



S SRI LANKA

The Impact of the Current Sri Lankan Economic Crisis on Tourist Arrivals

A custom data analysis report

26 April 2022





Introduction

The tourism industry is highly susceptible to crises and tourism demand is strongly influenced by the economic, social, environmental, health and political aspects of a destination (and source markets). Throughout the course of history, the tourism industry has encountered overwhelming challenges, with the COVID-19 pandemic being the most recent challenge, bringing the industry almost entirely to a standstill. After two years of limited recovery, starting in September 2021, a gradual rebound was experienced in international arrivals to Sri Lanka. However, the latest economic crisis has started to impact this recovery. Therefore, the following document provides an analysis of arrivals to Sri Lanka from August 2021 to April 2022 to understand the possible impacts of the economic crisis on visitor arrivals.

The repercussions of the economic crisis have started to spread posing real challenges to how Sri Lanka's tourism industry functions and delivers on the visitor experience. With the current foreign exchange crisis and price hikes coupled with scarcity of essential items such as gas and petrol, the tourism industry in Sri Lanka has yet another challenge to navigate. The full supply chain of the industry has been affected, with businesses grappling to keep up their daily operations. Import restrictions imposed due to the foreign exchange crisis has further caused disruptions in the supply chain and ability for tourism businesses to deliver products, services and experiences to tourists. Due to lower supply of goods and high consumer demand, inflation has ensued with prices for essential goods much higher. These issues are compounded by rolling power outages.

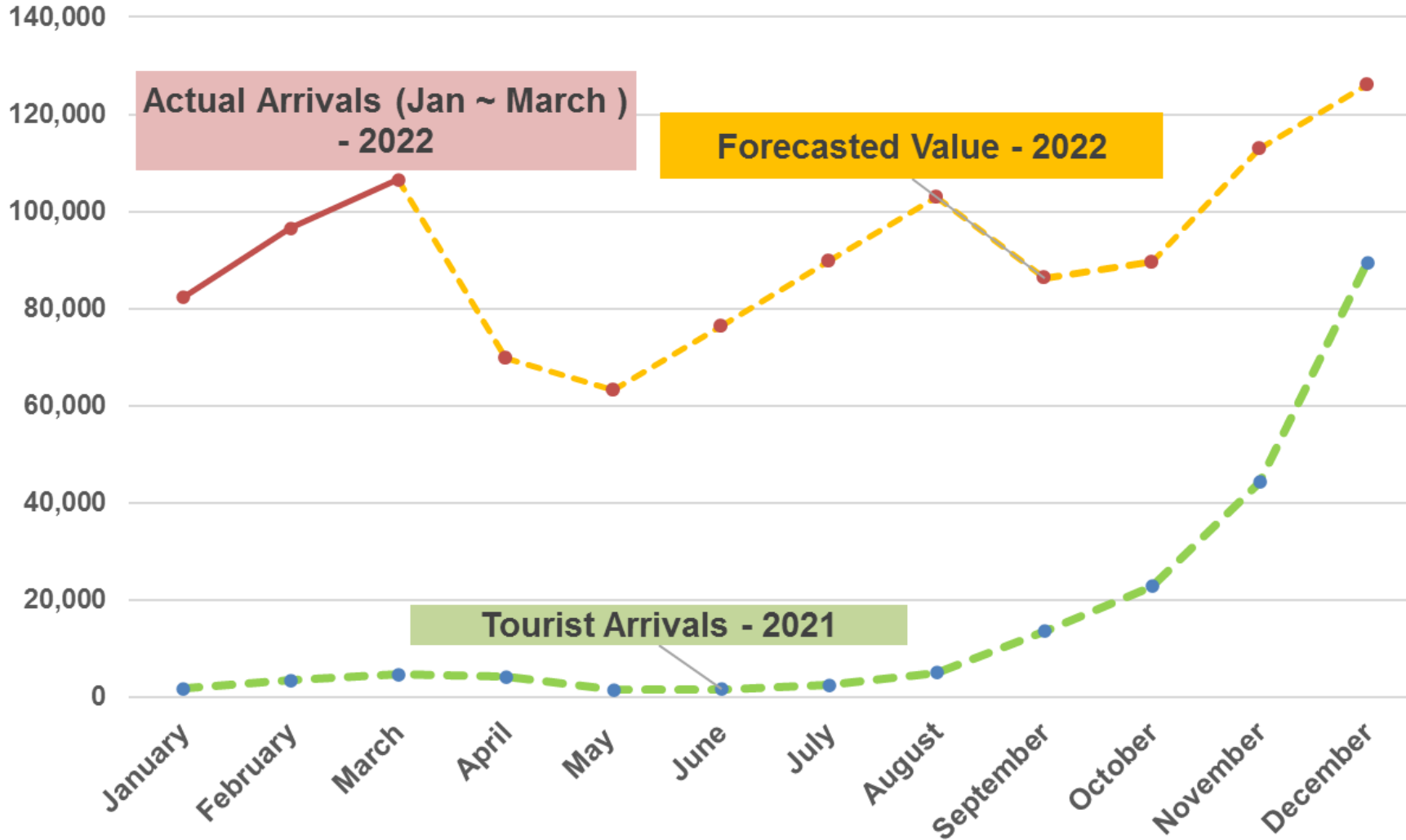
The very likely damage to Sri Lanka's international tourism brand is another detrimental effect of this crisis. International, mainstream media reports, sometimes exaggerating the situation will likely result in negative tourist perceptions and could lead prospective travellers to postpone or cancel their trips. A number of Sri Lanka's top source markets namely, the United Kingdom, Canada and New Zealand have already issued Sri Lankan travel advisories to their citizens. Recent market research shared with SLTDA of travel consumers in the 20 largest outbound markets points to the importance of national tourism brands, with 60% of respondents indicating perceptions of destination brands drive destination choice (Twenty31 Consulting, 2021). While Sri Lanka launched a new brand positioning in 2019, there has been limited execution of this brand via marketing, communications, PR and travel trade activities. There is some imperative now for Sri Lanka to systematically launch this brand in order to help influence the narrative and build travel consumer trust.

The current challenges in Sri Lanka could result in substitution tourism, as seen in similar crisis around the world. However, being a resilient industry tourism will bounce back as previously experienced after the Easter Attacks in 2019. There are ample examples from around the world to prove the resilient nature of the tourism industry and its ability to bounce back. However, being in the wake of an economic recession it is too early to quantitatively assess its impact on the tourism industry and Sri Lanka's tourism economy. Nevertheless, the future wellbeing of the tourism industry will depend on the economic and political stability of the country.



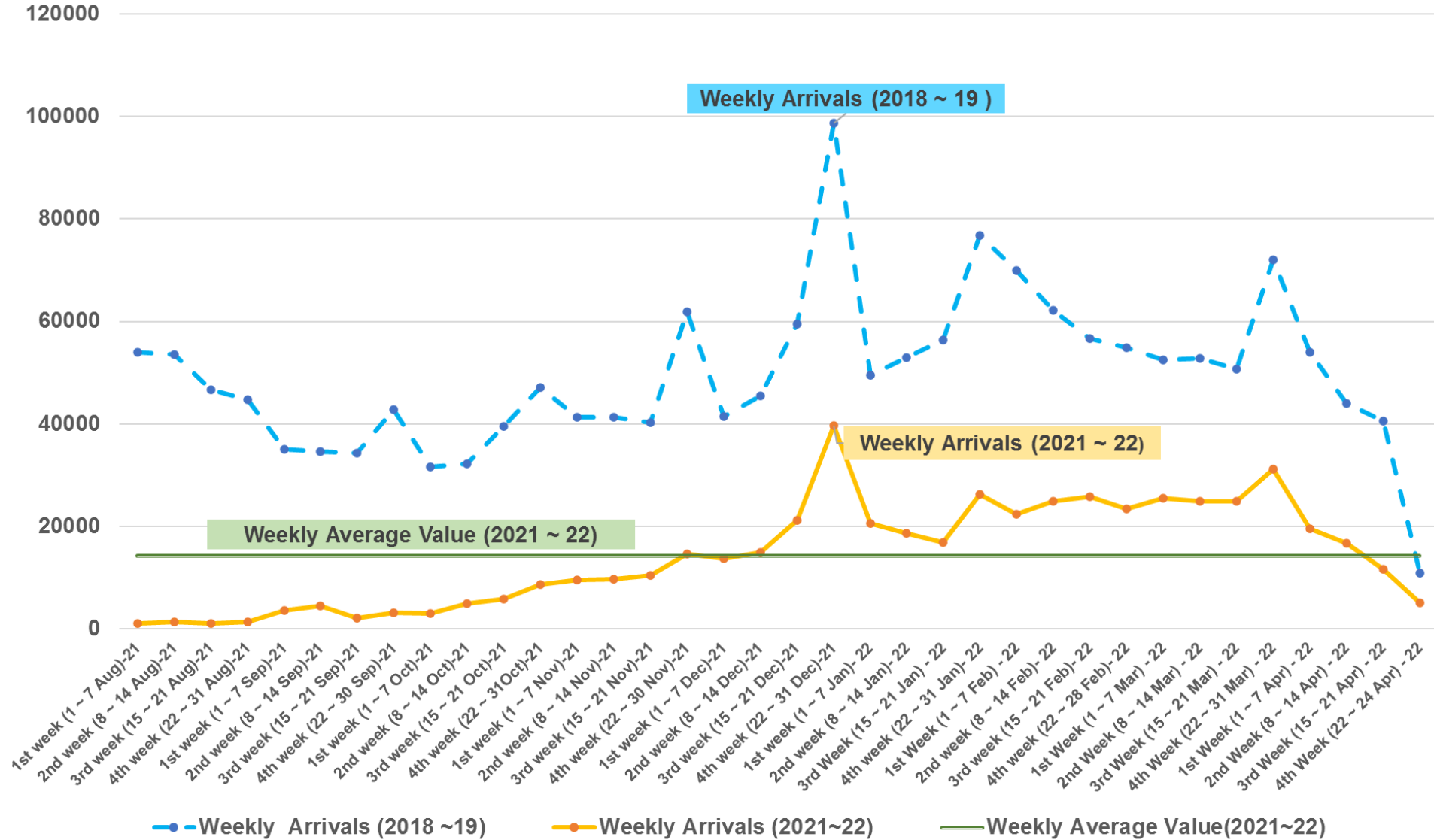
Monthly Tourist Arrivals to Sri Lanka

2021 & 2022





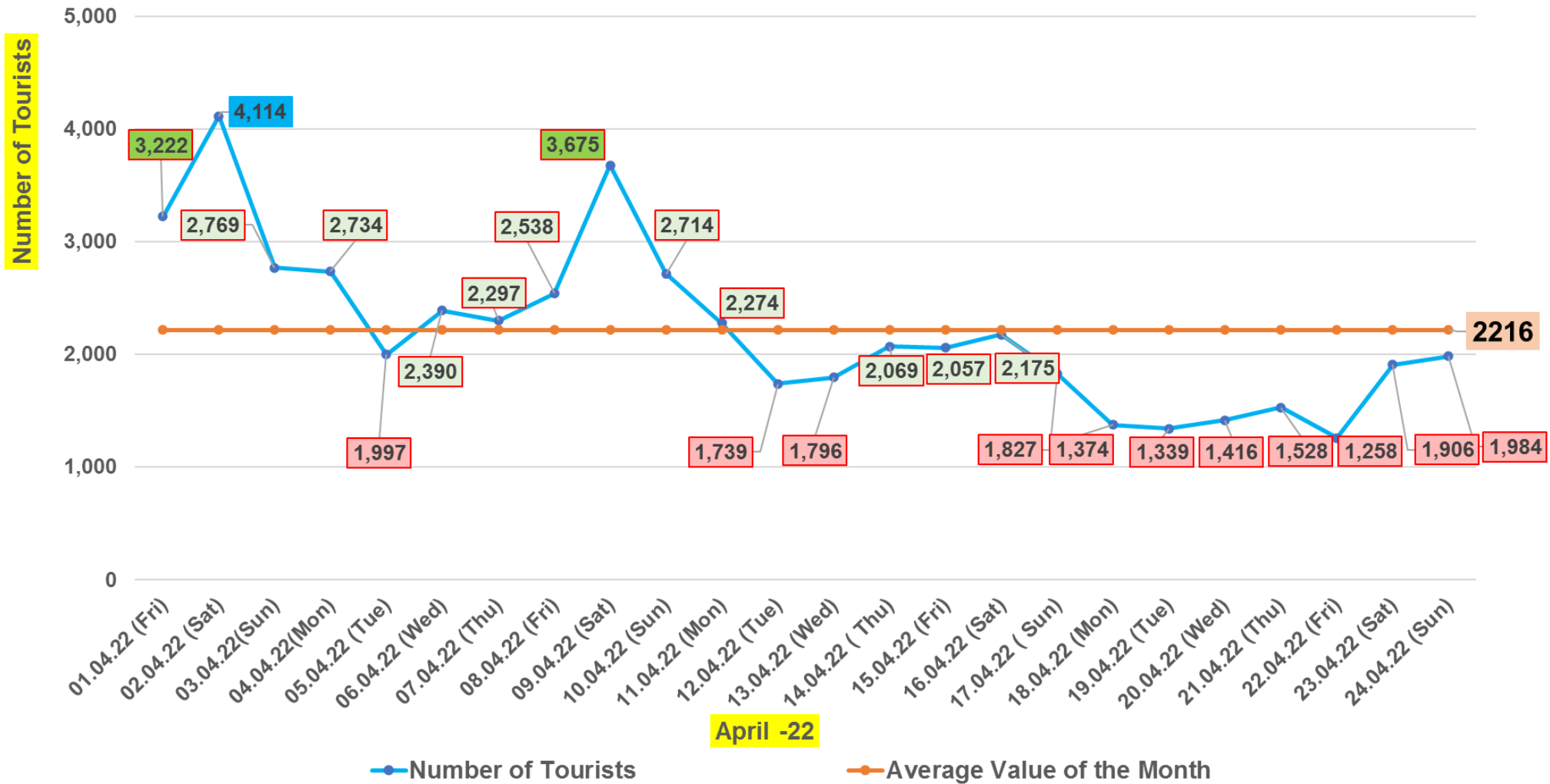
Weekly Tourist Arrivals to Sri Lanka 2018-2019/2021-2022





Daily Tourist Arrivals to Sri Lanka

1st to 24th April, 2022





The Impact of the Russian Invasion of Ukraine on Tourist Arrivals to Sri Lanka

Daily Arrivals from Russia and Ukraine, 1st February to 24th April, 2021

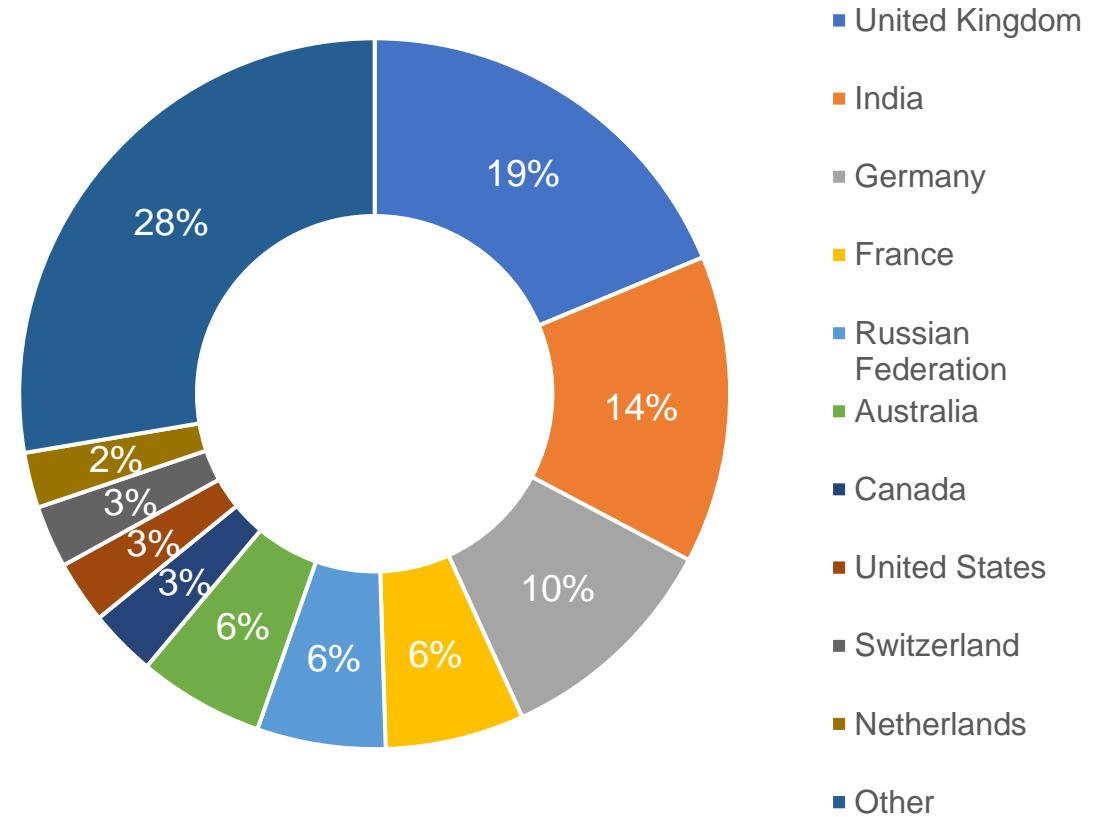




Top Tourist Source Markets to Sri Lanka

1st to 24th April, 2022

Rank	Country	Number of Arrivals
1	United Kingdom	9,963
2	India	7,456
3	Germany	5,552
4	France	3,362
5	Russian Federation	3,111
6	Australia	3,045
7	Canada	1,626
8	United States	1,513
9	Switzerland	1,509
10	Netherlands	1,340
11	Other	14,715
	TOTAL	53,192





Top Twenty Tourist Source Markets to Sri Lanka

1st January to 24th April, 2022





Web: www.sltda.gov.lk

Research & International Relations Division

Tel: +94 11 242 6800 Ext: 155/151

Email: research@srilanka.travel