

## **News Release**

### **Study of 2005 Hurricane Season Impacts on Tourism**

Findings include steps the industry can take to encourage visitation in 2006

Ormond Beach, FL - A research study on the impacts of hurricanes and gasoline prices on the tourism industry conducted and commissioned by Cunningham Research and DataPath Systems was recently previewed to tourism executives by Dr. Suzanne Cook at the Travel Industry of America (TIA) conference in Seattle, Washington.

The study was conducted against a backdrop of escalating gasoline prices caused, in part, by hurricanes this year and a forecast for the travel industry that is only cautiously optimistic. While overall travel volumes have been increasing, high gasoline prices and reduced travel to hurricane prone states could cause a decline in overall travel volume this coming year.

Among the study's findings, on average, 21% of travelers who were interested in travel to a state in the South/Southeastern region are now less interested in visiting that state due to the hurricanes. This percentage is higher in the states worst hit by hurricane Katrina, reaching over 30% in Louisiana, and Mississippi. "This indicates that even states not directly hit by a hurricane this season are still going to feel some of the impacts of Katrina," commented Donna Larsen a partner at DataPath Systems, one of the firms sponsoring the study.

The potential negative impact of the hurricane season on tourism can be mitigated. "The research shows that only 6% of those who were in the process of planning a trip to a state in the region have already cancelled their trip and 39% still haven't decided what to do," added Dr. Lisa Araj of Cunningham Research, the other partner on the study.

Some of the worst hit areas are likely to be waterfront accommodations, water based activities such as fishing and boating, cruises, and beaches. Approximately 20% of travelers are now less interested in those activities than they were prior to the hurricane season. Other activities such as heritage travel or visiting historic sites were more insulated from the impact and may benefit from visitors redirecting their travel activities as 14% reported they are now more interested in visiting historic sites.

"Effects on the industry will likely be particularly strong during hurricane season with 12% of travelers, on average, unwilling to consider a leisure trip during hurricane season to states that they were previously interested in visiting" stated Donna Larsen. Added to the 4% of travelers, on average, who are now unwilling to visit these destinations during any time of year and the 14% who are

unwilling to visit coastal areas during hurricane season, the net impact on coastal areas will likely be even more significant. "With 29% of potential visitors no longer willing to consider travel to coastal areas during hurricane season, these destinations will need to work aggressively to win visitors back in order to avoid a significant negative impact on their bottom line" stated Dr. Lisa Araj of Cunningham Research.

There are measures that the tourism industry can take to help mitigate the loss. The study shows that travelers are most concerned over their personal safety and their finances related to the trip. Half of travelers who were interested in visiting the region are somewhat or extremely concerned over a hurricane being predicted before they leave home, but an equal number are just as concerned over losing money from pre-paid travel expenses and additional costs from delays. Approximately two-thirds of travelers felt they would be significantly more likely to travel with precautions in place, such as the ability to receive refunds, no change penalties on airfare or accommodations, and significantly discounted prices.

The hurricanes have also heightened awareness of the impact on tourists in the area. Over three-quarters of travelers feel the state government should ensure that the cities have specific response plans for tourist areas, resorts and hotels, and that more preparation should be in place to ensure tourists are looked after in emergencies. "It became clear that the city and state evacuation plans are not inclusive of tourist issues, which are unique from the needs of residents," commented Dr. Lisa Araj a Vice President at Cunningham Research. "Tourists don't want to lose their vacation money should they decide to change their plans to avoid the risk of hurricane if one is predicted close to the time of their trip," commented Donna Larsen of DataPath Systems.

At the same time, the tourism industry is going to have to face the increase in gasoline prices. Nearly one-quarter of travelers felt they will take fewer trips by car or RV this year, as compared to last year, with 89% of those who say they will travel less attributing their decision primarily to rising gasoline costs. This has an even greater impact on long-haul trips, where 49% of those planning a long-haul trip of 2000 miles or more next summer have already cancelled or changed that trip.

These findings are based on 1,002 interviews completed October 7-14, 2005 using Cunningham Research's national online panel for a margin of error of +/- 3.1 at 95% confidence levels. For purposes of having a nationally representative sample, demographics were collected from both travelers and non-travelers and the resultant sample is representative to census and controls for region, age, gender, household composition and income.

The 2005 hurricane season is unprecedented in its intensity and amount of hurricane activity. Hurricanes Rita and Katrina had devastating outcomes that resulted in an outpouring of support from government and private entities. In response to this, two independent market research companies, DataPath Systems and Cunningham Research, felt compelled to help the region. They determined that the best donation they could make was to conduct research needed by the worst hit states. Working in consultation with the state tourism departments of both Louisiana and Mississippi and with cooperation from TIA, DataPath Systems and Cunningham Research volunteered research services to assist these states in understanding the impact of the 2005 hurricane season on tourism. Plans are underway for additional waves of the study and further data releases. The current research program contains additional in-depth information on travel and the 2005 hurricane season for the states of AL, FL, GA, LA, MS, SC and TX. For more information call Lisa Araj at 813-977-7573 or email: [LisaAraj@CunninghamResearch.com](mailto:LisaAraj@CunninghamResearch.com).