007). As a response to the girl’s disappearing, Mark Warner highlights its childcare facilities, and is going to emphasise more childcare information on its website and to produce a brochure that has specific information on its childcare facilities, due to great demand from the public (Walsh, 2007). Mark Warner received only few cancellations and they did not expect many more after they reassured agents that the business will continue as normal (Walsh, 2007).

Today, terrorism is an apparent reason for avoiding certain destinations (Garrahan, 2003). In Central and South American countries the rate of kidnapping is among highest in the world (Garrahan, 2003), but it is not as widely highlighted as the threat of terror. The NTA reminds that kidnappings have happened in history; “Rwandan rebels kidnapping and brutally slaying tourists in the Bwindi National Park in Uganda was a shock to tourism in that area” (Travel Weekly 1999, in NTA, 2003a). Tour operators used common crisis management methods in reacting to this crisis; they stopped making tours, gave refunds to clients or tried to redirect bookings to other destinations like Kenya and Tanzania (Travel Weekly 1999, in NTA, 2003a). Some operators still make tours to Kenya and Tanzania, but the trips have been changed; Uganda is now sold for the more active and adventurous tourists (Leisure Travel News 1999, in NTA, 2003a).

4.7. Crashes
Five British tourists died when their coach crashed while on an Inghams tour in Austria and the Austrian authorities protected the identities of the victims until definite information from DNA tests were released (“Minibus ‘caused”, 2004). Inghams arranged repatriation for those who wished so and they flew about 20 relatives of the passengers to Salzburg and furthermore sent there “more senior staff to help the passengers” and opened a hotline for their customers (“Minibus ‘caused”, 2004). The Foreign Office reacted by “setting up a 24-hour emergency number to contact if people think they may have had friends or relatives involved in the crash” (“Minibus ‘caused”, 2004). Docleaf sent four staff to assist Inghams during the crisis (Searle, 2004).

Thomas Cook was perceived to have handled quite well a coach crash in 1999 in South Africa, where 27 of its customers died (Urquhart, 2007). “It flew out trauma counsellors, kept the press away from the shocked survivors, and trained telephone staff to handle with calls from frantic relatives” (Urquhart, 2007). It acted fast and communicated clearly, and the “number of bookings with the company increased after the incident” (Urquhart, 2007).

4.8. Contamination
A law firm sent claims to four tour operators; First Choice, MyTravel, Kuoni and Hayes & Jarvis, from up to 300 holidaymakers, who claim “their holidays in the Maldives were ruined after they got food poisoning” (Macefield, 2003). “The companies sent an independent health expert to the islands” and Cooper, director general from the FTO, said that “hygiene
inspections had been carried out on Meeru” from where they expected the food contamination to have started (Macefield, 2003). Cooper did not define this as major crisis and said that it is not reasonable to “say that if someone gets ill it is the tour operator’s fault” (Macefield, 2003).
5. STRATEGIC DECISIONS & LONG-TERM ACTIONS

This chapter presents the extracted data on the tour operators’ responses to crises at the strategic level as well as responses that have a prolonged effect. Five large tour operators; Thomas Cook, MyTravel, TUI, First Choice, and Kuoni, were scrutinised and presented individually in order to get a clear overview of their strategic approach to crisis management. Each researched tour operator's actions are reviewed in a chronology to reflect the progression of their decisions and actions.

5.1. Thomas Cook

5.1.1. Strategic Decisions

The 2001-2002 annual report of Thomas Cook reveals that a plan was invoked to manage the crisis that followed the 9/11 terrorist attacks. This plan is called the “Triple T” revenue protection programme (Thomas Cook, 2002, p. 8). The slow down of the tourism industry following the terrorist attacks was obvious (Thomas Cook, 2002). The company saw the threat of diminishing revenues, which could only be matched by cost savings to save the company from making huge losses, a fact that was highlighted in the following statement (Thomas Cook, 2002, p. 8):

Following the September 11, 2001 attacks by terrorists, it was clear that this event would affect demand in the travel market on a long term basis. As a consequence, in October 2001 the Group established an extensive programme to secure earnings. This detailed implementation plan – “Triple T” (Team, Targets, Thomas Cook) – comprised more than 400 separate measures that involved all the Group’s divisions. The goal of the programme was to effect savings of approximately €530 million.

The “Triple T” plan focused on making cost savings in order to maintain an acceptable level of earning for the company and its shareholders (Thomas Cook, 2002). The “Triple T” plan focused on measures targeted towards reducing “volume-related costs” (Thomas Cook, 2002) and these included:

1. Removing aircrafts from active service during the winter season as to avoid unnecessary maintenance and fuel costs
2. Reducing seat quotas from third party suppliers
3. Renegotiating terms with hotels with which Thomas Cook has previous contracts and cutting back on guarantees given to these hotels
4. Merging various administrative functions to cut back on administrative costs
5. Shutting down small and dispersed operations
6. Termination of unprofitable travel agencies across Europe
7. Substantial reduction in costs attributed to functional departments at the headquarter level such as marketing and IT
8. Reducing staff cost considerably

(Thomas Cook, 2002, p. 8)

These measures, among others, were able to exceed the company’s target cost savings by about €16.8 million, a fact that has led Thomas Cook to label the “Triple T” revenue
protection plan as a successful program (Thomas Cook, 2002).

During 2002 and 2003, numerous terrorist attacks took place, which have led the company to stay on the course of its earlier strategic decision, as the following quote demonstrates:

> It became clear during the past financial year that an integrated group faces the accumulated risks associated with a fall-off in demand and is thus exposed at all levels of the value chain: fewer customers at travel agencies mean lower commission revenue, and fewer customers on aircraft impact utilisation of flight capacities. In resort, weakening demand causes a reduction in the number of excursions sold. Furthermore, the risk increases that hotel beds for which the Group has assumed a guarantee can only be occupied at reduced prices or may remain vacant. (Thomas Cook, 2003, pp. 14-15)

This has led Thomas Cook to adopt a philosophy of flexibility and cost reduction that was first introduced in the “Triple T” programme, which was initiated as a response to the 9/11 terrorist attacks (Thomas Cook, 2003). The philosophy was translated into the following measures:

1) Creation of autonomous divisions within the group that are benchmarked against each other rather than encouraged to cooperate. These autonomous divisions were given the legal and decision-making attributes that allowed them to be effectively autonomous
2) The principles of “first call” and “right of refusal” were introduced whereby external suppliers of leisure services are favoured over internal suppliers if there are cost advantages to be gained
3) Each division (SBU) has been given its own responsibility for its profitability and performance while respecting the grand corporate mission and philosophy set forth upon the inception of Thomas Cook.
4) Reduction in costs absorbed by functional departments at the head office of the Group by reducing the size of these centralized departments given the fact that more independence has been given to each division.
5) Reduction in hotel and flight capacities due to the fall in demand and reduction in the guarantees given to contracted hotels. (Thomas Cook, 2003, pp. 10-11)

In the 2003-2004 annual report, Thomas Cook maintained a consistent path towards the goals set-forth since the 2001 “Triple T” plan, and the focus on flexibility and cost-cutting remained at the heart of reshaping the company (Thomas Cook, 2004). The management of Thomas Cook re-emphasised in the 2004-2005 annual report that capacity management and cost cutting would remain a strategic goal for the company in order to increase its flexibility and to face falling demand since “numerous natural disasters and terrorist attacks, which all received high media coverage, impacted negatively on consumers’ inclination to travel in 2005” (Thomas Cook, 2005, p. 10).

### 5.1.2. Long Term Actions

In its fierce attempt to cut costs and to achieve greater flexibility, Thomas Cook announced in its 2003-2004 annual report that it started outsourcing centrally provided functions such as IT services (Thomas Cook, 2004). This has allowed the company to achieve greater and more immediate cost reductions (Thomas Cook, 2004). Two years later, in the 2005-2006 annual report, Thomas Cook highlighted its concern regarding the costs associated with customer repatriation when crises occur (Thomas Cook, 2006). The same report identified the problem
of declining customers in destinations, which might be affected by “politically and/or religiously motivated acts of terror” (Thomas Cook, 2006, p. 23). Not only do these conditions lead to fewer customers, but also to higher costs associated with repatriation and higher insurance premiums (Thomas Cook, 2006). In this instance, the company identified the existence of countermeasures and contingency plans to deal with repatriation once a crisis takes place, although there was no elaboration regarding such plans (Thomas Cook, 2006). However, details were given regarding its preventive measures to reinforce the safety of its customers in various destinations (Thomas Cook, 2006). For instance, the company entered a joint venture with TÜV Süd (Technical Inspectorate South) aimed at carrying out safety audits in the various destinations where the company operates (Thomas Cook, 2006).

5.2. MyTravel

5.2.1. Strategic Decisions

The risk management section of the 2001 report Airtours (re-named to MyTravel in 2002) identifies three key risk areas; strategic, financial, and operational (Airtours, 2001). The strategic risk area relates to environmental factors that may affect the Group’s long term strategies or the way it conducts its business (Airtours, 2001). As such the report states that the Group follows a “conservative operating structure that is designed to withstand significant changes in consumer demand patterns” (Airtours, 2001, p. 16). To counter the effects of such risks, the report states that Airtours has a set of processes and systems meant to reduce the probability of occurrence or reduce the magnitude and effects of these risks, should they occur (Airtours, 2001). These processes and systems are laid out within a framework, which is based on several elements, one of which is the establishment of business continuity procedures (e.g. crisis management) at the level of each business unit (Airtours, 2001). The other elements relate to risk management procedures, which are subjected to a constant evaluation and improvement at the business unit level and at the Group level through its Internal Control arm (Airtours, 2001).

In the 2002 report, MyTravel acknowledges, in the context of strategic risks, that the business environment in which it offers its products and services has been significantly altered following the 9/11 attacks (MyTravel Group plc, 2002). Right after the September 11 attacks, the Group initiated a Security Measures Committee which is responsible for:

1) Auditing existing security measures and recommending improvements
2) Maintaining and testing the company’s security measures needed in case a major incident occurs (i.e. terrorism)
3) Making staff and personnel more aware of security issues.
(MyTravel Group plc, 2002, p. 13)

The 2002 report identifies serious failures in the risk management control system deployed to migrate old accounting systems used by the Group’s UK business into a new centralised accounting system (MyTravel Group plc, 2002). As such, this risk management control system has been subjected, after the identification of the failures, to an internal and external audit (MyTravel Group plc, 2002).
In its 2003 annual report, MyTravel acknowledges the inadequacy of its risk and control infrastructure that plagued the company in 2002, which has led the company to conduct a strategic review (MyTravel Group plc, 2003). The strategic review, which was led by outside consultants, identified key risk areas that MyTravel’s Board needed to concentrate on; Strategic, Financial, Regulatory, and Operational (MyTravel Group plc, 2003). The recommendations that were provided by the Strategic Review focused on reducing fixed costs and reducing the company’s committed capacity when it comes to airlines, hotels and even cruises (MyTravel Group plc, 2003). However, adjustments in various markets were taken on an individual basis (MyTravel Group plc, 2003).

In the same report, the company announced that it would re-establish the Risk Management Committee that was shut down in 2002 due to its ineffectiveness and inadequacy (MyTravel Group plc, 2003). The committee has the tasks of assessing and recommending measures to counter the various threats the company is facing (MyTravel Group plc, 2003). Apart from the Strategic Review that was initiated in 2002, MyTravel expressed its commitment to putting greater emphasis on the internal auditing function through outside consultants with a constant review of its insurance policy (MyTravel Group plc, 2003).

MyTravel 2004 annual report reveals that the company established a Health, Safety and Environmental Committee in order to “supervise the development and maintenance of consistent standards for managing health, safety and environmental risks and impacts in the Group’s activities” (MyTravel Group plc, 2004, pp. 10-14). The Group further states that “we recognise that the scope and nature of our operations places a large number of employees in potentially hazardous situations (particularly in the current political climate)” (MyTravel Group plc, 2004, pp. 10-14). The setup of such committees in 2004 has been supplemented by the introduction of a new function called Internal Audit (MyTravel Group plc, 2005). The Internal Audit has the responsibility of making recommendations regarding the preservation of a solid control system within MyTravel Group Plc. (MyTravel Group plc, 2005).

The following diagram summarises this structure whereby a cumulative report is submitted to the Audit and Risk Management Committee (MyTravel Group plc, 2004). This report is then evaluated against security and safety standards provided in the Turnbull report (MyTravel Group plc, 2004). The Turnbull report is part of the Turnbull guidance meant to set best practices on internal control for UK listed companies (Financial Reporting Council, 2007). Furthermore, the Group claims that the new structure has improved risk management procedures and assessment especially in the areas of health, safety and business continuity (MyTravel Group plc, 2005).
In the 2005 report, MyTravel announced that it has performed well on some of the strategic issues set-forth in the Strategic Review mainly in the areas of trading since it has been able to:

1) Reduce UK capacity by 23% for 2004/2005 period including the company’s own cruise capacity
2) Reduce the guaranteed accommodation for the UK summer season by 5%.

(MyTravel Group plc, 2005, p. 5)

5.2.2. Long Term Actions

The risk management section of the 2001 annual report of Airtours identifies operational risks as a part of its key risk areas (Airtours, 2001). The operational risk area seems to be more detailed as it relates to factors that may lead the Group to lose its control over its resources and its individual business units (Airtours, 2001). Within this specific area, the company states that the “potential financial or reputational loss arising from failures in internal controls, flaws or malfunctions in computer systems and poor product design or delivery all fall within this category” (Airtours, 2001, p. 17).

The 2006 annual report of MyTravel identified several significant risks that may affect the operations of the company, among which are acts of war and terrorist acts (MyTravel Group plc, 2006). In this context, the day to day health and safety responsibilities towards the Group’s customers and staff are left in the hands of the individual divisions of the UK, North America, and Scandinavia (MyTravel Group plc, 2006). An overall oversight is kept by the Health, Safety, and Environmental Committee, which monitors how these responsibilities are carried out (MyTravel Group plc, 2006). The company regards the health and safety audit of its suppliers in various destinations as a prerequisite before including them in any of the proposed programmes (MyTravel Group plc, 2006). However, the health and safety audit is conducted to ensure that the procedures comply with the regulations of the destination but not that of the generating market (MyTravel Group plc, 2006). MyTravel also made its health and safety policy available on its website and states that it gives customers information regarding precautions they should take, where applicable (MyTravel Group plc, 2006). Part of the health and safety policy is to boycott any airline listed in the European Union “Black List”, an EU regulation that was introduced in 2006 (MyTravel Group plc, 2006).
5.3. TUI
In 2001, TUI used to be under the name of Preussag Group and as such, the annual report is known as the Preussag Group Annual Report for 2001. Furthermore, the Preussag Group used to be a multinational with operations in the tourism, logistics, and the energy sectors. (Preussag Group, 2001).

5.3.1. Strategic Decisions
In its 2001 report, the Preussag Group acknowledges the importance of tourism being one of its core businesses and the opportunities such business presents for the growth of the Group (Preussag Group, 2001). However, the Group also acknowledges the threat posed by external factors to its tourism business and it realises the potential damage such factors may inflict on its business (Preussag Group, 2001). As such, it takes on a strategic business model whereby the Group’s flight and hotel capacities are constantly inferior to the number of customers handled by the group’s tourism business (Preussag Group, 2001). In this sense, flexibility is always maintained by:

1) Ensuring minimum capacity
2) Compensating for increased demand by acquiring additional capacity from third party suppliers
3) Having a presence in all major European source markets whereby demand fluctuation in one market is compensated by business generated in other market(s)
(Preussag Group, 2001, p. 55)

The same report identifies a risk management tool called the Multistage Integrated Planning and Controlling System, which identifies and assesses risks that might affect the performance of the group (Preussag Group, 2001). Additionally it suggests measures for the Group to take in the form of monthly reports that are submitted to the Group Executive Board and quarterly reports submitted to the Group’s Supervisory Board (Preussag Group, 2001).

In TUI’s 2004 annual report, the company’s fears about the effects of terrorism have been subdued while it still maintains its policy of risk auditing and management to scan the external environment (TUI Group, 2004). Those threats that can be detrimental to the company’s operations or existence are further assessed (TUI Group, 2004).

5.3.2. Long Term Actions
The Group’s management acknowledges, in the report, the severe effect of terrorism on the demand for its products in the source markets (TUI Group, 2002). As such, the company reverted to making short term contracts for its leased hotels instead of long term contracts (TUI Group, 2002). The Group directed its tour operators to jointly use the capacity available in its own hotels rather than third party suppliers’ (TUI Group, 2002). Contrary to the content of the 2001 report, TUI started emphasising in its 2002 annual report the priority it gives to the safety and health of its workers in their work environment, by taking comprehensive measures and implementing specific programmes (TUI Group, 2002).

The company’s 2004 annual report elaborates more on safety and health measures when
compared to the previous reports, but it is mainly directed towards health and safety at the workplace (TUI Group, 2004). The safety and health measures are first assessed through internal and external audits and then recommendations are given to maintain high safety and health standards (TUI Group, 2004). Preventive measures are assessed through the Auditing Department of the Group, which assesses the operational process and gives improvement recommendations to ensure security, efficiency, and adequacy (TUI Group, 2004).

The 2005 report highlights the seriousness the company gives to protecting its IT system from any possible threat especially for critical applications, such as: booking systems, yield management, administrative systems, and direct internet sales (TUI Group, 2005). A measure to protect these processes is given through the concept of “dual site protection system” where all the applications, websites, and infrastructure are located in two different physical IT centres whereby unexpected damage to one centre can be offset by the other centre thus ensuring continuity to business operations. (TUI Group, 2005, p. 73)

5.4. First Choice

5.4.1. Strategic Decisions

In the 2001 annual report, First Choice acknowledged that the 9/11 terrorist attacks led the company to take on a reorganisation programme whereby the company slashed 1100 jobs and incurred exceptional redundancy costs of £9 million (First Choice, 2001). The crisis caused by the terrorist attacks of 9/11 led the company to change many members of the management team and to reshape its business (First Choice, 2001), as the CEO’s statement demonstrates:

The events of 11 September 2001 and thereafter have clearly had a significant effect upon customer booking patterns. The uncertainty has resulted in customers booking closer to departure. We reacted to the events swiftly by reshaping our business in a way that ensures we can continue to move towards our strategic goals.
(First Choice, 2001, p. 4)

The business reshaping included, among many measures, the following:

1) Subjecting all divisions to a major restructuring programme with a resulting staff reduction of 1100
2) Implementation of a cost-reduction programme in all non-payroll areas
3) Reduction across the board in all planned capital expenditures
(First Choice, 2001, p. 4)

The company’s focus with the reshaping of its business is to get greater flexibility and to tightly manage its capacity and the cost structure in the difficult circumstances created by the 9/11 attacks (First Choice, 2001). The report identifies a process of risk identification and evaluation in accordance with recommendations of the Turnbull report of 1999, with the process being carried out by the Internal Audit Committee (First Choice, 2001). First Choice conducts its internal control under the supervision of the company’s board and in accordance with the Turnbull guidance (First Choice, 2002), which specifies that the board should particularly include in its annual assessment of it, among other items,

“the incidence of significant control failings or weaknesses that have been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or
contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition”
(Financial Reporting Council, 2007, p. 11)

In the 2002 annual report, First Choice attributed the strength of the business, in the face of the 9/11 attacks, partly to the changes that were made in the company’s management team, a decision that was part of the major restructuring programme in response to the 9/11 (First Choice, 2002). However, it is stated that the Canadian division of the company was severely affected by the events of 9/11 especially in terms of profitability; the failure of Canada 3000 in November 2001 left the division in a crisis that pushed it to reschedule most of its flights at a high cost (First Choice, 2002). As such, the management team of the Canadian Division changed in order to maintain the survival of the division and to improve its performance (First Choice, 2002).

In the 2004 annual report, the Group announced that a Risk Management Committee has been established for the first time (First Choice, 2004). This is supplemented by a Group-wide review of its approach to risk management, which has resulted in the appointment of a Group Risk Manager, Group Director of Corporate Communication, and Group Purchasing Manager, all of which are efforts towards strengthening the Group’s take on risk (First Choice, 2004). These additions are in line with the Group’s effort to comply with recommendations provided in the Turnbull Guidance of 1999 and the Revised Combined Code of 2003 (First Choice, 2003).

The 2005 annual report shows that First Choice’s orientation towards flexibility paid off in the face of the numerous crises that plagued the tourism industry in 2004/2005 (First Choice, 2005) most notably the tsunami and the successive deadly bombings in Jordan, Turkey, and Egypt, which claimed the lives of many tourists. The company states:

Operating profit increased by 35% to £32.1m … in a year where the Sector’s businesses were affected by the Tsunami, hurricanes and terrorist bombings. The ability to react quickly to sudden changes in demand and to adjust capacity accordingly, has been key.
(First Choice, 2005, p. 17)

The 2005 report announced the change of the Internal Audit function to the Business Assurance function, which reports to the Audit Committee (First Choice, 2005). The responsibilities of the Audit Committee include the oversight of health, safety, financial, and corporate and social responsibility (First Choice, 2005). Each sector’s risks are being managed by the Sector Risk Management Committee, which has been created for each of the 4 sectors in the Group (First Choice, 2005). This risk management restructuring was accompanied by a commitment from the Board to increase human and financial resources for the new risk management structure (First Choice, 2005). The new structure with regards to risk management is as follows:
The 2006 report identifies key risk areas that may negatively affect the growth of the Group’s business; geo-political events and natural disasters, commercial relationships, information technology, business continuity, and other areas as well (First Choice, 2006). Regarding the geo-political events (i.e. terrorism) and natural disasters, the Group realises that these events can happen anywhere (First Choice, 2006). As such it relies on the flexibility that characterises its business model and the non-reliance on a single destination to face the effects of such threats (First Choice, 2006).

5.4.2. Long Term Actions

The 2002 annual report contains extensive details regarding a revised health and safety policy initiated by the First Choice’s CEO, right after the September 11 attacks. These revised health and safety policies are directed towards ensuring the health and safety of both employees and customers (First Choice, 2002). Regarding the health and safety of employees, all Divisional and Operating Unit Managing Directors have been given the authority and are obligated to ensure that:

1) all work-related risks are adequately assessed;
2) effective, properly resourced arrangements are in place for organising, monitoring and reviewing preventative measures; and
3) employees are provided with relevant information on the risks they face.
(First Choice, 2002, p. 42)

This has been implemented in various forms such as setting up an intranet that contains a Health and Safety Handbook (First Choice, 2002). Furthermore, Air2000 directors and managers were subjected to health and safety training by external health and safety specialists (First Choice, 2002).

As for the customers’ health and safety, it has been attributed to the Group Quality Services Department, which has the responsibility to ensure the quality of health and safety of the customers from the day they start their holiday until they return (First Choice, 2002). The report also states that in 2002, the company had 40 dedicated Quality Coordinators in various destinations in order to ensure healthy and safety compliance (First Choice, 2002). The company also states that it has participated actively in extending
1) Transportation and Excursion Codes of Practice
2) Property Audit Safety System (PASS 2) – a data management tool used to audit safety procedures and give remedial actions for various suppliers (airline or coach operators, property managers, etc.)
3) Standardised audit documentation and grading systems
(First Choice, 2002, p. 42)

Emphasis on the importance of safety marks the 2003 annual report of First Choice. In addition to elaborating on health and safety measures for each of the main divisions of the Group, the performance of the implementation of these standards has been highlighted, while new performance goals have been set for 2004 (First Choice, 2003). Details were provided regarding incidents and accidents that took place Group-wide. This information was not present in previous reports.

Table IV: Incidents and accidents of First Choice in 2003 (First Choice, 2003, p.42)

<table>
<thead>
<tr>
<th>Division</th>
<th>Accident figures</th>
<th>Reportable injuries</th>
<th>Fatalities</th>
<th>Injuries</th>
<th>Convictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Choice Airways</td>
<td>312 Cabin/Flight Deck</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>60 Ground based staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>73</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tour Operations</td>
<td>46</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

1 Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.
2 All those where the employee was unable to carry out their normal work for over three days.
3 A member of the public was taken to hospital in an ambulance.

According to the 2003 report, the UK & Ireland division was undergoing organisational changes, with a resulting re-assessment of the health and safety policies the division had in place (First Choice, 2003). In addition to the increased focus on the matters of health and safety, the Group developed the PASS3 system for auditing and evaluating safety standards in properties at the different destinations (First Choice, 2003). PASS3 allows users to obtain “real time data” on the safety standards of all the concerned properties (First Choice, 2003).

To strengthen the implementation of its risk management policy, the Group created a Risk Management Portal, which includes processes and procedures relating to risk available for employees and the Group’s suppliers (First Choice, 2004). The health and safety policy and its management system have been provided through the Risk Management Portal in order to:

1) Effectively control risks and prevent harm to people;
2) Ensure a planned and systematic approach to the management of health and safety;
3) Interpret and establish best health and safety practice;
4) Protect the Group’s assets, earnings and reputation;
5) Promote a positive health and safety culture.
(First Choice, 2004, pp. 22-25)

In this regard, the 2004 report states that any incident or emergency that affects customers is reported to the Quality Services Department (First Choice, 2004). This department takes a corresponding action to such event with a systematic and constant update of Customer Health and Safety Procedure Manuals (First Choice, 2004).

In the 2005 report, the company highlights the launch of the Corporate Extranet, through which the Crisis Communications Manual is diffused through the Group and with
commitment that similar developments will take place in 2006 (First Choice, 2005). These
details are identified under the sustainable development section of the report. Most
interestingly First Choice states the following in its report:
The Mainstream Holidays Sector is implementing an Environmental Management System
(EMS) in line with the best practice standard ISO14001. In the longer term it is planned that
we will also develop its Business Continuity Management (BCM) capabilities to PAS 56:2003
standards.
(First Choice, 2005, p. 76)

5.5. Kuoni Group
The 2001 and 2002 annual reports of Kuoni were not available either through the company’s
own website or third-party sources. In the particular case of this tour operator, the extracted
data describes the strategic decisions taken by the group in response to specific crises.
However, the group’s long-term actions could not be identified.

In the 2003 annual report, the Group’s Chairman and CEO state:
Following a slew of bad news, the travel industry was confronted with its biggest challenge in
recent decades. Customers around the world became increasingly reluctant to travel as the
debate over a possible war in Iraq intensified. Holiday bookings slowed down considerably
when war finally broke out on 20 March. It was around the same time that the first reports of
the SARS outbreak in Hong Kong and southern China appeared. This new superbug was soon
perceived as a global threat, and business more or less dried up completely for a few weeks.
(Kuoni Group, 2003, p. 8)

The situation has led the Group to concentrate on improving the company’s cost structure and
enhancing the Group’s flexibility through a “strategy of minimum vertical integration”
(Kuoni Group, 2003, p. 9). This tool has helped the company to circumvent the harsh
economic conditions that has plagued the travel industry in the last couple of years (Kuoni
Group, 2003). In the same strategic context, the company has decided, after a strategic review,
to reconsider the businesses it will focus on through a series of investments and divestments
whereby the company would “focus exclusively on [its] core leisure franchise…… [and]
instead of concentrating on volume growth, [it] will endeavor to achieve sustainable
improvements in profitability” (Kuoni Group, 2003, p. 9). This has led the company to sell its
ownership in BTI Central Europe, a travel management company that is oriented towards the
corporate sector (Kuoni Group, 2003).

In its travel forecast for the European travel sector, Kuoni Group acknowledges in its 2003
annual report that flexibility, capacity modification, as well as better control over cost
structures were paramount factors that helped tour operators survive through “the biggest
challenges tour operators faced in 2003” (Kuoni Group, 2003, p. 51). Kuoni labelled such
events as a “major crisis”, a term that is seldom used in the company’s annual reports (Kuoni
Group, 2003, p. 51).

In the 2004 report, the Group reaffirmed its desire to maintain its strategic choices that were
detailed in the 2003 report; maintain minimal level of vertical integration to ensure flexibility;
better control over the Group’s cost structure; and focus on the Group’s core business through
a series of investments and divestments (Kuoni Group, 2004). However, it also acknowledged
the rising trend of DIY packaging especially through online portals and as such the Group took the strategic choice of establishing plans to enter this segment (Kuoni Group, 2004).

In 2005, Kuoni Group’s US subsidiary’s inability to recover from the events of September 11 led the Group to sell the unit with a CHF 58.3 million book loss (Kuoni Group, 2005). This strategic choice was in line with the Group’s strategic framework, which is based on numerous elements that were detailed before, one of which is to focus on profitability rather than volume growth (Kuoni Group, 2005). Furthermore, the annual report for the same year exposes the Group’s strategic outlook, which views the travel industry as being increasingly threatened by “exogenous factors” with specific reference to terrorism and epidemics (Kuoni Group, 2005, p. 8). Such factors have limited the options of tour operators and travel companies when offering products and services as well as destinations these companies can include in their programs (Kuoni Group, 2005). Furthermore, the report states that “how [a company’s] top management deals with [these factors] will have a major influence on a company’s reputation, its leadership and its brands” (Kuoni Group, 2005, p. 8).

Kuoni’s approach to risk management is briefly explained in the its 2006 Corporate Governance Report, which indicates that Kuoni adopts a bottom-up and top-down approach to assessing risk (Kuoni Group, 2006b). The bottom-up approach is used for identifying country specific risks and top-down approach is used for identifying “group-wide strategic risks” (Kuoni Group, 2006b). The internal Audit takes on the task of evaluating the control mechanisms the Group has in place in order to manage potential risks (Kuoni Group, 2006b). The findings of such audit are reported to; the Audit Committee, the Group’s Chairman and CEO, the Head of Corporate Controlling, and external auditors (Kuoni Group, 2006b).
6. INTERNAL SYSTEMS & EXTERNAL SUPPORT

This chapter presents the features of selected crisis management systems that were made available for this research. These features include the definition of crises, the structure of crisis management teams, as well as crisis response tools deployed by the researched tour operators. Furthermore, information on the external support and guides tour operators receive from industry associations is also presented. Due to confidentiality reasons, some details were omitted at the request of the cooperating tour operators.

6.1. Internal Systems

6.1.1. MyTravel Northern Europe Crisis Management

The internal documents of MyTravel Northern Europe identify two sorts of crises; major and minor crises (MyTravel Northern Europe, 2006). Major crises are those that pose a serious threat to the health and life of the company’s customers and staff, and they require the intervention of authorities (MyTravel Northern Europe, 2006). They may reach such magnitude that become time sensitive and they attract a lot of media attention, which requires a harmonised response from the different parts of the company (MyTravel Northern Europe, 2006). Minor crises on the other hand are identified by the company as those that can be treated at the local level, with the assistance of the company’s InfoCenter and customer departments (MyTravel Northern Europe, 2006). Whether minor or major, the goal of the company is to react to the crisis in a way that avoids harm to the wellbeing of the company’s employees and customers (MyTravel Northern Europe, 2006). The goal is also to subdue the effects of the crisis, to protect the company’s goodwill (e.g. reputation and image), and to avoid financial liability in case of legal action through an appropriate response to the crisis (MyTravel Northern Europe, 2006).

In its effort to manage crises, the company looks upon prevention as an important ingredient in its approach to crisis management (MyTravel Northern Europe, 2006). Preventive actions as described in the company’s documents include:

- Health and safety routines, Property Audits, standards and controls
- Insurance control
- External consults
- Exchange of information and documentation
- Risk analysis
- Crisis management training
- Routines in reporting, checklists, log book and collecting examples

(MyTravel Northern Europe, 2006)

MyTravel Northern Europe recognises in its documents that its brand portfolio and geographical presence in more than 40 destinations renders it vulnerable to various threats in any one of these destinations, which is problematic for the division (MyTravel Northern Europe, 2006). As such, the division has laid out a series of actions for optimal preparedness (MyTravel Northern Europe, 2006). The division has what it calls a “Duty Office” that operates 24/7 in the Arlanda Airport in Stockholm (MyTravel Northern Europe, 2006). It also disposes of an InfoCenter that collects any operational divergence from the norm (MyTravel Northern Europe, 2006). The crisis management unit possesses internally developed software
solution that allows it to diffuse information by SMS to its customers and track the unit’s flights and its customers, for example by location and nationality (MyTravel Northern Europe, 2006). The unit also makes use of crisis management manuals and the support of third party service providers such as Euroalarm and SOS (MyTravel Northern Europe, 2006).

The division has organisational discipline by laying clear cut charts that demonstrate the hierarchy and the reporting line that is in place should a crisis or an incident take place (MyTravel Northern Europe, 2006). The following represents an improvised cascading structure that represents this reporting line, since the names had to be omitted for confidentiality reasons (MyTravel Northern Europe, 2006):

![Diagram of the MyTravel Northern Europe cascade structure for reporting](image)

Figure X: MyTravel Northern Europe cascade structure for reporting (MyTravel Northern Europe, 2006)

The following structure identifies the relationship between the group-wide, divisional, and emergency response teams (MyTravel Northern Europe, 2006).

![Diagram of relations between MyTravel crisis management units](image)

Figure XI: Relations between MyTravel crisis management units (MyTravel Northern Europe, 2006)

The North European division also lays out the following crisis management organisation which acknowledges the participations of different actors (MyTravel Northern Europe, 2006):
At the divisional level, responsibilities are cut out between the joint team and the national teams whereby the joint team oversees the emergency operations at the destinations while keeping a liaison function with the rest of the Group and those providing external support (MyTravel Northern Europe, 2006). The national teams oversee media relationships as well as subdue the fears of the company’s customers, inform the relatives and friends of those affected by an incident, and maintain links with other stakeholders such as local authorities and organisations (MyTravel Northern Europe, 2006).

The company identifies the following crisis management areas as focal points (MyTravel Northern Europe, 2006):

- Crisis plans at destinations
- Crisis functions within the staff
- Prepared communications policy (mail, sms and telephone)
- Quick mobilisation and response in case of sudden and serious incident
- Knowledge to retrieve a list of staying-pax, even after a computer crash
- Prepared and reliable check lists for hotels and hospitals
- Equipment
- Elevated knowledge about immediate crisis relief for individuals and on group level

### 6.1.2. Kuoni Crisis Management

Kuoni has a crisis management team for the whole group, one for the destination management and one for Swiss operations (Kuoni Group, 2007). Kuoni has dedicated staff to handle crisis situations, who also have written the manuals for crises and “conduct regular training for key staff to be aware of such situations” (P. Huber, personal communication, September 26, 2007). The tsunami was the most devastating crisis that has hit the Group, and for the Destination Management (DM) the worst crisis was the huge landslide in Brienz, Switzerland in 2005 (P. Huber, personal communication, September 26, 2007). Furthermore, it is stated that Kuoni can react quickly “since all designated persons know exactly their role” during a crisis (P. Huber, personal communication, September 26, 2007). The response mechanisms “are effective, and they are monitored on a regular basis with the core team and training is

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**Figure XII: Stakeholders of MyTravel crisis management teams (MyTravel Northern Europe, 2006)**

- **MyTravel Airways**
  - Incident Management Teams: Dealing with Media/ customer and next of kin response. Sales and Staff info and airport support.
  - HR Team: Assistance and support with the provision of Psychological assistance and debriefings.
- **Divisional Emergency Management Team**
- **Joint Operational Incident and Emergency Management Team**
  - ICM Operations Team
  - Data/info collecting Team
  - Coordinating/Analyzing Team
  - IT support Team
  - HR support Team
  - Switchboard/Reception Team
  - Group Information
- **Emergency Site support Team**
- **Site response teams**
  - External support, SOS, EuroAlarm, Police, Foreign Office and other authorities and experts.
being conducted for assigned staff of the crisis management team” (P. Huber, personal communication, September 26, 2007). The company cooperates with an insurance company, ELVIA, who operates a Travel Help Desk (THD) (Kuoni Group, 2007) to which all customer calls are channelled when a hotline is set up (P. Huber, personal communication, September 26, 2007). The composition of crisis management team (CMT) is adjusted by the type of crisis and by the units involved, and if more than one unit is affected, the group co-ordination function will be in place (Kuoni Group, 2007).

Kuoni has defined two types of crisis; major and minor, where a major is “a situation, where a person’s health/life is directly endangered, such as air/coach crashes, ship accidents..., the aftermath of which cannot be dealt with conclusively on the spot”. Also a major incident contains “a high potential for reputational damage, and thus should be treated as a “worst case” = major incident” (Kuoni Group, 2007). Minor incident describes “an isolated incident, which is geographically limited and with no reputational risk to the Kuoni Group/Kuoni Brand” (Kuoni Group, 2007).

The crisis management manual for the Group outlines the structure and the information flow for a group wide coordination of crisis management; however it would not substitute for the crisis management organisation and the detailed crisis management manual that is required from each unit (Kuoni Group, 2007). In the manual there is a description of the chain of command, the responsibility of each person in reporting further about the incident, and also the plan B, giving specific instructions both in a case of major and minor crisis, if the next person cannot be reached (Kuoni Group, 2007). Staff at the emergency hotline have specific procedures and contacts to alarm when the warning comes and after the alarm is passed on to selected people, the CMT staff on call starts “to enter journals, obtain information from the site of incident, present information overview to arriving CMT members, mobilise extra staff per direction of CMT” (Kuoni Group, 2007). The crisis management organisation consists of five entities, which are depicted in the following improvised diagram (Kuoni Group, 2007).

![Diagram of Kuoni crisis management organisation](image)

Figure XIII: Kuoni crisis management organisation (diagram improvised from Kuoni Group, 2007)

The responsibility of the CMT is to respond to the crisis by providing human and financial resources to control the direct or indirect effects of the crisis and to have the necessary support to control these effects (Kuoni Group, 2007). Additionally the CMT channels all relevant information to interested parties particularly the media (Kuoni Group, 2007). Corporate Communication audits the information circulating in the media regarding the incident and assists the CMT in dealing with media when drafting statements or conducting
briefings. It also takes care of coordinating with the IT/Technical department in order to update crisis related information destined at the public or the staff through the company’s internet or intranet portals (Kuoni Group, 2007). Corporate Communication also coordinates with other tour operators, local authorities, and industry oriented associations to have a consistent flow and circulation of information (Kuoni Group, 2007).

The Group Co-ordination, as the name indicates, takes on the task of coordinating between the CMTs of the different units of the Group in order to facilitate the provision of support (Kuoni Group, 2007). It also determines the resource allocation among the different teams, in addition to keeping a journal with records of the different actions taken during a specific crisis (Kuoni Group, 2007). The Legal Department notifies liability insurer and insurance broker, and keeps them informed of developments, and addresses legal/insurance issues and implications (Kuoni Group, 2007). ELVIA THD has, in case of crisis, a representative in the respective crisis management team, while the group-wide THD service is provided through the coordination of ELVIA Zurich by ELVIA or its partners (Kuoni Group, 2007).

The crisis management manual of Kuoni Destination Management is built to provide help for management and staff in case of “a disaster or other business interruption” (Kuoni DM, 2007). For Kuoni Destination Management (Kuoni DM), the disasters are classified in two categories: “Disasters / Failures striking Kuoni Staff and/or infrastructure and Disasters / Failures striking passengers of Kuoni operated tours” (Kuoni DM, 2007). Within these two categories the level of incident is classified:

- Level I: daily matters,
- Level II: minor incidents,
- Level III: major incidents.

If there exist any doubt of the level, the incident is reported as a higher level case (Kuoni DM, 2007).

To determine the severity of an incident, the manual also offers measurement criteria to serve as a guideline (Kuoni DM, 2007). For Level III crises, the office manager has to establish a First Aid Team and implement the crisis management plan provided in the manual, which mandates annual safety and crisis preparedness training along with a mandatory testing of the plan on the same basis (Kuoni DM, 2007).

In case of a crisis, the CMT will be composed differently based on the countries involved, and the “highest local manager is assigned as CMT chairman, assigning immediately local staff to join the CMT according following functions: CMT chairman, Communication/HR, Sales, Procurement, Finance/IT, Legal dept. and restoration” (Kuoni DM, 2007). “Per functional area at least one managing and at least one operational person must be assigned”, and the “CMT must be formed to be functional on a 24/7 basis”, having as necessary access to space and utilities (Kuoni DM, 2007). The manual also offers a template for the person in charge with specific steps to take; how to handle when crises strike Kuoni staff and/or infrastructure and the passengers of operated tours (Kuoni DM, 2007).
6.1.3. British Airways Holidays Crisis Management

BA Holidays is a tour operator that belongs to British Airways. In a personal communication with the company, the tour operator stated that it does not have a specific system for managing crises, but it rather depends on a number of processes that are linked with different functional departments (Quinn, personal communication, December 13, 2007). In this context, BA Holidays keeps a broad scope when considering an event as needing crisis management measures. In a sense, whether the event is termed as a crisis or not, as long as the customers or the company consider the event as warranting immediate action, then CM measures will be used to deal with the situation (Quinn, personal communication, December 13, 2007). The extent and the magnitude of the response depend on each individual crisis (Quinn, personal communication, December 13, 2007). However, BA Holidays takes a reactive stance when dealing with crises and the managers are only called to act once something takes place (Quinn, personal communication, December 13, 2007). Therefore, there is no preventive measure through daily monitoring and scanning for potential threats since action takes place only when a crisis has erupted (Quinn, personal communication, December 13, 2007).

BA Holidays makes use of what it calls a “Rota system” that relies on putting five different crisis managers on call each week (Quinn, personal communication, December 13, 2007). Thus, the responsibility is rotated among the different managers of the tour operator. Furthermore, the company also makes use of the a 24h Duty Office, which keeps a constant liaison with customers as well as the “crisis handlers” with the responsibility of getting first hand information about a specific incident and deciding the appropriate action to follow (Quinn, personal communication, December 13, 2007). The company does not rely solely on its staff on the ground but it also subscribes to different information and alert systems via internet and other channels (Quinn, personal communication, December 13, 2007). BA Holidays also has a reservation system within which crisis reports can be submitted to the Duty Office and the crisis manager (Quinn, personal communication, December 13, 2007). These reports will then be assessed by the crisis manager on duty in order to evaluate the follow up action either by monitoring how the situation progresses or calling upon extra staff to handle it (Quinn, personal communication, December 13, 2007). If action is deemed necessary, then BA is committed to dedicate whatever resources are necessary to resolve the crisis and there is no pre-defined budget dedicated to crisis management per se (Quinn, personal communication, December 13, 2007). Once the crisis is resolved, department heads are debriefed and the utilised processes are evaluated, after which the decision is made whether to make necessary improvements to the established processes (Quinn, personal communication, December 13, 2007).

6.2. External Support

6.2.1. Association of British Travel Agents (ABTA)

The Association of British Travel Agents (ABTA) provides its members with an Emergency Procedures Guideline. The ABTA looks upon its role as a liaison between its affected members, be it tour operators or travel agents, and official authorities either in the inbound or outbound destination (ABTA, 2006). This liaison role focuses to ensure the flow of
information between the different stakeholders as well as establishing “communication with the Crisis Coordinator and the Public Relations Team (ABTA, 2006). The ABTA states in the guideline that:

   Experience has shown that the use of pre-planned and tested emergency procedures can help to save lives, prevent unnecessary distress, and minimize negative publicity in the event of a major incident involving clients.

   (ABTA, 2006)

As such the ABTA has drawn a guideline with the help of various tour operators and crisis management specialists, to assist its members to devise their own manuals and crisis management systems (ABTA, 2006). Furthermore, the ABTA advises its members to continuously review the crisis and emergency responses to enhance their preparedness, whether dealing with inbound or outbound service (ABTA, 2006). The guideline excludes routine health problems from the list of major incidents and includes the following in the list (ABTA, 2006):

- Aircraft crash, hijacking or incident
- Building fire or collapse
- Coach, car, train, boat or other surface transport incident
- Civil unrest, war, riots, terrorist action, strikes, political or industrial action in which clients become involved
- Earthquakes, floods, hurricanes, fires or violent storms
- Serious and widespread medical epidemic or health hazard
- Any other accident or incident resulting in unnatural death or injury

The guideline provides a framework for reporting among a tour operator’s staff should an incident take place. The following diagram represents the framework developed by the ABTA, and it is meant as a mechanism for controlling the incident once it takes place (ABTA, 2006):

![Figure XIV: Mechanisms to control crises (ABTA, 2006)](image)

6.2.2. The National Tour Association (NTA)
The National Tour Association’s (NTA) market Development Council has made a guide to develop crisis management plans (NTA, 2003b). The NTA recognised the urgent need for
companies, not depending on size, to prepare for any kind emergency, and should have it as a part of strategic planning (NTA, 2003b).

The NTA listed some “easy-to-remember guidelines on getting started with a crisis management plan” (NTA, 2003b):
- Predict – Anticipate everything that could go wrong with your company. Identify the issues
- Position – Decide what your position will be on these issues
- Prevent – Take preventive measures
- Plan – In case prevention doesn’t work, prepare a plan for dealing with the crisis
- Preserve – Follow your plan and stick to the positions you have taken. See the crisis through in a thorough and professional manner.
- Evaluate – If the plan is enacted, review the results to determine if there are other steps that can be taken to prevent the crisis from happening again.

The guide contains advice to identify issues that may occur, their categorisation, and how to look all the time for potential ones (NTA, 2003b). It also urges tour operators to plan for perceptions – what the public will perceive happened (NTA, 2003b). It gives practical advices on how to build a crisis team, who and what type of people should be included in it, and also gives possible alternatives for smaller businesses (NTA, 2003b). It provides advice regarding policy preparation as well as to how to prepare for specific responses depending on the scope of a crisis, and how to communicate with the media (NTA, 2003b). The guide also gives advice on how the whole crisis management process should be evaluated and if necessary, revised (NTA, 2003b). Furthermore, the guide contains practical examples of different types of crises and gives suggestions on how to deal with each crisis situation (NTA, 2003b).
7. ANALYSIS

The analysis for this study consists of two parts, one is descriptive and the other is normative. The descriptive analysis aims at revealing existing crisis management practices of the researched tour operators. It allows practitioners to look at the actual state of crisis management in the tour operating business and how it is being approached. This part has been categorised under four distinctive themes that portray the most significant issues found in the probing results, namely the strategic management of crises, operational responses during crises, crisis communication, and the instability of the tour operators’ business environment. The incorporation of strategic management into crisis management has been detected as a common pattern, hence the pattern is analysed using well-known and well-established strategic management concepts. The visible responses taken during crises often take place at the operational level, thus the implications of these responses are analysed as well. Responses, whether strategic or operational, are conveyed and justified for different stakeholders using different communication channels. These communication channels are analysed in the context of a Three-Actor Model proposed by Glaesser (2006). Managing crises also depend on the environment in which tour operators conduct their business. Because the instability of the tourism sector is distinctive, tour operators have to address the requirements of such environment whose instability is also analysed.

The normative part seeks to combine the patterns identified in the four themes with an existing crisis management framework to suggest an enhanced approach to managing crises for tour operators. This approach is reflected in an improved framework which relies on various concepts. The idea is to provide practitioners with a holistic and flexible framework that can position tour operators in a better place to face different types of crises. Furthermore, a model that describes the cyclical nature of crisis management for tour operators is also suggested.

7.1 Strategic Management of Crises

There is an overwhelming consensus among many strategic management and crisis management scholars on the fact that crises have strategic implications in that they certainly can influence the future of the organisation being affected by a crisis if not its survival; this certainly applies to tour operators as well. One of the most important observations is that a response to a specific crisis surpasses mere tactical moves made to contain a crisis once it takes place. Rather, one can notice the strategic nature of certain crisis responses in that they are made to influence the future orientation of the organisation as a whole. As Heath (1995, p. 17) stated, “reduction of the impact of a crisis or disaster event by pre-event management (mitigation) and preparedness through planning and training are elements of strategic management”. To a large extent, it is a matter of common sense when trying to make the connection between crisis and strategic management. Since strategic management is concerned with the future orientation of an enterprise and its survival, it becomes necessary to think about crisis management. It is necessary since crisis management is concerned with mitigating and subduing the effect of crises that may affect the growth potential of the concerned enterprise either in the short or long run. Heath (2005) noted that elements of
strategic management such as the auditing of the external environment and the assessment of possible threats are inherent parts of strategic management as much as they are of crisis management. Burnett (1998) pinpointed to the necessity for strategic actions in order to successfully avoid a crisis or, in worst-case scenario, contain its detrimental effect to the organisation and its future. However, Burnett (1998, p. 476) acknowledged that while there is a serious strategic implication when it comes to crisis management, the issue is nonetheless difficult to resolve at the strategic level given three constraining elements that characterise crises namely; “time pressure”, “limited control”, and “high uncertainty”.

Identifying the strategic responses made by the researched tour operators requires a brief review of the strategic management process and the significance of its most important parts. The strategic management processes can be seen as a combination of three important processes; strategy formulation, strategy implementation, and strategy evaluation (Preble, 1997, p. 770). Strategy formulation is a forward-looking phase that aims at laying out a long-term roadmap for the enterprise mainly through a SWOT analysis (Bourgeois, 1980; Fahey And Christensen, 1986; Hofer and Shendel, 1978; Miller and Friesen, 1978; Mintzberg, 1978 cited in Preble 1997, p. 770). Strategy implementation deals with structural and process changes within the organisation in order to realise established long-term objectives and materialise the organisation’s vision (Galbraith and Kazanjian, 1986; Lorange and Murphy, 1984; Nutt, 1986 cited in Preble 1997, p. 770). During this phase, the following processes can be established (Preble, 1997, pp. 770-772):
1. Identifying annual goals
2. Allocation of resources necessary to achieve these goals
3. Modification of reward systems to achieve strategic goals

Strategy evaluation on the other hand is concerned with evaluating the performance of implemented plans in terms of achieving desired strategic objectives and goals (Daft and Macintosh, 1984; Schendel and Hofer, 1979; Steiner, 1979 cited in Preble 1997, p. 772). In this context, the strategic control is based on the concepts of feedback and “feedforward” where the latter is “future-directed and anticipatory in evaluating plans, activities and results” (Preble 1997, p. 772). The “feedforward” concept has already been highlighted by Goold and Quinn (1990), Preble (1992), and Schreyogg and Steinmann (1987) (Preble 1997).

It can be observed that many responses initiated by tour operators after major crises such as the 9/11 terrorist attacks fit the different phases of the aforesaid strategic management process. If the example of Thomas Cook’s response in the aftermath of the 9/11 attacks is considered, the three phases of strategy formulation, strategy implementation, and strategy evaluation can be identified from the information provided through the company’s annual reports.

**Strategy formulation**
Following the 9/11 terrorist attacks, Thomas Cook realised, through environmental scanning, that such crisis would have a long term negative impact on the global travel pattern. This has led the company to formulate a strategic plan with a clear goal in order to protect its revenues. The group called this plan the “Triple T” revenue protection programme, which is based on making considerable cost savings in order to match the significant decline in revenues that were expected following the terrorist attacks. Furthermore, the Group established €530
million as the target cost savings it hoped to achieve through its strategic plan. This strategy is rather defensive in that it does not seek to generate more revenue by seeking new markets, new segments, or aggressively marketing the company’s products and services. Rather, the strategy focuses on optimising the Group’s flexibility by modifying the Group’s cost structure and reducing costs as much as possible.

**Strategy implementation**

The implementation of the “Triple T” revenue protection programme included more than 400 separate measures which go to tell about the extent and the size of such programme. More interestingly, the most important actions included re-organisation measures that were referred to by Burnet (1998). He states that “the tasks of strategy implementation and strategic control require that the organisation reconfigure itself through the deployment of resources (both human and financial)” (Burnett, 1998, p. 482). In this case, the most notable measures undertaken by Thomas Cook were (Thomas Cook, 2002):

1. Renegotiating terms with hotels with which Thomas Cook has previous contracts and cutting back on guarantees given to these hotels
2. Merging various administrative functions to cut back on administrative costs
3. Shutting down small and dispersed operations
4. Termination of unprofitable travel agencies across Europe

**Strategy evaluation**

The evaluation of the “Triple T” plan came a year after its implementation. The evaluation was based on meeting the target goal set-forth upon the inception of the plan. The Group was able to surpass the target cost savings by €16.8 million which rendered the plan successful, at least for the company’s top management. Nonetheless, many measures that were initiated in the plan involved unpopular decisions such as shutting down unprofitable operations and travel agencies in addition to the elimination of many job positions. These measures would normally lead to significant layoffs which would normally have an impact on the group’s employees. However, the evaluation fell short from considering the effects of such measures on the corporate culture of Thomas Cook and the morale and motivation of its employees. To some extent, low employee morale and a feeling of job insecurity within the company may be counter-productive if Thomas Cook is called upon to face another crisis in the future since the quality of the company’s human capital can prove pivotal in managing any crisis. Furthermore, while shutting down unprofitable travel agencies may seem to be the right choice from a cost-benefit point of view, the move could prove detrimental if such measure denies certain segments the proximity they need to acquire the company’s products and services. This evaluation criterion was not highlighted in the company’s documents. Thus, the evaluation was limited to quantitative measures.

**Feedback and “Feedforward”**

As it was highlighted before, the strategic management process has a feedback loop in that the results of the strategy evaluation are introduced back into the strategy formulation whereby new corrective measures might be taken and new goals might be set to achieve better results. However, by looking at the case of Thomas Cook and its “Triple T” plan, one can identify a “feedforward” rather than a “feedback” process.
Thomas Cook realised in 2003 that the negative post 9/11 business conditions were to remain for a long time. As such, the company decided to adopt the “Triple T” plan concepts of flexibility and cost reduction as foundations for its strategic orientation. Therefore, it introduced more radical measures that affected the shape and the structure of the whole group in the 2002-2003 financial year. The most radical structural changes included the following (Thomas Cook, 2003):

1. Creation of autonomous divisions within the group that are benchmarked against each other rather than being encouraged to cooperate. These autonomous divisions were given the legal and decision-making attributes that allowed them to be effectively autonomous
2. Each division (SBU) has been given its own responsibility for its profitability and performance while respecting the grand corporate mission and philosophy set-forth upon the inception of Thomas Cook.

The other tour operators

The case of Thomas Cook can be regarded as exemplary in terms of strategic response to crises when compared to the data obtained from the other tour operators’ reports. It shows how the different stages of the strategic management process have been fulfilled in response to the 9/11 terrorist attacks.

In the case of MyTravel, the company chose to conduct a strategic review after accounting irregularities have been discovered in the group and after its risk management system failed, which almost led the company to bankruptcy in 2002. The failure resulted in a group-wide review of its business and operations. The review led the company to focus on enhancing the group’s flexibility through adjusting its cost structure and optimising its capacity utilisation. The only difference from Thomas Cook’s “Triple T” plan is that no clear performance or goals have been set in the strategy formulation which can be used to measure the success of the MyTravel’s top management in implementing its strategy. The company’s strategy implementation has been partly carried out through structural modifications (i.e. reestablishment of the Risk Management Committee). Furthermore, the strategic review has prompted the group to take on a more radical stance vis-à-vis internal auditing which, in a sense, reflects the task of strategy evaluation. In 2005, the company announced that it was successful in reaching some of its strategic goals mainly in the area of capacity management and operational flexibility by reducing UK capacity by 23% for 2004/2005 for example (MyTravel Group plc, 2005). However, the lack of initial target goals makes it difficult to judge whether such number is meaningful at all because a benchmark is an important tool to measure whether strategic goals have been successful or not.

TUI’s case presents a different example of how crises are managed at the strategic level. Furthermore, it is a case where crises can be managed proactively rather than reactively.

TUI’s initial strategy which existed even before the 9/11 terrorist attacks relied on:

1. Ensuring minimum capacity
2. Compensating for increased demand by acquiring additional capacity from third party suppliers
3. Having a presence in all major European source markets whereby demand fluctuation in one market is compensated by business generated in other market(s)

(Preussag Group, 2001)

As such, the impairment of the travel industry in the aftermath of the 9/11 event and the negative business conditions that followed did not pose a threat to the company since it had a
strategy capable of containing the negative trading effects caused by the crisis. However, it should be pointed out that this strategy was only able to handle the trading effects of the crisis. Consequently, this strategy may not have been proper if there was a material or human loss as a result of the attacks. Nonetheless, TUI’s proactive strategy made it well positioned to face the crisis with no need to initiate any strategic response in the aftermath of the crisis. Responses, therefore, were made at the operational level (i.e. using the group’s own capacity and using less third party suppliers). While this may have been an advantage for the group, TUI nonetheless states in its reports that it makes use of a Multistage Integrated Planning and Controlling System which constantly scans the group’s environment for any possible threats with monthly reports being provided to the group’s Executive Board. This constant environmental scanning makes the strategy formulation stage a dynamic one within the strategic management process at the company. It allows for strategy adjustments and re-evaluation should positive or negative environmental variables change.

The case of First Choice gives a different look at not so much the strategy formulation but the strategy implementation following the 9/11 attacks. While the group adopted similar cost cutting measures taken by Thomas Cook and other operators to enhance flexibility and capacity management, the group also decided to change part of the top management team. Changing the leadership in a company is a strategic choice that can have profound ramifications for the direction and the future of a company. The change of the management team after 9/11 was part of the strategic restructuring program that targeted First Choice as a whole. This change in leadership was later identified as one of the most important factors that enabled the group to stay strong in the aftermath of the crisis caused by the 9/11 attacks. As such, the case of First Choice identifies a different set of strategic measures that can be taken by tour operators to face a crisis; leadership change.

Kuoni as a group conducted a strategic review similar to that of MyTravel. While the strategy formulation of the company was clear in that it wanted to achieve greater flexibility, it nonetheless failed to give clear performance criteria against which such flexibility can be measured. For example, the group wanted to achieve, after the strategic review, a strategy of “minimum vertical integration”. The word ‘minimum’ is highly subjective and the perception of minimum for one manager can be totally different from the perception of another. Thus, while the flexibility strategy is in line with the researched tour operators’ strategies, it nonetheless lacked performance criteria against which the strategy can be evaluated. Furthermore, the lack of an objective and honest evaluation can be detrimental in assessing whether the strategic response to the crisis was successful and whether the same response or an enhanced one can be adopted in the future either through a proactive or reactive approach.

Crisis management strategies
In response to specific crises, the researched tour operators have opted for similar strategies; enhance flexibility through a tight control over one’s own cost structure. However, the information obtained from the annual reports also identifies “preventive crisis management measures through strategic actions” (Glaesser, 2006, p. 143). Glaesser (2006, p. 143) identified five measures that apply to tourism establishments; diversification, transfer, cooperation, insurance, self-bearing. The most important measures that have been adopted by the researched tour operators are diversification and transfer. These strategic actions are
critical since they signal the abilities of top management in running a given company. Glaesser (2006, p 88) argued that “rating agencies… not only estimate the consequences of a negative event but also evaluate the quality of the actions taken by the concerned organisation” and that these agencies have the ability to degrade the quality of company if the latter took poor actions whereby a downgrade from ‘A’ to ‘BBB+’ can make it more expensive for the company to borrow money by about 0.6% which can amount to millions of dollars or euros.

Diversification, as a strategic action, relies on dispersing the company’s activities among different markets or sectors so that a negative impact on one activity as a result of a crisis can be offset by other activities (Glaesser, 2006). In TUI’s case, the group is diversified in a sense that it has operations in different and totally separate sectors of activity; tourism and energy. In fact, the group used to be involved in logistics but it divested from the sector after a strategic review. This kind of diversification allows the group to offset losses incurred in one activity as a result of a crisis by the gains realised elsewhere. For TUI and within its tourism business, the group also has a diversification of a different kind; one which relies on having a pan-European presence to the extent that a fall in demand in one market can be offset by the strength of demand in other markets which can offset potential negative impacts should a crisis take place, and this has been referred to by Glaesser (2006, p 144) as “horizontal diversification”. This type of horizontal diversification strategy is also adopted by the other researched tour operators where their operations are dispersed among different inbound and outbound destinations. TUI attributed its positive results despite the war in Iraq to its pan-European presence. On the other hand, tour operators that miss on the benefits of such strategy can be significantly affected should a crisis take place. For example, Kuoni was significantly affected by the Tsunami in that it had a large portion of its operations in the affected areas. This proved to be problematic since these areas encountered significant material and human loss. Concentrating on specific markets may go in line with a focus strategy where a tour operator focuses on specific markets (Glaesser, 2006). However, this strategy can prove detrimental to a tour operator’s operational and financial health should a crisis affect the group’s important markets as it did for Kuoni during the Tsunami.

Another type of diversification referred to by Glaesser (2006, p 145) is “vertical diversification”. This type of diversification refers to “the preceding or succeeding stages in the organisation’s production process” in which case the tour operator’s relationship with its important external suppliers is affected as a result of a crisis (Glaesser, 2006, p 145). While it is not clear to what extent the researched tour operators take on such strategy, there is, however, evidence that some tour operators take this matter seriously while others do not. For instance, Thomas Cook adopted a measure based on the principles of “first call” and “right of refusal”, which allow the group’s divisions to favour external suppliers of leisure services over internal suppliers if there are cost advantages to be gained. While the economic rationale of such move may be sound, it does however neglect the importance of having reliable suppliers as opposed to gaining cost advantages only. It also puts the group’s self-sufficiency at risk especially if the services being supplied are essential in delivering the promised product or service to the end user. The example of First Choice provides an example of a tour operator that neglects such strategy. The group’s Canadian division relied heavily on Canada 3000 for its flight operations prior to 9/11. The failure of the airline carrier in the aftermath of
9/11 left the division in a crisis where it was forced to reschedule a majority of its flights at a very high cost. Air transportation for any tour operator is a crucial service and disruption in this service means disruption in the tour operator’s entire operation. In line with the concept of organisational learning, First Choice announced in its 2006 annual report that it has adopted the concept of non-reliance on any one destination or any one supplier should a relationship with this supplier gets damaged. This newly adopted concept by First Choice reflects both a horizontal and vertical diversification. It further reflects the kind of learning that may take place after a given crisis.

The second strategic measure referred to by Glaesser (2006) is “transfer”. Transfer aims at “transferring the consequences [of a crisis] onto another economic subject” before the crisis takes place (Glaesser, 2006, p 145). This is a preventive measure that can take the shape of a “spin off” or an “externalisation” (Glaesser, 2006, p 146). Spin-off has been identified in the case of Thomas Cook which has decided after the successful completion of its “Triple T” plan to create autonomous divisions within the group. These divisions are responsible for their own profitability and they have their own legal independence, an approach also supported by Paraskevas (2006). The rationale behind this strategic measure is that “by maintaining the ownership function, the established company keeps essential company controlling functions over the spin-off” while “the economic risk as a consequence of negative events is primarily limited to the assets of the spin-off” Glaesser (2006, p 146). As such, liability for damages that may have been caused by a plane crash for example can only encompass the division’s assets and not the whole group. The autonomy provided to the divisions entails greater responsibility and an enhanced proximity thus providing better chances for efficient and effective management of crises that may take place under the product or geographic umbrella of the division. Glaesser (2006) argued for the benefits of such strategy but nonetheless points out that while the financial and legal repercussions can be contained by the division, the same would not be true for the reputational damage that may plague the whole group. Transfer, according to Glaesser (2006, p 146), can also be carried out through “externalisation”. This type of externalisation can be identified for the researched tour operators mainly through their contractual strategies vis-à-vis third party suppliers (airline carriers and hotels). For example, part of its “Triple T” revenue protection programme, Thomas Cook decided to renegotiate its contracts with its third party suppliers and reduce the guarantees it gives to these suppliers. However, such contractual negotiations are influenced by “the market power and negotiations strength of the company” involved (Glaesser, 2006, p 147). In this context, Thomas Cook is well positioned to make use of this strategy given its size and market share. However, it cannot abuse this power if it looks forward to build long term relationships with its suppliers.

A third strategic measure that has been referred to by Glaesser (2006, p 147) is “cooperation” which offers “crisis management measures to the partners of their cooperation without the risk of weakening one’s own competitive position” (Glaesser, 2006). Membership in associations such as the ABTA and the NTA reflect this kind of cooperation whereby the synergies of all the member tour operators were combined in order to create a crisis management manual that can be made available to all members and which can be adapted to the individual needs of each member. Furthermore, these associations play an important role in helping their members manage through various crises; at least when it comes to media
relations and PR, a task that may prove challenging for the small operators with limited human and financial resources.

While insurance remains a classical prevention measure adopted by all types of companies, the self-bearing-strategic measures proposed by Glaesser (2006, p 151) can be reflected in the actions taken by tour operators in response to crises. Paramount in the concept of self-bearing is the idea of flexibility which has been discussed earlier in the context of the strategic management process in response to crises within the researched tour operators. As it has been discussed earlier, many tour operators’ strategic response to the aftermath of the 9/11 attacks was based on the idea of enhancing flexibility in order to face the difficult trading conditions that were expected afterward. This reflects a self-bearing preventive measure since flexibility provides tour operators with the ability to counter the negative effects of crises especially when they affect the desire of people to go on a vacation. A similar idea was presented by Weick and Sutcliffe (2001, p.89) who argued that “people act with flexibility earlier rather than later, when it is easier to correct deviations and when there are more possible courses of action”. Part of the self-bearing measure is the “acceptance measure” which works towards opening an honest dialogue with the main stakeholders regarding the problems that are common to the stakeholders and the company (Glaesser, 2006, p 151). The idea is to see how these problems could be solved in a mutually beneficial manner (Glaesser, 2006). The acceptance strategy “is less aimed at eliminating information deficiencies, but rather at eliminating credibility deficiencies” (Glaesser, 2006, p151). This means that the strategy builds on enhancing the company’s credibility among its main stakeholders which will be beneficial once a crisis takes place. While this is an important strategy, there is a little evidence that tour operators took this proactive stance with the exception of TUI, which has made considerable efforts regarding having an open dialogue with various stakeholders on the impact of its operations on the environment (Glaesser, 2006).

*Crisis gains and the learning organisation*

While there is evidence that tour operators use the strategic management process to respond and react to certain crises, there is also ample proof that there is a learning process that takes place once a tour operator engages itself to respond to a specific crisis. In this context, Burnett (1998, pp. 477, 486) states that “the organisation should not lose sight of the learning opportunities that movement into the reconfiguration stage creates” where “crises produce the following possible gains: (1) heroes are born; (2) changes are accelerated; (3) latent problems are faced; (4) people can be changed; (5) new strategies evolve; (6) early warning systems develop; and (7) new competitive edges appear”.

Such gains can be identified in the individual cases of the researched tour operators. In the case of Thomas Cook, the group’s “TripleT” plan proved a success which led the group to adopt of the plan’s concept of flexibility as a strategic basis upon which management could gear the company and thus “new strategies evolved”. Furthermore, the new structure of the group that followed the “Triple T” plan was based on autonomous divisions which would further enhance the group’s internal and external competitiveness and internal efficiency (i.e. each division is responsible for its own profitability or losses). As for MyTravel’s case, the failure of the risk management system led the company to conduct a strategic review that not only gave solutions to the post 9/11 trading difficulties, but it also led the company to focus
on internal control and develop “early warning systems” to prevent the failure from happening again. In the case of First Choice, the crisis born out of the 9/11 attacks precipitated leadership change in the group, a move that would have been difficult to carry out under normal conditions and in the absence of a strong reason to do so. On the other hand, the trading difficulties that faced Kuoni led the group to have the courage to face its “latent problems” such as the disposal of its unprofitable division in the U.S., which failed to recover after 9/11 unlike its counterparts in Europe and Asia.

While this highlights the gains that a crisis can lead to at the strategic level, there are nonetheless important lessons to be absorbed in the aftermath of a given crisis. The researched tour operators’ annual reports clearly show a progression regarding the importance tour operators started giving to issues relevant to crisis management such as; risk assessment and auditing, security and safety policies, and contingency planning. Learning in this context does not necessarily mean learning from one’s own mistakes by it also means adopting and creating new processes as a result of constant environmental scanning at the strategy formulation stage. For example, a tour operator may adopt new processes just by learning from how another operator struggled through a given crisis. This type of learning demands heightened senses and a realistic SWOT analysis of one’s own environment and capabilities.

Right after the September 11 attacks, MyTravel created a Security Measures Committee to oversee and audit security risks and threats that may affect the group’s staff or customers. Furthermore, the failure of the risk management system led to rectify the problems after conducting a strategic review. It also installed control mechanisms to make sure that such problems do not occur again, evidence of a learning process. Taking the example of TUI, one can identify a progression in the group’s interest in ensuring the safety and the security of the group’s staff and customers. The group’s realisation that its environment was plagued by terrorist attacks, pandemics, and natural disasters was pivotal in leading the group to take a closer look at its health and safety policies. In this context, higher safety and security standards were mandated with performance criteria enforced by top management as it can be demonstrated through the group’s annual reports. The same can be noted in the case of First Choice, which started developing IT systems to ensure that its health and safety standards are monitored across the various destinations where the group sends its customers. This has been the case for many of the researched tour operators. Given that the last six years were plagued with various crises, one can notice that new issues started appearing year after year in the annual reports. Detailed sections were given regarding safety and security as it was the case with First Choice annual reports. For others, risk management was not given appropriate attention in the annual reports in 2001 and 2002 but then the picture changed afterward. While this may be indicative of a learning process, instances where tour operators admitted their own failure was rare with the exception of MyTravel. Rarely does one find instances where tour operators admit their own mistakes or failures. This reflects the “state of denial” that exists in the industry as it has been expressed by Perl of Docleaf (D. Perl, personal communication, October 4, 2007).

Prevention and Risk Management
It became evident from the researched tour operators’ responses that crisis management cannot be decoupled from risk management. In the planning stage of crisis management, risk
management is commonly used. Risk management has proved its worth in helping tour operators manage various crises, when such occur. Taking Thomas Cook as an example, the role of risk management in managing crises was enhanced when the company introduced its “Triple T” programme. By controlling its costs and by enhancing its flexibility, the tour operator has effectively minimised the threat that possible future crises may pose. This reflects an important part of risk management; risk mitigation. After developing the “Triple T” plan, Thomas Cook managed well through subsequent crises such as the 2004 tsunami disaster. Consequently, the company stated in its 2004 annual report that “…these (disasters) [had] no serious implications for the Group’s situation in terms of assets and profit” (Thomas Cook, 2004, p.19). While the credit may not be given to the plan for getting such result, it is nonetheless important to recognise that the organisational flexibility Thomas Cook has developed after 9/11 was well positioned to protect the company from being seriously affected by the tsunami. The plan itself was a response to 9/11 but its concepts were also used for future risk mitigation which reflects the “feedforward” process discussed earlier.

Prevention of crises is firmly connected to analysing the risks that tour operators face. Crisis prevention is exemplified by TUI, which has protected its IT system through a “dual site protection system” (TUI Group, 2005, p. 73). By doing this, the company prevents its operations from being affected if the IT system gets damaged. This suggests that TUI analysed the possible threats to its IT system (i.e. fires, sabotage etc.) and planned a response that prevents a possible destruction of its IT system from crippling the company. By adding preventive measures, TUI has taken a proactive step to manage crises. This again exemplifies how risk and crisis management overlap. Even so, if both IT sites are destroyed, then the company would find itself in a real crisis. The probability of such occurrence may be very low but it exists nonetheless.

Below is a figure depicting the areas that were involved in handling crises during the past few years where the thickness of the arrows illustrates the relative importance of each area. This illustrates that different measures and different aspects of crisis management were used to handle different types of crises. One can deduce from the illustration that the probability of occurrence and the predictability of the event will influence which measure is called upon.

Figure XV: Handling different past crises

7.2 Operational Responses to Crises

The observed operational responses reflect the actions that tour operators take in order to display some control over an incident, its course and its effects at the operational level. Some
Tour operators have established plans in order to make rational decisions in the hectic moments that follow a crisis. Furthermore, a common issue that tour operators face during crises is the time pressure and the urgency of taking actions to respond to a specific crisis. Hence, one has to consider the time pressure under which tour operators make their operational responses, a factor that can affect the quality and the effectiveness of such responses.

The data reveals that many of the observed operational responses have general similarities, which do not necessarily depend on a specific type of crises. Although the responses might be similar, they are also adapted to the specific circumstances borne out of a given crisis. For example, the bombings in Egypt and in London were responded to with similar actions, such as finding and securing customers. Nevertheless, both of them required different types of site specific actions along with the general ones. For example, the bombings in Egypt damaged hotels, while the bombings in London damaged the city’s subway system, which is less connected to the operations of tour operators than hotels are. Thus, a heavily damaged hotel would call upon more operational responses such as the relocation of customers and retrieval of their belongings from the affected site. Furthermore, the site specifics of a crisis will influence the amount of committed resources both human and financial. Resources committed to manage a bus crash in Europe would be different from the resources committed to face the same incident in a third world country due various reasons; existing infrastructure, quality of communication network, quality of emergency services, quality of medical facilities and medical expertise, support of local authorities, etc. These reasons are but a few of the many variables that can differentiate between the actions taken by a tour operator to respond to a crisis at an operational level.

In general, one can observe from the responses that the health and safety of customers is the primary concern of tour operators while other issues such as property damage become secondary until customers and staff have been secured. This was evident from the assistance that the USTOA tour operators gave to their customers after the terrorist attacks of 9/11 (USTOA, n.d.). It is also exemplified through the numerous occasions when tour operators have incurred additional expenses in order to secure and repatriate their customers from disaster areas. This pattern reflects both a legal obligation as well as a moral and ethical obligation. The legal obligation comes from the “duty of care” when it is applicable depending on the jurisdiction under which the tour operator operates. The moral and ethical obligation comes from an organisation’s responsibility towards society with its different stakeholders.

Tour operators are usually very swift in starting rescue operations. They put a great emphasis on finding and securing their customers, and to let the media know that they are doing so. This was exemplified by the FTO member tour operators’ actions, which were harmonious to a large extent (FTO, 27.12.2004). It can also be observed that the researched tour operators not only care for their customers, but they also realise that response paralysis can lead to negative publicity. However, there was less evidence that the same attention is given to rescuing and helping employees especially those who are on the ground, with the exception of the efforts demonstrated by First Choice in ensuring the health and safety of its employees. While one has to assume that employees represent the tour operators and they act in their
name, some crises are so chaotic to the extent that this bond may disappear. For example, the Tsunami took not only the lives of tourists, but also the lives of staff and locals. As such, a severely injured employee can do little to represent his/her company or manage a crisis when the employee needs as much help as the customer does.

Co-operation, not only between the divisions of the same group, but also between competitors was observed in several occasions when dealing with crises. The co-operation with competitors was exemplified by TUI Nordic, which cooperated with other tour operators from the Nordic countries to bring all Nordic customers home. This strengthened and enhanced the collective image of these tour operators. Membership in a tour operating association such as the FTO also allowed for action synchronisation among members when facing specific crises. This was seen not only during the tsunami, but also during the passage of hurricanes and in response to various terrorist attacks. Therefore, membership in tour operating association has been a good tool in handling crises and could lead the way to creating uniformed crisis responses.

Co-operation that tour operators have is not only limited to the one between competitors. Rather, it incorporates, at least at the operational level, other stakeholders during a given crisis. An essential and crucial part of the tour operators’ initial responses to a negative event includes co-operation with local authorities and hoteliers. Through this cooperation, they ensure that their customers are cared for. This cooperation also renders rescue and repatriation efforts more effective. This type of wider co-operation was evident during many of the observed crises, and it was especially highlighted during the tsunami, hurricanes, fires, criminal acts, and crashes. This also indicates that crisis management, at the operational level, is closely connected to stakeholder management, which is an issue that derives from strategic decision making. It is also an issue that demands patience and long term planning. For example, in an effort to build a strong relationship with the British authorities, the FTO had several meetings with the Foreign and Commonwealth Office in the UK in order to expose how the association approaches crisis management and to share its view with the British authorities. Building such relationship can prove beneficial, especially when the support of the British authorities is called upon to help the FTO members manage future crises that involve British nationals. Governmental support can ease a crisis situation through the provision of needed financial and human resources, as well as preventing regulations that can be counterproductive for tour operators (i.e. stricter industry specific regulations).

After a major crisis has taken place, one of the main concerns of the researched tour operators was to repatriate their customers. Depending on the crisis itself and the number of customers involved, the repatriation may be very swift or slow where it may take several days before all customers can return home. After the tsunami in Sri Lanka, some German TUI customers stayed in tent camps for four days waiting for repatriation (TUI Group, 27.12.2004b). After Hurricane Wilma in 2005, it took four days for MyTravel to evacuate all its customers from Cancun, and another three days before all people were flown home (MyTravel Group Plc., 2005). In the case of MyTravel, the delay was mainly caused by the great damage inflicted on the infrastructure. This proves that repatriation, even if the process is started directly after a crisis has hit, may extend over a longer period than it was planned for. While the repatriation was slow, regular updates were provided by MyTravel during this crisis, which can
compensate for the difficulties it might encounter in repatriating customers. Hence, the example demonstrates the role of PR and crisis communication in easing the tension during a crisis.

Tour operators need to consider many different aspects of customer repatriation, especially if the operation involves a large number of customers. The logistics of the operation can be quite challenging. This may be one of the difficulties that, for example, MyTravel faced after the tsunami. It had a total of 5400 customers, of which The Northern Europe division had 4500 customers mainly in Thailand (MyTravel Group, 29.12.2004). To suddenly organise flights for this significant amount of customers requires not only empty planes to use, but also additional people to fly them, ground control for organising the shocked people, accommodation for their stay until repatriation gets underway and a multitude of other issues. Hence, the more devastating the crisis is, the higher the requirements posed on the logistics department are. When considering the crisis management systems of the researched tour operators, the issue of logistics was given little attention and merit. This indicates that the importance of logistics planning in the pre-crisis phase is not properly emphasised. This is despite the fact that efficient and effective repatriation requires solid co-operation between capacity management and logistics management in order to ensure that there is available capacity to be used in case of unexpected eventualities.

Repatriation can have a severe impact on a tour operator’s financial performance as it was obvious in the concerns raised by Thomas Cook regarding this issue. Some of the largest operators may operate their own fleet. However, many of the researched tour operators started to tightly control their capacity and their cost structure by pursuing a strategy of minimum vertical integration in the last couple of years. This means that the option of having additional capacity that can be freed for repatriation will not always be available especially when it is needed during times of crises. Therefore, even those operators who operate their own fleet may need to hire additional planes to repatriate customers from crisis hit areas. Small tour operators may face a direr situation. They have even less capital that can be freed in order to hire aircrafts for repatriation, and thus co-operation and co-ordination of rescue efforts with other tour operators can become necessary. The financial burden of repatriation is an important issue; not only for the small operators, but also for the larger ones. This is why cooperation is beneficial for both in this regard. Enhagen from MyTravel Northern Europe confirms that tour operators from the Nordic countries co-operated and co-ordinated their efforts during the tsunami crisis where the humanitarian needs surpassed the rivalries between competitors. National cultures can be an important variable in enhancing this cooperation. The issue of cultural and national influence on a tour operator’s approach to crisis management seems to be an issue of substance for Perl of Docleaf. He draws from his own experience to highlight differences in crisis preparedness among different regions and countries. He points out that tour operators from Scandinavia and Germany are relatively prepared, while those from the United States are still behind, and those from Southern Europe and Asia are still far from being prepared (D. Perl, personal communication, October 4, 2007).

While repatriation costs might be compensated through specific insurance policies, such insurance products are seldom available to tour operators. Even if available, the insurance
contract may fall short of covering all types of crises and there are contractual limitations regarding the extent an insurance can cover the damage that might be caused by a specific crisis (D. Perl, personal communication, October 5, 2007). Thus, there is still a burden that will be carried by the tour operator whose resources will be tied in managing rescue and repatriation efforts. In the absence of emergency reserves, these resources will be taken from other resource pools with the risk of affecting the normal operation of the tour operator.

A common operational response that the researched tour operators took was to move customers to other safer destinations. This type of response was used in several types of situations. For example TUI, after the tsunami, moved its customers in the Maldives to other nearby islands due to significant property damages as well as its customers’ unwillingness to interrupt their holiday and go back home (TUI Group, 27.12.2004a). This type of situation can be extremely challenging for tour operators. Customers who do not wish to return prematurely need alternative accommodation and services to replace those that were rendered unusable by the crisis. This may be difficult for tour operators that have planned their responses to include repatriation. When Hurricane Dean in 2007 was approaching, FTO member tour operators moved a third of their customers to safer destinations on mainland Mexico or flew them home in case their holiday was about to finish (FTO, 20.8.2007). The idea of moving customers to safer destinations on a short notice means that the tour operators must be flexible enough to find spare capacity that can accommodate for the displaced customers. These customers must also be provided with the experience they have been promised by the tour operator even at the new resort or location. Such flexibility relies not only on capacity planning but also on the relationship tour operators have with other stakeholders (airlines, hotels, etc.). Accordingly, stakeholder management manifests itself again as being crucial in successfully carrying out operational responses to a given crisis.

Diverting business to other destinations has been identified as an effective response in order to keep existing customers, who were about to leave on a holiday and had booked their trip to the affected area. The main reason for diverting business was the damage inflicted by a given crisis on the resort infrastructure, hotels, or other facilities. The exception for this action can be exemplified by the case of MyTravel which decided to send its customers to the same destination but to a different hotel, since the initial one was heavily damaged by a terrorist attack. Another reason for diverting business is the safety and security concerns a tour operator may have. Such was exemplified in the case of Harvey World Travel and Bales Worldwide, two tour operators who had to cancel a whole destination (Syria and Lebanon) due to the Israeli-Lebanese war in 2006 (Walsh, 2006). Diverting business to other destinations seems to be a common practice. It has been essential for many tour operators in order to maintain their business growth. Such was the case of Kuoni, which reported 11% rise in sales in the UK, despite the effects of the tsunami (Davern, 2005). Several of the researched tour operators underlined that flexibility, which is embedded in their strategic orientation, is of paramount importance to their operations. Its importance was highlighted when they wanted to move customers to other destinations, to divert business to unharmed areas, or to make other quick operational responses, such as cutting prices for certain packages.
On several occasions, tour operators provide crisis counselling to their customers. The fact that tour operators give counselling became apparent especially after the tsunami, when several operators announced that they had sent additional staff and counsellors to offer physical help and psychological relief. This was exemplified by the responses of Thomas Cook and of TUI, both of which flew appropriately trained members of their staff to Thailand to offer support on the repatriation flights and after their customers have returned to their home countries (Thomas Cook, 2004, TUI Group, 27.12.2004b). By offering counselling to the affected customers, a tour operator can counter the negative effects of the crisis and create positive perceptions of itself and its services. Creating a positive image is vital for the continuity of the tour operator’s business in view of the fact that this will probably affect the customers’ future travel decisions. If not satisfied, there is a good chance that these customers will opt to go with another provider in the future. However, Perl of Docleaf, raises his doubts regarding the counselling that some UK tour operators use since counselling is not a highly regulated field in the UK (D. Perl, personal communication, October 5, 2007). This may lead many tour operators to use counselling services that may have weak credentials (D. Perl, personal communication, October 5, 2007) thus affecting the quality of support tour operators provide to their customers during or after a crisis. This is why Perl points out that the counselling requirements imposed by Docleaf in choosing its worldwide counsellors are extremely rigorous (D. Perl, personal communication, October 5, 2007).

A crisis does not need to be of a significant magnitude to warrant the need for counselling. This was seen in how Inghams and Thomas Cook handled coach crashes by providing their affected customers with counselling services. After the incidents, both operators were praised for their efforts. Perl, CEO of Docleaf consultancy, argued that emotional support and counselling today is expected to be given to customers during and after a crisis, because the lack of such may result in lawsuits against the operator (“Business advice”, 2005). Therefore, the operators are interested in giving crisis counselling not only due to customer care, but also to protect the company from liability issues. However, Perl also criticises how many tour operators forget that even their staff need counselling which demonstrate how employees can be neglected during and after a crisis has taken place (D. Perl, personal communication, October 4, 2007). Furthermore, Perl states that Docleaf tries to help tour operators manage crises from a “caring and compassionate stance”, which it regards as an effective approach to managing crises, although tour operators will often avoid this approach in their crisis response (D. Perl, personal communication, October 4, 2007).

The post-tsunami donation and aid projects that were launched by some of the researched tour operators portrayed the latter as responsible and caring, an image that these tour operators can benefit from. This was also noticed by Sandie Dawe, VisitBritain strategy director, who pointed out that tour operators and the whole industry can take advantage of the positive image that was built up during the tsunami crisis (Crawshaw, 2005). Thus, a crisis does not only bring negative issues but also some positive ones that can be used by those tour operators that have not limited their crisis management to merely controlling the negative effects.

Another pattern that is also revealed is that many tour operators tried different marketing tactics during and after certain crises. For example, an aspect that is worth noticing is that after the tsunami, large tour operators provided freight capacity for aid supplies. They also
offered journalists free seats to travel to the tsunami affected areas, not out of goodwill alone, but also to promote their helpfulness and positive actions. Smaller operators may not have the same resources as the large ones, and thus may not receive the same media exposure. The possibility for a tour operator to market itself during and after a crisis is hence often connected to the available resources. Membership in a tour operating association such as the ABTA can be beneficial where small efforts can be amplified through the PR expertise of such association. Yet, the ABTA for example is criticised by Perl for being “overrated” for its role when it comes to crisis management for tour operators in the UK (D. Perl, personal communication, October 5, 2007). This criticism comes as a response to what might be reported in the media or by the association itself in terms of its role in helping tour operators to manage specific crises (D. Perl, personal communication, October 5, 2007). Perl sees this role as being limited to providing media support vis-à-vis small crises but falls short of giving specific support with regards to significant crises (D. Perl, personal communication, October 5, 2007). Thus, while membership in such association can be helpful, it cannot compensate for having more resources and counting on one’s own abilities to market itself during and after a crisis.

After the 9/11 terrorist attacks, there was a shift in booking patterns towards late bookings. To counter this trading problem, tour operators used various incentives to encourage early bookings. Of these measures, one of the most popular ones was to provide early booking incentives through price discounts. Nonetheless, the shift in the booking pattern affected almost all of the researched tour operators. The emerging pattern can have severe implications regarding a tour operator’s capacity management and its ability to secure unearned revenues that can pay for committed capacities. Failing to secure these revenues can have severe repercussions on the financial health of such tour operator who might be forced to sell at a discount if holidaymakers start buying packages at the last minute. Thus, while the operational response of giving incentives to encourage early bookings might be viable in the short run, the response must be coupled with other measures to change the booking behaviour otherwise profit margins will erode significantly. While this would be ideal, even the largest researched tour operators seemed to be struggling with the situation. Furthermore, the emergence of such pattern as a result of a crisis cannot be accounted for in a vacuum. The surrounding environment is a dynamic sphere where other patterns can emerge either helping or impeding crisis response efforts. For example, while the late booking pattern has emerged because holidaymakers were feeling less secure, traditional tour operators have also been preoccupied with countering the effect of online dynamic packaging that has gained more and more popularity among many holidaymakers. Given the fact that dynamic packages are flexible and price competitive, trying to cut prices to encourage early bookings may not be enough after all since DIY packages already have cost and flexibility advantages. Thus, while some responses may be viable in a vacuum, they may be ineffective if deployed without accounting for the variables of the operational environment.

Another common measure, taken as a response to major crises, is that tour operators give refunds to those who are about to leave to the affected destination shortly after the crisis has erupted. Tour operators in the UK are obligated to give refunds only if the FCO has issued a travel advisory against a certain destination. This puts some constraints on these tour operators’ selection of destinations, and also it affects their business conduct. If these
advisories are not followed, the operator may face legal action. However, if no travel advisory is given, it is up to each tour operator to decide if refunds are provided as it is exemplified in the case of the 2006 Turkish bombings. During Hurricane Wilma in 2005, the FTO tour operators offered voluntary refunds and this demonstrates that some operators provide refunds out of goodwill rather than legal obligation (FTO, 31.10.2005). Thus, some operational responses, especially those that concern refunds, can go beyond a legal obligation since they intend to build positive perceptions and a general goodwill.

Giving voluntary refunds to customers may depend on the size of the tour operator. Small tour operators may not have the resources which would grant them the ability to make such gesture of goodwill. Even for a large tour operator, the goodwill of giving voluntary refunds may depend on the season and on the destination. If it is high season and the demand is high, the refunds can be compensated by new bookings by holidaymakers who might not be too sensitive to the incident. The data, however, gives an example where one tour operator did not feel the obligation to give refunds on the premise that it was the high season. This reflects an argument for tour operators who might refuse to give refunds since there is a high demand and hence no reason to show any goodwill. On the other hand, if a tour operator has a monopoly over a specific destination, it may as well refuse to give refunds since it is the main or only provider of the product. However, in case of a destination over which there is a high level of competition, refunds would show some goodwill from the operator’s side and probably put it at a competitive advantage thus boosting its sales. As such, a voluntary refund can be regarded as a tool that can be used to promote the tour operator, and to ensure its business continuity. Yet, the tool cannot be generic since it has to respect the specific seasonal and market conditions facing the concerned tour operator.

### 7.3 Crisis Communication

Glaesser (2006) argues that crisis communication is defensive in nature since it does not come voluntarily from the affected organisation. Furthermore, crisis communication must consider a wide range of demands from different stakeholders as well as the media (Glaesser, 2006). This relationship can be portrayed through a three-actor model proposed by Glaesser (2006) where crisis information is either directly or indirectly communicated to a stakeholder. Therefore, the analysis will consider how this information has been communicated by the researched tour operators to three main stakeholders; shareholders, customers, and employees.

![Three-Actor Model](image)

Figure XVI: Three-Actor Model (Glaesser, 2006, p. 217)
Shareholders

Corporations normally communicate with their shareholders through annual meetings and annual reports to report on what they have done in the past and what they are intending to do in the future to increase the value of the shareholders’ equity in the company. However, and during times of crises, waiting for an annual report may not be appropriate and as such corporations may need to use other methods to communicate what they are doing to handle the crisis and subdue the fears of the owners. In this context, two patterns are revealed.

The actions that are of an immediate and urgent nature are usually directly communicated through press releases, which tend to be quite detailed regarding what the tour operator is doing to repatriate affected customers if a crisis has taken place. For example, the press releases of MyTravel and TUI provided details regarding how both operators were dealing with the Tsunami disaster with daily updates provided on the tour operators’ websites. Yet, this is not the case all the time. Thomas Cook did not have any archived press releases related to any crisis on its website and the recovered press releases on its own website were limited to new product launches and new promotions. However, information regarding how Thomas Cook was dealing with some crises was found in the press releases of the FTO which has Thomas Cook as a member. This reflects a decision by Thomas Cook not to have any crisis related information on its website but rather diffuse the information through other channels such as the FTO’s own website.

The second observed pattern relates to the strategic decisions taken to respond to major crises. These are normally directly communicated in the annual reports of the researched tour operators. Most of the time, the annual reports do not refer to negative events as crises but rather as incidents or negative events. The use of the word crisis seems to be a “taboo”. This can be done in order to avoid creating a negative perception of the actual state of a tour operator (i.e. Thomas Cook struggling through a crisis). This approach can also be interpreted in a sense that some events are not regarded by tour operators as crises. For example, in the interview conducted with Enhagen from MyTravel Northern Europe, he avoided referring to negative events as crises and he stated that he would rather refer to them as emergencies or any other term other than crises. Such sensitivity can be exaggerated at times as it was the case for MyTravel Northern Europe. Nonetheless, it reflects how some tour operators choose to underestimate the magnitude of some events.

The annual reports contain strategic as well as operational responses to major crises as well as the financial repercussions of such events on the tour operators’ profitability, which is of relevance to many stakeholders especially the shareholders. Furthermore, many of the researched annual reports contain market and business forecasts that usually highlight the turbulent business conditions created by the successive manmade and natural disasters. This would allow the tour operators’ to prepare their shareholders for any negative effects the company may have to face should another crisis take place. It can also influence the expectations these shareholders may have regarding future performance. For example, after the 9/11 attacks, many of the researched tour operators warned in their annual reports that they were not immune to the negative post-9/11 trading conditions. Some of them continued
to issue such warnings even after two years from the event’s date of occurrence. However, the annual reports also provided details regarding what top management did or was doing to counter the effects of various crises.

Information on what the tour operators were doing to handle various crises was also indirectly communicated through various media channels. However, tour operators have less control over what is reported in the media which may prove problematic. For instance, MyTravel’s accounting irregularities in 2002 were highlighted in credible daily papers such as the Financial Times and were referred to as a “crisis”. The word itself was never used by the group to describe the situation in its annual reports. MyTravel’s denial that the situation was a crisis, at least in its annual reports, deviated from what was reported in the media. This can prove detrimental to the company’s credibility and efforts to contain the crisis with minimal damage. For example, MyTravel had difficulties borrowing money during the crisis to save itself from bankruptcy in view of the fact that many financial institutions refused to do so.

Customers
Customers are considered to be a crucial stakeholder for the tour operators as without them, there would be no business at all. Information is communicated to customers directly and indirectly. In addition to having press releases that have been described above, some tour operators have more advanced methods of communicating with their customers during crises. For example, MyTravel Northern Europe uses instant messaging through SMS to communicate with its customers wherever they are. The division also uses e-mails to contact the customers’ families and friends to inform them with the status of their loved ones. To a large extent, this method can enhance the trust in MyTravel Northern Europe. It also enables the division to control the first stream of information before the customers get wind of a crisis through the media or other sources. Other methods of direct communication also include the provision of emergency numbers for customers to contact as well as the establishment of call centres that can respond to the inquiries of customers and clarify the situation to them. However, tour operators are at times frustrated, as it is the case for MyTravel Northern Europe, at how the media exaggerates in reporting certain incidents or crises given the fact that the media reports to the general public (see previous model), many of whom are existing or potential customers. Unless customers have total trust in what the tour operator diffuses in terms of information during a crisis, they will be unsettled by information provided by the media especially if it does not conform to the information provided by the tour operator, a point Glaesser (2006) agrees with.

Direct communication is also used by tour operators to seize their “window of opportunity” during or after a crisis. The example of Mark Warner relates to this instance whereby the operator used various channels to promote its facilities and services following the disappearance of one of its customers. Unlike the traditional defensive stance taken by PR and communication experts during a crisis, Mark Warner was able to turn the situation around and position itself favourably with the audience that includes both existing and potential customers. Mark Warner also used indirect communication to diffuse this turnaround strategy by making use of the good publicity it was getting from the media reports regarding its professional handling of the crisis.
Other sources of indirect communication include governmental authorities responsible for issuing travel advisories against specific destinations due to a certain type of health or security threat. Dealing with this indirect channel of communication during crisis time can prove challenging for many tour operators. If the authorities in the outbound market decide to put a travel ban on a specific destination or raise the level of health or security threat for such destination, this can prove detrimental to a tour operator’s operations. This could be one of the reasons why many tour operators have opted to join associations such as the ETOA, the ABTA and others. The efforts of tour operators can be combined under the umbrella of such associations to deal with the media and bargain for more objective reporting of crises or incidents. It can also work towards developing positive relationships with the authorities in order to account for their interests when issuing travel advisories. A highly debated issue that existed for some time was whether the British government was sending mixed signals to holidaymakers by repatriating independent British holidaymakers. Such action proved detrimental to tour operators who argue that it is not fair to them given the fact that customers who book with a tour operator are guaranteed a “duty of care” while those who do not are not protected. The action of the Foreign Commonwealth Office seems to undermine this important benefit a customer gets when buying a packaged holiday from a tour operator.

**Employees**

Unlike shareholders and customers, it seems that employees get little attention when crises hit. This is despite the fact that the human factor (i.e. staff) is a crucial asset for tour operators (Batman & Soybali, 1999). Many tour operators forget that even their staff and employees need comforting in times of crises, an argument David Perl of Docleaf agrees with. Following the 9/11 attacks, there were considerable layoffs within many tour operators in hope to get a tight control over their costs. However, these tour operators did little to ease the pain of such layoffs on their employees with an exception. First Choice acknowledged in one of its reports that its post 9/11 restructuring programme was not easy especially for its employees. As such, it established direct communication channels to explain these measures and to get the cooperation of its employees in order to successfully complete the restructuring programme. Whether other tour operators did this or not, there is not enough evidence to show that such approach was taken. Failure to communicate with employees during times of crises can be counterproductive. Facing a crisis with employees, who are in a state of panic and insecurity, can render many crisis management efforts ineffective and inefficient.

### 7.4 Instability of the Operational Environment

The operational environment of tour operators is increasingly volatile and unpredictable and the media attention given to crises makes it even more critical that tour operators know how to handle the unstable tourism environment. This idea of “exogenous factors” threatening the travel industry was raised by Kuoni in its 2005 annual report. Despite this recognition, the company did not display any operational actions that are significantly different from the other researched tour operators. It is clear that crises happen all the time; they are a normal part of business even though they occur unpredictably. Existing crisis management systems seem to fail to recognise the normality of crises and thus treat them as special occasions.
Another important aspect was also highlighted in practice; the need for flexibility when managing crises. Tour operators need flexible organisations that can react quickly to sudden changes in demand and to adjust capacity accordingly. Similarly, Weick and Sutcliffe (2001, p.74) argued that in a rapidly changing environment, the decision-making should migrate “to the person or team with expertise in that choice-problem combination”. This means that a crisis management team should be rapidly activated in order to control and resolve the situation once a crisis occurs. Flexibility in operations gives the tour operators the possibility to make changes to reflect the changes in the environment and to have a better control over their business. An example of such flexibility was portrayed by Kuoni when its customer service diverted bookings to other destinations after the tsunami. It also decided to lower prices to attract customers, which in the end proved to be successful. Thomas Cook, like TUI, adopted flexibility as a general philosophy for running their businesses. In general the researched tour operators have developed their operations to be more flexible in the last couple of years with the possibility to divert their business to other unharmed areas. First Choice is an example of a large tour operator that has a diversified destination portfolio. This allows First Choice to use this diversification to take away or add a destination depending on the latter’s safety and security status. This is why the group promotes the idea of flexibility in operations where it minimises its reliance on any one destination. Together with operational flexibility, other measures such as cost cutting are needed to survive the instability of the business environment.

This stability through flexibility can help tour operators survive in such environment. Another variable that enables large tour operators to make quick changes is that they have more resources. Therefore, a sudden change that involves additional costs does not necessarily endanger the business continuity of a large tour operator as it would for a small tour operator. The small operators may not be able to shift operations to other areas around the globe, and thus run into the risk of going out of business due to a crisis. This is why they need to have flexibility incorporated in their business model. Due to the limited resources small tour operators have, this flexibility may not be easily attained or implemented. For example, small tour operators can opt to offer dynamic packages on the internet. This would allow them to offer different packages that do not necessarily rely on a single destination while protecting themselves from a possible duty of care that might be imposed by their operational environment. The importance of flexibility was also highlighted by Weick and Sutcliffe (2001, p.75), who argued that in a flexible and easily adjustable organisation, a problem situation is quickly communicated to all levels so that the problem can be resolved efficiently. This may apply to small as well as large tour operators.

Crisis are not only the effects of the unstable environment, but they can also cause further instability in this environment. This effect is similar to the butterfly effect in chaos theory, where a minor occurrence gets amplified by an unstable environment and may cause “unpredictable” effects, which are greatly augmented when compared to the original incident. For example, the SARS crisis was magnified due to the generally weak economy and the war in Iraq to the degree that it affected TUI’s financial performance (TUI Group, 28.8.2003). While the terrorist attacks of 9/11 targeted New York, the worldwide fear it created led to a more amplified crisis within the travel industry which led to numerous bankruptcies among airlines and travel-oriented companies. This implies that when a crisis occurs, it cannot be
managed separately from its environment, but always connected to it. For example, the bankruptcy of Canada 3000 forced the Canadian division of First Choice to reschedule its flights at a very high cost. Thus the operational environment consists of several factors that can affect the stability of the tour operator as it is illustrated below in figure XVII.

Culture can partially explain the observed differences for the varying attitudes towards crisis management (Perl, 2007). Successful integration of crisis management into operational strategies requires committed leaders. Kuoni was the only observed tour operator to state that the threats in its environment affect the company, its reputation, its leadership and its brands (Kuoni, 2005). However, there little evidence that shows that any of the studied tour operators displayed strong leadership during the crises they encountered with the exception of First Choice. First Choice made changes to its top management team as a response to the 9/11 crisis in an attempt to acquire new leadership skills. There is a better chance to deal with unexpected and quickly evolving situations with strong and experienced leaders. They act both as a credible facade of the companies they represent and also as propellants for change within these companies (Garcia, 2006) so that the latter can be flexible enough to adapt to its unstable environment.

In 2007, MyTravel merged with Thomas Cook and First Choice was taken over by TUI. This indicates a faster consolidation in the tour operating business. This consolidation is creating larger and stronger tour operators who are better positioned to face the numerous challenges they may face in this unstable environment. Their increased resources (both human and financial) put these tour operators in a better place to face future crises. Furthermore, the joined experiences position these operators in a better state of readiness to face future negative events. Smaller operators, who wish to remain independent, are more exposed to the threats of this unpredictable environment, as it was observed in the cases of Peltours and Longwood after the 2004 terrorist attacks in Egypt. A way for small tour operators to survive the competition with large operators is to specialise in niche markets. However, this does not give full protection because a crisis may hit a niche market or the destination of interest to this niche market. In this case, such focus strategy, as it has been argued before by Glaesser (2006), can threaten the survival of the concerned tour operator.

Tour operators, not depending on their size, have started to increasingly scan their operational environment for various risks and threats. For example, Harvey World Travel and Bales Worldwide cancelled a joint programme to Syria after a war erupted between Lebanon and
Israel in 2006. This environmental scanning has been identified as a common trait among all researched tour operators although this scanning will depend on the expertise and the resources owned by a tour operator. For example, given its large size, Kuoni adopts bottom-up and top-down approaches for identifying both country specific risks and “group-wide strategic risks” (Kuoni Group Corporate Governance Report, 2006). Along the same line, TUI has started to scan its external environment and assess those threats that can be detrimental to the company’s operations or existence (TUI Group, 2004). However, long term forecasting is limited and tour operators cannot always see all possible threats, especially in an increasingly volatile yet dynamic environment with new threats emerging every day.

An interesting phenomenon can also be observed in practice. People are getting accustomed to hearing about disasters and terrorism as a normal part of everyday life. It seems that the fear created by these uncontrollable incidents is less than it used to be, and as Susan Biggs indicated after the tsunami, tourists return to normal activity surprisingly quickly (Tricks & Mason, 2004). This takes away some of the pressure from tour operators. Tricks and Mason (2004) notice that as crises become more frequent, recovery from them will be rather quick. In this context, it has been observed that not all threats in the environment are equal in causing similar fears of travel. The uncertainties in the natural environment, such as the tsunami, are easier to manage than the irregularities in the natural environment, such as diseases and pandemics, which are influenced by the possibilities and measures of control (“Tourism and Asia’s tsunami”, 2005).

The volatility of the operational environment has prompted some tour operators to enter new market segments and new products. For example, Kuoni acknowledged the rising trend of Do It Yourself (DIY) packaging through online portals and it took the strategic decision to offer this type of product (Kuoni Group, 2004). Such move would take away some of the pressure created by the environment since DIY packages do not oblige European tour operators to provide a “duty of care” to their customers. Thus, rescue and repatriation efforts would not rest on the shoulders of the tour operator, and dealing with a possible crisis would have to be dealt with by the customer who packaged the product online. This, nonetheless, does not necessarily mean that the tour operator will be spared from its ethical and moral obligation to help its customers even if it sold a DIY package. Thus, while there are threats in this unstable environment, there are also opportunities that can enable tour operators to face such threats.

7.5 Proposed Crisis Management Framework

The analysis conducted under the four themes suggests that while there are various crisis management practices used by tour operators, they nonetheless differ from one operator to another. This, to some extent, reflects that “no two crises are the same” (Evans & Elphick, 2005, p. 149) which means that different crises will be responded to differently. Thus, it is difficult to find a crisis management system that would work for all types of crises. In fact, some tour operators like British Airways Holidays do not have a “system” per se but rather use different processes to respond to a specific crisis. The analysis also suggests that the observed practices, whether of an operational or strategic nature, need to be improved for better management of crises. Hence, in an attempt to incorporate the important issues that need to be acknowledged in a holistic crisis management framework, the following model...
The latent prevention, which is the first phase in the proposed crisis management framework, incorporates crisis management into the strategic management of a tour operator. The idea is to consider crisis management when planning for the future orientation of the tour operator. Given the fact that crises can threaten the survival and the growth potential of a tour operator, strategic management must consider the effects of such crises on the company and opt for appropriate strategies to protect the tour operator from predictable and unpredictable negative events. The most important aspect of this phase is to consider crisis management as an integral part of a company’s management philosophy when planning for the strategic outlook of the tour operator. Therefore, the tour operator can be consciously prepared to face a crisis or prevent one from taking place. A tour operator must not be under the false impression that its risk management system will protect it from future crises although it is critical to have one. As Weick and Sutcliffe (2001, p. 165) argued, if an organisation is uncertain about the future, then this is “a good sign” since it means that it is “in touch with reality” where its world is in constant change. Latent prevention also requires creating strategic reserves. This means that resources, especially financial ones, must be appropriated for dealing with possible crises. This is extremely important in the absence of insurance products that can cover for the material and immaterial loss that can be caused by a given crisis. This phase also focuses on building good relations with various stakeholders. Securing the support of these stakeholders during a possible crisis is a long term objective that requires time and patience. This will enable the tour operator to

(Figure XVIII) was created using the model of Evans and Elphick as an inspiration. The suggested framework is conceptual in nature pointing to the important areas a tour operator must think of when preparing or dealing with a crisis. The framework is not necessarily a linear model because the use and the consideration of the proposed concepts will depend on the specifics of a crisis as it will be explained later on.
get additional support and preserve its credibility among various stakeholders. Credibility is also discussed at a later stage but it is crucial to start building such credibility at the latent prevention stage. This reflects the non-linear nature of the model. During this phase, past lessons must be considered as to avoid repeating previous mistakes. The goal of latent prevention is to have an organisation that mitigates threats by its nature.

Active prevention in this model is a separate extension of strategic management. In this phase, the tour operator actively seeks to prevent crises from occurring. It is concerned with the constant scanning of the environment in order to detect threats as well as signals and signs proposing that a crisis is looming. In this context, environmental audit and scanning can expose threats as well as opportunities that may offer a chance to develop a competitive advantage. This is why active prevention is considered as an extension to strategic management. Furthermore, this sort of environmental should be attributed to crisis management teams which, are created with specific roles for each member. The formation of the teams must consider the experience and the functional occupation of its members. The composition of the teams will depend on the size of the tour operator and the organisational structure of the tour operator. Nonetheless, it is important to have experienced members of the company who have dealt with previous crises as well as members from different functional areas to combine synergies and competences. This phase also focuses on the need for training through computer simulations as well as field drills that can account for different crisis scenarios. The goal with active prevention is to observe an approaching possible crisis and to counteract and minimise the threat so that the threat never turns into a crisis. A good example of actively counteracting a threat was shown by several FTO tour operators who took many of their customers prematurely back home, or moved them to a safer area when Hurricane Dean was threatening their destinations. If latent and active preventions are taken seriously with due consideration to different threat levels, the probability of an acute crisis taking place will be minimised and even if it bursts, the effects will be less severe.

The proposed framework differentiates the initial actions (rescue operation and information seeking) from the other operational and strategic responses made to counteract a crisis. Thus, when a crisis hits, initial actions are crucial to secure the company’s customers and assets. If the crisis has a direct effect on the wellbeing of the tour operator’s customers and employees, their safety should be, above else, be the first priority of the tour operator. Rescue and repatriation efforts should be swift and they should make use of the strategic reserves that have been appropriated at an earlier stage. This stage also focuses on collecting the necessary information on a crisis in order to influence its flow (i.e. informing customers’ relatives with injuries before the media does). The collection of the necessary information will also influence rescue efforts as well as other crisis responses. These initial actions need to be planned, to some extent, in the crisis manuals. When the greatest urgency of securing people is over and sufficient information is gathered, the operational and strategic responses take place. Even if they are portrayed in the figure after the initial actions, they may overlap and coexist depending on the temporal and spatial characteristics of the crisis. This may happen when the rescue operation is still conducted, but enough information is gathered to prepare further responses such as cancelling flights, giving refunds to customers due to depart, diverting close bookings etc. This, again, reflects the non-linear nature of the framework.
The fourth phase displays operational and strategic responses. These responses are not mutually exclusive. Both types of responses are linked and they both affect each other. When facing a crisis, the tour operator must recognise that some responses have a short term impact while others have a long term impact on the company, hence the differentiation between operational and strategic responses. Flexibility acts as a common denominator for both types of responses.

Under operational responses, the tour operator has to make use of its operational flexibility. Operational flexibility refers to the ability to change responses depending on the specifics of a crisis. As it was recognised earlier, “no two crises are the same” (Evans & Elphick, 2005 p. 146). Thus, a response has to reflect the crisis at hand. This flexibility can be exercised through the tour operator’s ability to shift demand, divert bookings to destinations that are not threatened or damaged, cut capacity, reduce its marketing expenditure or increase it, and so on. This operational flexibility can take the tour operator from a state of paralysis and it can allow it to continue its operations despite the crisis. In light of these responses, the tour operator’s employees must be kept informed at all times on how the crisis is being dealt with and any relevant information they might need to know. This is why internal communication is crucial to successfully carrying out the operational responses. At this stage, it is also important to limit the effects of a crisis and prevent it from leading to other crises. Thus, the relocation of customers to another destination must also consider if the event will reach the alternative destination as well. This is why responses must be well thought of in order to minimise a butterfly effect if not avoid it. This is also one of the reasons why cooperating with external stakeholders is important. External stakeholders like governmental agencies and/or associations may have their stake in how the tour operator responds to a crisis. For example, European tour operators have a legal obligation to care for their customers. Therefore, they have to cooperate with various governmental agencies in order to provide such care (i.e. coordinating rescue efforts). Furthermore, some responses are more effective if done with the help of certain tour operating associations. While the tour operator may be preoccupied with cancellations and rescheduling flights, the association can alleviate some of the media pressure on the operator by dealing directly with media inquiries. Its media and PR expertise can be effective at such critical time.

Under strategic responses, a tour operator has to focus on its organisational flexibility. This means that strategic decisions must be made regarding the structure and the shape of the organisation in order to have a better chance to survive a crisis, especially a major one. This is similar to the actions taken by Thomas Cook after 9/11. Organisational flexibility is of paramount importance since it will allow the tour operator or any other organisation to adapt to the new environmental conditions imposed by the crisis, a point that was acknowledged by Weick and Sutcliffe (2001, pp. 89 & 109). This adaptability can call upon radical changes in the organisation even if it means considering how the tour operator conducts its business. For example, the minimum vertical integration that was adopted after the 9/11 attacks allowed some of the researched tour operators to be flexible in responding to the new imposed trading conditions. Strategic responses also relate to resource allocation necessary to carry out operational responses. This includes freeing financial resources to manage a given crisis and also reassigning key staff. Thus, all necessary financial and human resources are made available for a swift crisis resolution. Such allocation is done at the top management level and
this why the matter is considered as a strategic response. Furthermore, displaying strong leadership during crisis time is a strategic action that can have a long term implication regarding how the tour operator is perceived by its employees and its customers. This leadership can bring employees together and encourage them to work for a common cause. It can also convince customers that the tour operator is to be trusted in such situations. As it has been highlighted before, there is little proof of a distinguished leadership during crises. This further reinforces the importance of having strong leaders who can, not only get the tour operator out of its crisis, but also assume their responsibility in failing to do so.

The last phase of legitimisation focuses on building or reinforcing a tour operator’s credibility. Direct and indirect communication is vital to creating external legitimacy in order to defend and justify the actions taken by the tour operator. Direct communication refers to communication with the public through various communication tools (websites, blogs, infomercials, call centres, press releases, brochures, etc.). The idea is to be the first to communicate vital information about the crisis in a truthful and honest manner. This will allow the public to trust the tour operator’s information and avoid looking for information from other channels such as the media. The idea is to also go beyond textual information by using the power of images and videos to deliver intended messages as it has been suggested by Glaesser (2006). However, some people are bound to listen to the media. In this case, the tour operator has to work closely with the media and supply it with the information it needs in order to avoid the manipulation of information. It would also allow it to get support from the media in its attempt to manage the crisis and gain public support as it was the case for Mark Warner. This reflects the idea of the “window of opportunity” where a tour operator can use the various communication channels to market itself and create a positive image of its crisis management efforts. While this may not be an easy matter, it nonetheless has to be kept in mind by the tour operator. The opportunity may span a short period of time and thus all senses must be heightened to detect such opportunity and make use of it. This is what Mark Warner did with the McCann’s case, when it took advantage of the heightened public attention to enhance its image and the services it provides. As it was introduced in the literature review and in the analysis, a crisis is not only a threat. If properly managed, it may provide opportunities to strengthen the business. It is nonetheless very important to avoid “scapegoating” (Evans and Elphick, 2005) since putting blames on others will do more harm than good thus leading to another probable image crisis. Hence, it is important to be responsible for one’s own actions in order to strengthen one’s credibility, although this process must be initiated at the latent prevention stage.

After the resolution of a crisis, the feedback and “feedforward” loops ensure that organisational learning takes place. As Weick and Sutcliffe (2001, p. 165) suggested, an organisation must “treat all unexpected events as information, and share this information widely” and it should also “use unexpected events as data points for learning, especially if they rarely occur”. The knowledge gained from the crisis experience can also be transferred to other tour operators to learn from as long as this kind of sharing does not put the tour operator at a competitive disadvantage. In the model of Evans and Elphick (2005), the authors claim that “the organisation will learn from [its] mistakes and will return to the pre-crisis stage”. This crisis management cycle proposed by Evans and Elphick was not confirmed by the
analysis. One can deduce from the available information that a tour operator never returns to its exact pre-crisis state.

Figure XIX: The cyclical character of crisis management

The crisis responses, the new environmental conditions, and the post-crisis learning create a situation where the affected organisation seeks a new state of equilibrium. The tour operator’s organisational state cannot, by its deeply embedded nature of change, return to its internal or external pre-crisis state. Therefore, the following illustration describes the cyclical character of crisis management as it was observed. The spiral shape of the cycle goes hand in hand with the proposed crisis management framework. The latter is flexible enough to be adopted by any tour operator interested in developing its crisis management abilities. However, it must be acknowledged that the particular circumstances of each tour operator will influence the success of such framework. In this case, the “feedforward” process will help in assessing whether another system or framework should be adopted or the same framework can be retained with specific modifications. This is why the second cycle in the spiral will not necessarily have the exact same phases suggested in the framework and it is up to the tour operator to decide on how to carry on. Therefore, the framework avoids the rigidity found in many normative models.
8. CONCLUSIONS

There are three research sub-questions that have been identified at the beginning of this study in order to explore the various crisis management practices tour operators actually use. In light of the collected data and prior analysis, these sub-questions are articulated in the following sections, and hence answer the research question.

8.1 What similarities and differences can be identified in the different crisis management systems tour operators use?

This research has shown that there are different kinds of crisis management systems tour operators deploy when facing a given crisis. At the strategic level, the researched tour operators manage crises in a similar way. They focus on enhancing their flexibility and enforcing a tight control over their cost structures in order to face any unexpected fall in demand and any abnormal shift in booking patterns. A shift to late bookings, as it was case after the 9/11 attacks, can affect a fundamental element in the business model of tour operators; securing unearned revenues to pay for booked capacities. At the operational level, these systems are similar in that they focus on establishing organisational structures with a clear line of command in order to manage through a given crisis. Since most of the researched tour operators were large, the identified organisational structures were more complex than they would have been for small operators. This is the same observation made by Batman and Soybali (1999).

Having an established crisis management team has been identified as a pivotal variable in the crisis management systems of the researched tour operators, thus constituting an important observed similarity. Large tour operators such as MyTravel and Kuoni have autonomous business divisions. These divisions have their own crisis management teams, which have to comply with crisis management policies set at the corporate level. The intervention of the corporate crisis management team may be called upon only when dealing with a major crisis; that is a crisis of such magnitude that it cannot be handled by a specific division on its own. The study was also able to identify another important variable. This variable relates to the necessity of crisis management manuals with procedures and check lists that can be used by a crisis management team once a crisis hits. For example, the members of the ABTA have a uniform emergency procedure manual that details the initial actions that a crisis management team must take. One of these initial actions is to control the flow of information and alert the local authorities. Prevention also constitutes an integral part of some of the identified crisis management systems. It relies on environmental scanning, training, and risk auditing and mitigation through specific tools such as insurance. However, this prevention has been given more and more attention in the last couple of years given the increasingly turbulent operational environment facing tour operators.

While the latter reflect the most important similarities, differences also exist. While there are specific management tools used by different tour operators, these tools may be different even within one tour operator. For example, MyTravel Northern Europe has developed an in-house IT system to track and communicate with their customers wherever they are. Furthermore, the division has an intranet that contains crisis and emergency procedures available for the
division’s employees. Yet, this is specific to the North European division of MyTravel since the UK division has a different system. Thus, a harmonious group-wide system for MyTravel, at least when it was an independent group, could not be identified. To some extent, this could be considered as an example of a group-wide crisis management system whereby the company’s divisions are given the freedom and the authority to develop their own systems depending on the culture and the specifics of the environment in which they operate. This kind of empowerment does allow for environmental adaptation and innovation, but unless the different systems are synchronised, one has to question the ability of these divisions to coordinate their efforts, if such is called upon to face a group-wide crisis (i.e. incompatible IT systems). This kind of decentralised crisis management system could not be identified for Kuoni. Furthermore, the data provides an example of a large tour operator that does not have a crisis management system per se. Such was the case of British Airways Holidays. Instead of using a system, the tour operator uses various processes to react to different crises. Since no details were provided on these processes, the approach is very ambiguous. It also falls short from reflecting an effective approach to managing crises since it is based on reacting to crises rather than trying to prevent them.

The structure of some tour operators and their presence in different markets renders the crisis management systems different from each other since these systems must respond to:

- The tour operators’ own internal requirements (e.g. number of employees and available resources)
- The external requirements imposed by the environments in which these operators operate (e.g. legal, social, cultural, financial, technological).

For example, crisis insurance policies are rare and can only be found in the UK according to the crisis management expert David Perl. This alters the requirements from such systems, since these crisis insurance policies can pay for counselling and damages inflicted by a number of crises, an option that might not be available for tour operators elsewhere. Furthermore, legal obligations, such the “duty of care” set forth in the European packaging regulation of 1992, exert special demands on tour operators in Europe, especially when it comes to setting up their crisis management systems. Technological advances that allow dynamic packaging on the internet has yet different demands in terms of crisis management. Tour operators offering DIY services are not obliged to provide a “duty of care” and the decision rather lies within the tour operator’s management philosophy. As such, it becomes obvious that there is a number of factors that can influence how tour operators set up and build their crisis management systems. In this regard, the size of tour operators may prove pivotal in determining whether tour operators have comprehensive crisis management systems versus basic or outsourced crisis management systems. For example, small tour operators might be too small to set up their own crisis management systems due to a lack of expertise and resources (i.e. financial and human). As such, they might decide to outsource the crisis management function to a third party provider such as Docleaf. This reflects a fundamental difference between tour operators when it comes to crisis management. Given the strategic nature of crisis management, outsourcing the function may be detrimental to the tour operator over the long run especially if it affects its own competitive advantage and core competencies.
8.2 Is crisis management integrated into the daily operations of tour operators?

The research demonstrates that crisis management is often integrated into the daily operations of tour operators. As it has been discussed before, prevention has been identified as an important element of the crisis management systems of tour operators. This prevention includes a wide array of measures and procedures, all of which are integrated into the daily operations of tour operators. MyTravel Northern Europe provides a good example through its tracking system. Daily live tracking of the division’s customers and their locations leave the division in constant contact with its customers, a condition necessary to protect them from any problems should unforeseen negative events arise. First Choice also provides an example through its Property Audit Safety System, which provides a live safety audit of the properties used by the group. However, the applicability of this integration varies from one tour operator to another depending on the internal and external demands that shaped the set up of the crisis management system in the first place. The composition of the crisis management teams automatically integrates the concept of latent prevention into the daily operations of tour operators. Often, crisis management teams are composed of different functional managers across the company or the division. This enables these members, along with field employees, to be the first detection sensors to pull the alarm should any sign of a crisis be detected. However, this detection ability will depend on the crisis training given to these members as well as their ethical integrity, their crisis handling experience, their work performance, and their ability to multitask; perform their normal function while staying in a constant state of crisis readiness.

Analysis also shows that there are instances where tour operators do not actually integrate crisis management into their daily operations. This is particularly the case for tour operators who might outsource the function to crisis management specialists such as Docleaf. In this instance, they might consider a crisis consultant (i.e. Docleaf) as an insurance policy that they can pick from the shelf once a negative event takes place. This has been highly criticised by Glaesser (2006). The same situation might apply, as it has been suggested by Perl, to tour operators who opt to get crisis insurance. These tour operators might feel less compelled to think about a comprehensive crisis management plan since they rely on their insurance policy to pay for damages should anything happen. This kind of attitude is not strange to the field of economics since it is often referred to as the problem of moral hazard. There are also tour operators whose negligence may lead them to think that they are immune to crises and negative events. In this case, it is rather a state of mind that comes between a partial or full integration between crisis and operations management. This is a condition that is harder to influence than others, since convictions do not easily change unless a severe crisis takes place, at which point, it might be too late to do anything.

8.3 Are tour operators normally prepared to face crises in case they happen?

This research suggests that crisis preparedness depends on the kind of crisis facing the tour operator. The terrorist attacks of September 11, 2001 were unexpected and most tour operators were not ready to face the challenges created by such heinous acts that caught the whole world by surprise, not only the tour operators. Many tour operators reacted with massive layoffs to get their costs down in order to match the expected fall in demand. However, some tour operators have been criticised for using the crisis as a scapegoat to layoff
employees. Nonetheless, the magnitude of the crisis proves that there are some crises that a
travel operator just cannot be prepared for. This being true, the ability to adapt and react swiftly
has been demonstrated by some tour operators while others have not demonstrated the same
ability. The poor reflex may reflect a state of panic and confusion that may be present
following a crisis. The unstable environment created by the 9/11 crisis created a market
uncertainty that required profound and strategic decisions to be made. This has been the case
of Thomas Cook and First Choice for example. MyTravel proved hesitant and less willing to
take drastic changes. Thus, adaptability and flexibility to react with decisive and strategic
responses can compensate for preparedness to face extreme and major crises. In the face of
other crises such as the Tsunami, many tour operators acted in exemplary manner in their
response to the disaster. This reflects at least a level of preparedness that enables tour
operators to act swiftly to crises without due consideration to the material costs of such
actions. Such was demonstrated by Kuoni for example. Yet, partial credit for this
preparedness must also be given to the lessons tour operators have learned from previous
crises.

The case of MyTravel Northern Europe identifies the degree some tour operators go about
preparing for crises through the reliance on advanced IT systems. The division is able to
construct various scenarios with a number of variables and run simulations to evaluate the
division’s response ability to certain crises and emergencies. Reliance on computer
simulations for the division is also coupled with the experience of its staff. Other tour
operators rely on manual drills and annual trainings, at least for their top managers as it is the
case with Tauck World Discovery. Whether this preparedness runs through a computer
simulations or field drills, the results can only be evaluated in the aftermath of a crisis. A
formal crisis evaluation tool and clear performance measures have been hard to identify in the
data collected for this research with the exceptions noted in the analysis.

The aforementioned observations cannot be extended to all tour operators especially for small
tour operators with limited resources. Preparedness among small tour operators is not only a
question of will and conviction vis-a-vis the importance of crisis management. It is also a
question of resources (both human and financial). Docleaf, the crisis management expert,
realised this. Therefore, it has developed a crisis management product specifically targeted at
small tour operators, depending on their yearly turnover and their number of employees. This,
at least, would invite some operators to get regular annual crisis training as well as other crisis
management services that suit their needs. Thus, it is evident that many small tour operators
are not prepared. But on the other hand, there are products available in order to help them
initiate their crisis preparedness. In fact, as it has been highlighted before, Docleaf is working
closely with the USTOA in order to create a crisis management template that can be used by
the association’s members, many of whom are small size operators. According to Perl of
Docleaf, the USTOA is looking into the possibility of making crisis management
preparedness mandatory for its members.

This research also identified that there are also instances where tour operators may not only
be prepared to face crises but also take advantage of them. Such was the case of Mark Warner
which took advantage of the disappearance of one of its customers to highlight its services.
The tour operator made use of the media hype that surrounded the crisis in order to get its name across to potential customers and reinforce its credibility among existing ones.

8.4 Final remarks and future research

This research has attempted to probe the crisis management practices of tour operators from a practical point of view. The initial scanning of existing research in this area revealed the lack of adequate research specifically when it comes to linking crisis management with the tour operating business. Although some attempts have been made, most of which have been laid out in the literature review, a holistic study on crisis management systems for tour operators has not been fully developed. Thus, this research sought to initiate this process through an overall evaluation of this research area and pinpointing areas that can be explored through future research. However, the task proved challenging due to a lack of transparency from the tour operators’ side. Confidentiality and proprietary reasons have been given on numerous occasions as a pretext for not sharing important information and data. Furthermore, the tour operating industry seems to lack clear cut boundaries that impede the clear identification of the industry’s members and its dynamics. Thus, this industry can be seen as a “black box” where the lack of transparency and mistrust towards outsiders may be one of the factors that can explain the lack of adequate research in this area thus far. The lack of willingness to cooperate and share experiences can be discouraging for researchers and detrimental for the industry itself. Discouraging for researchers since they are denied important tools with which they can conduct quality research. Detrimental to the industry since its members stand to lose the opportunity of taking advantage of an outsider’s point of view that might be beneficial for their operations and long term survival.

The overall evaluation made during this research points to the existence of different crisis management measures that are used by tour operators to overcome minor or major crises with varying degrees of predictability. This research was faced with the challenge of extrapolating crisis responses from the research data in order to get an overall idea of the existing crisis management systems whether consciously or unconsciously recognised by tour operators. In this context, two major responses have been identified; strategic and operational responses. While the strategic responses look to minimise the effects of a specific crisis on the long term prospects of the business, operational responses look at minimising the short term effects of such crisis although some of these operational responses may originate from strategic ones. Thus, the two types are linked in a dynamic framework that is highly influenced by time pressure, uncertainty, and limited control.

Whatever the strategic response is, the data points to a common orientation taken by the researched tour operators when facing a crisis. This orientation is committed towards enhancing the operators’ flexibility and getting a tight control over their cost structure to face any abrupt fall in demand thus allowing them to sustain their profitability and the value of their shareholders’ equity. At the operational level, deviation in responses does occur but similarities do exist especially in the critical moments that follow a crisis burst. More specifically, tour operators are concerned with the well-being of their customers should a crisis take place and they have a willingness to deploy the necessary resources to protect their
customers and employees. As such, the latter takes precedence over material and non-material assets that might be affected by the crisis as well.

While this research identifies strategic responses as critical in managing crises, there is an overall perception among tour operators that crisis management is limited to damage control at the operational level. Even the leading crisis management experts limit their services, through their own acknowledgement, to certain operational areas such as media handling and trauma counselling. Perceiving crisis management in such narrow scope can in fact limit the effectiveness of various crisis management measures and limit the tools a manager can use in facing crises whether minor or major. Furthermore, such narrow scope can inhibit full integration of crisis management with other functional areas (i.e. finance, HR, marketing, operations, logistics). Inability to reach this full integration can undermine the full benefits of latent prevention and can diminish a tour operator’s ability to face crises once they occur.

The evaluation that has resulted from this research provided a basis for developing a flexible crisis management framework that can be adopted by any tour operator whatever, the type of crisis and whatever the size of the tour operator. The framework relies on latent and active prevention to avoid a crisis in the first place. It also relies on a combination of strategic and operational responses to deal with the short and long term effects of a crisis in case it occurs while considering a wide range of demands (legal, financial, social, technological) made by important stakeholders (customers, authorities, associations, etc.). Aligning the responses with these demands will enhance the tour operator’s credibility and it will further provide legitimacy for its various responses. The whole framework works in a “feedforward” loop that relies on organisational learning to improve the tour operator’s response to future crises should they occur. This concept is key since it is based on the argument that nothing stays the same and that a tour operator can never go to the same point where it was before a crisis. The time continuum offers new realities and new challenges for the tour operator in which case the latter is obligated to adapt its crisis management system to respond to these new realities and challenges.

The proposed framework also proposes distinct areas for future research. The first area relates to the idea of latent prevention which is based on the concept of integrating crisis management into the strategic management process of tour operators. While this research has tried to shed some light on this area and its importance, future research can explore this area further to see how strategic planning can incorporate the concept of crisis management. The idea then is to see if this type of latent prevention, which relies on having an organisation-wide crisis consciousness, can in fact improve a tour operator’s response to future crises. The second proposed area of research is to evaluate the existing active prevention measures taken by various tour operators whereby these measures can be evaluated according to criteria derived from different disciplines (e.g. economics, marketing, psychology, and sociology). The idea is to see if these measures are industry specific and whether or not there are areas for possible improvement. Possible improvements can help tour operators subdue negative events and cripple their expansion before bursting into full blown crises. However, this will be more efficient if it is conducted in the context of a cost-benefit analysis that can look at the implied costs and benefits attached to such improvements. The third research area relates to exploring tour operators’ actions during the various stages of a crisis specifically during the climax of a
crisis. The idea is to identify patterns of panic that may exist during a crisis climax and develop a mechanism for rational decision making tour operators can use during the different stages of crises. The fourth research area can explore the interaction of operational and strategic responses to crises and how these are affected by the demands of external stakeholders. Such research can draw on theories that relate to stakeholder management to see how tour operators can best align their responses with the demands of external stakeholders without undermining the tour operators’ own wellbeing. Another proposed research area relates to building a tour operators credibility in order to ease the effects of a crisis and identify the different tools an operator can use to legitimise its crisis responses to generate acceptance among various tour operators. This area can also take on the idea of perceiving a crisis as “window of opportunity” where tour operator can include crises in its marketing arsenal in order to reach a wider audience with positive messages about its products and services. This is time sensitive since the public heightened attention towards the tour operator can span a brief moment time which requires a calculated and highly targeted response. As such, this area may prove as a difficult but challenging areas of research which can contribute both to the areas of crisis management and marketing at the same time.

The proposed research areas are but a small list among many areas that are worthy of future study. This leaves the area of crisis management for tour operators with fresh and unchartered waters for many researchers where already established theories and practices can be tested and applied. Regardless of the approach, the field needs further development given the influence of tour operators on the flow and size of tourism around the world. Sustaining this influence in an increasingly volatile environment with a sensitive audience requires tour operators to formalise their crisis management practices and harmonise their efforts. This research has attempted to contribute to the initiation of such process.
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**Personal communication**


## APPENDICES

### APPENDIX 1: List of Tour Operators

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4 responses in total  one open contact
Inquiry Regarding Crisis Management
Akram Saboundji

The message was sent with high importance.

Sent: Monday, October 08, 2007 12:05 AM
To: jiladaran@traino.com
Cc: Tanja Lennström

Dear Mrs. Ackerman,

Part of a research we are conducting on crisis management for tour operators, we came across your company which was listed as a member of USTOA (United States Tour Operators Association) whose role has been described as very active when it comes to helping its members manage crises and emergencies.

We would like to know, if possible, whether your company has its own crisis management plan or system for managing crises and emergencies at various destinations where your company offers packaged holidays either within or outside the United States. We would also like to know the nature of assistance USTOA has provided to your company in managing specific crises.

Last but not least, we would also like to know if there is room for a possible cooperation with our research which is being conducted in the context of Master's thesis at a Swedish University.

Your reply and cooperation regarding this matter will be greatly appreciated.

Best Regards,
Akram Saboundji
Tanja Lennström
The Graduate School
School of Business, Economics, and Law
Göteborg University
Sweden
APPENDIX 3: Maps and Effects of Great Natural Disasters

Asian Tsunami
The tsunami that took place on December 26th, 2004 was caused by an undersea earthquake in the Indian Ocean (Wikipedia, 2007). The 2004 tsunami, which is a series of huge waves, killed a total of more than 225,000 people in countries around the Indian Ocean (Wikipedia, 2007). Of the affected countries, see the map below, the hardest hit, were:

- Indonesia: 131,028 dead and 37,000 still missing
- Sri Lanka: 31,229 dead and 4039 still missing
- India: 10,749 dead and 5640 still missing
- Thailand: 5395 dead, 8457 injured and 2817 still missing
- Myanmar: official death toll is 61, but witnesses estimate up to 600 deaths

(Wikipedia, 2007)

(Cramer, 2005)
Hurricane Katrina
Hurricane Katrina started to develop on August 23rd, 2005, and it made its landfall on August 29th, 2005 (Wikipedia, 2007). It became the costliest ($86 billion by 2007) and one of the five most deadly hurricanes (at least 1836 deaths) (Wikipedia, 2007). The map bellows depicts the projected path of Hurricane Katrina.

Hurricane Wilma
Hurricane Wilma started to develop on October 15th, 2005 and developed to be the most intense hurricane that was ever recorded in the Atlantic basin, inflicting the greatest destruction on the Yucatan Peninsula, Mexico, Cuba, and Florida (Wikipedia, 2007). For its route, see the two following maps. This hurricane caused at least 61 deaths and further damage of over $29.1 billion (Wikipedia, 2007). The path of the hurricane is depicted below.
Hurricane Dean
Hurricane Dean was formed on August 13th, 2007, and was the strongest hurricane since Hurricane Wilma in 2005 (Wikipedia, 2007). Hurricane Dean made its first landfall on August 21st, 2007 on Yucatan Peninsula, Mexico, and it caused at least 40 direct and 4 indirect fatalities in addition to material damage of almost $6 billion (Wikipedia, 2007). The route of the Hurricane is depicted below.
(Elsworth C., Sheil R. and Beckford M., 2007).
APPENDIX 4: List of Definitions

Crisis  “A total or partial loss of control over business processes which - as a result of public responses - can seriously and permanently impair the company's earning capacity or competitiveness.”
www.fz-juelich.de/inb/inb-mut//vdi/vdi_bericht_e/glossar_e.html

Crisis management  “involves identifying a crisis, planning a response to the crisis and confronting and resolving the crisis.”
en.wikipedia.org/wiki/Crisis_management

Duty of care  “In tort law, a duty of care is a legal obligation imposed on an individual requiring that they exercise a reasonable standard of care while performing any acts that could foreseeably harm others. For an action in negligence, there must be an identified duty of care in law.”

Flexibility  “The quality of being adaptable or variable; the property of being flexible; easily bent or shaped”
http://wordnet.princeton.edu/perl/webwn?s=flexibility

Framework:  Extensible structure for describing a set of concepts, methods, technologies, and changes necessary for a complete process (CERN, 2001)
http://edms-service.web.cern.ch/edms-service/glossary.html
Or
A set of guidelines for use in a larger (less specific) context than would be considered for a method or process. ...

Legitimisation  To meet general approval, or acceptance

Model  “A physical, mathematical, or otherwise logical representation of a system, real world entity, phenomenon, or process”
www.drdc-rrdc.gc.ca/seco/documents/MS_Lexicon_Apr02.doc

Prevention  “Activities to provide outright avoidance of the adverse impact of hazards and means to minimise related environmental, technological and biological disasters”
http://www.adrc.or.jp/publications/terminology/top.htm

Probing  “Inquisitory: diligent and thorough in inquiry or investigation; "a probing inquiry"; "a searching investigation of their past dealings”
wordnet.princeton.edu/perl/webwn

Response  “Any behavior that results from a stimulus or stimuli”
Risk management
“The identification and acceptance or offsetting of the risks threatening the profitability or existence of an organisation.”
http://www.neiu.edu/~dbehrlic/hrd408/glossary.htm#r

Strategy
“A company's overall plan of development. Corporate strategy can be more formally defined as a comprehensive plan or action orientation that identifies the critical direction and guides the allocation of resources of an entire organisation”

System
“an arrangement, a set, or a collection of concepts, parts, activities, and/or people that are connected or interrelated to achieve objectives and goals. (This definition applies to both manual and automated systems)”
http://www.indiana.edu/~iuaudit/glossary.html

Tool
“Any instrument used to solve a problem.”
http://www.numbernut.com/glossary/t.shtml

Tour operator
“a business that designs, develops, markets and operates packaged travel and tourism products and tours. Tour operators sell through travel agents and/or directly to consumers.”
http://www.traveltradesmart.com/newbrunswick/glossary.htm

Unpredictable
“Incapable of being determined in advance whether by observation, experience or reason”