

Where Have All the Tourists Gone? - The Case of SARS

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In the Spring of 2003, the Toronto, Ontario, area was hit with SARS (Severe Acute Respiratory Syndrome), a newly diagnosed illness. It was believed the disease originated in Asia. Those inflicted or suspected of being inflicted with the disease were quarantined. More than 35 of these individuals died of the illness. The World Health Organization (W.H.O.) continually monitored the situation, having to issue a travel advisory at one point.

The tourism industry in the Toronto area was particularly hard hit. Foreign tourists, particularly those from the U.S. stayed away. Businesses in the tourist-related industry faced many cancellations and a serious lack of business (e.g., hotels, restaurants, airlines, theatres). The 9/11 catastrophe, the war in Iraq, and the state of the U.S. economy also did not help the situation.

Major conferences planned for Toronto were cancelled or had much lower attendance than originally expected. One major medical conference was cancelled. While the conveners of the American Library Association (ALA) and Canadian Library Association (CLA) Conference decided to hold the conference as planned, the ALA web site continually posted health advisories about the situation in Toronto. The annual conference had expected 22,000 registrants, but within a week of the conference, only 9,000 registrants remained on the list. It was expected that this number would climb to around 14,000, once the conference started and all participants, including exhibitors, were included. A planned trip by school children from the Buffalo, New York, area to see *The Lion King* was also cancelled.

One company that was hard hit from this health concern was Cullingford Coaches. This family-owned charter bus firm had to idle many of its 17 buses due to a lack of business. While many in the tourism industry had expected business to pick up after the initial round of concern subsided, subsequent outbreaks of the disease continued to scare the tourists away. For Cullingford, the lack of business meant that the company was unable to pay its creditors and, as a result, faced the possibility of having six of its buses repossessed by one of its creditors. The company attempted to work things out with the creditor and to arrange for alternative financing.

The 10-year-old firm catered to tourists, casino patrons, and student sports teams within the Ontario, Michigan, and New York markets. Patron concerns over SARS resulted in a drastic decline in demand from these target markets.

Even though the Toronto area was the only area in Canada that had to deal with SARS cases, tourism in the rest of the country also suffered. Many tourists didn't distinguish between Toronto, specifically, and Canada, in general, when it came to this medical issue. Demand for the bus tour business declined by at least 25% across the country. A Norwegian cruise ship company docking in Halifax, Nova Scotia, only required seven of the 12 reserved buses for a tour of Peggy's Cove.

The Ontario Government planned to spend money on promoting (i.e., advertising) Toronto and the province to tourists and conference planners. However, the belief of many was that such an effort would not get people to come to Toronto or to the province if they don't want to come.

Focus: Target market, consumer perceptions, consumer attitudes, attitude change, channel relationships, external environment (CERTS), demand state.

Questions

1. Describe the target markets for Cullingford Coaches.
2. Why were tourists afraid to visit Toronto?
3. Describe the relevance of the external environment in this situation [i.e., CERTS - competition, economic, regulatory, technological, social (culture, political, etc.)].
4. What demand state were Cullingford Coaches and the other tourist-related businesses facing at this time?
5. Describe the nature of the channel relationship between Cullingford and its creditors.
6. What could Cullingford Coaches have done to improve demand, given the situation? [Relate your discussion to each of the components of a marketing strategy.]
7. What attitude model do you think tourists used if they decided to come to Toronto, despite the medical concern? if they decided not to come to Toronto? Explain.
8. Why do you think that the advertising effort by the Provincial Government was prone to fail? Explain in the context of the Attitude-to-Behaviour Model and attitude change.
9. Identify the marketing problem faced by Cullingford Coaches.
10. What are the symptoms to this problem?
11. What is your recommendation to Cullingford Coaches in order to solve the identified marketing problem? Why?

For all questions, use the appropriate theories and concepts, when necessary. Do not just present case facts.

Source: A number of the facts presented in this case were drawn from McNish, Jacquie (June 11, 2003). Skittish travellers shifting bus tour firm into reverse. *The Globe & Mail*, pp. B1, B4.