

TOLL OF THE ECONOMIC MELTDOWN ON TOURISM  
IN VANCOUVER

## **Introduction**

The world is currently nursing the adverse effects of an economic meltdown. In the year 2007, there was an oversight in the banking system of the United States. This gave rise to liquidity issues associated with the dollar, the world's most popular currency. This crisis has resulted in the collapse of financial institutions and businesses, widespread unemployment, evictions and foreclosures of houses. This crisis has crippled development in most countries; Analysts term it as the greatest financial crisis since the great depression of the 1930's.

The global economic meltdown has adversely affected tourism globally. Statistics show that tourist numbers have dropped greatly. This has left the stakeholders recording losses. An in-depth study on how Vancouver's tourism has been affected will mirror the global situation.

## **Background of Vancouver.**

Vancouver is a coastal city located in the British Columbia province of Canada. It is the largest metropolitan city west of Toronto. Vancouver boasts of a magnificent landscape of the ocean and coastal mountains.

Tourism in Vancouver is organized into tours visiting popular sites and parks, harbor cruises, 5-star hotels, museums and art galleries as well as a rich sports culture. Most tourists visit Vancouver due to its beautiful scenery. Vancouver boasts of Stanley Park, Grouse Mountain and Central park which are all termed as places that are environmentally rich in tranquility.

Vancouver is home to spectacular tourist attractions such as;

- Grouse mountain
- Capilano suspension bridge
- Vancouver aquarium
- Stanley park
- Central park
- Deer lake park
- Richmond Nature park
- Burnaby village museum
- Harbor cruises

( McBeath .C. 2008)

Vancouver also has a rich sports culture. It has a very successful ice hockey team know as the Vancouver Canucks who play in the National Hockey League and have won the Stanley cup twice. There is also the Canadian football team referred to as BC Lions who play in the Canadian football league and have won the Grey cup five times. Lacrosse and skiing are also popular

sports with the locals (McBeath .C. 2008). Vancouver is currently to host the 2010 Winter Games; this can be used as a strong indicator of how highly sports are valued.

Vancouver also plays host to numerous hotels and restaurants that serve fine cuisines and wine. It is quoted that “*Spectacular as the scenery is one could easily come here for the food and wine*” wine spectator. Vancouver hosts the Vancouver film festival that annually showcases nominated films. These facilities reinforce Vancouver’s viability as a world class tourist destination.

Vancouver enjoys numerous foreign tourists as well as an active domestic tourism base, who like to enjoy the attractions, tours, entertainment available. Statistics show that since the onset of the economic meltdown in the United States in 2007 foreign as well as domestic tourism has dropped considerably.

**Disposable income**

The global meltdown we are currently nursing has reduced the disposable income of people the world over. Reducing the disposable income makes people reconsider spending on non essential goods and services such as going on tours. In the United States, the economic crunch resulted in a new culture of savings. People are uncertain when the crisis will end, and they are uncertain whether they will still maintain their jobs in the near future so they save what they can, for the proverbial ‘rainy day’ when they will need the funds.

Vancouver’s bulk of international tourist come from the United States, the economic turmoil across the border and their new savings culture has resulted in international tourism flopping.

Country of origin	trips	nights	Spending( C \$ millions)
United States	14,390,000	57,331,000	7463
United Kingdom	888,000	11,882,000	1246
Japan	398,000	4,750,000	557

Table 1

Table one adopted from Statistics Canada shows foreign tourism in the year 2005.

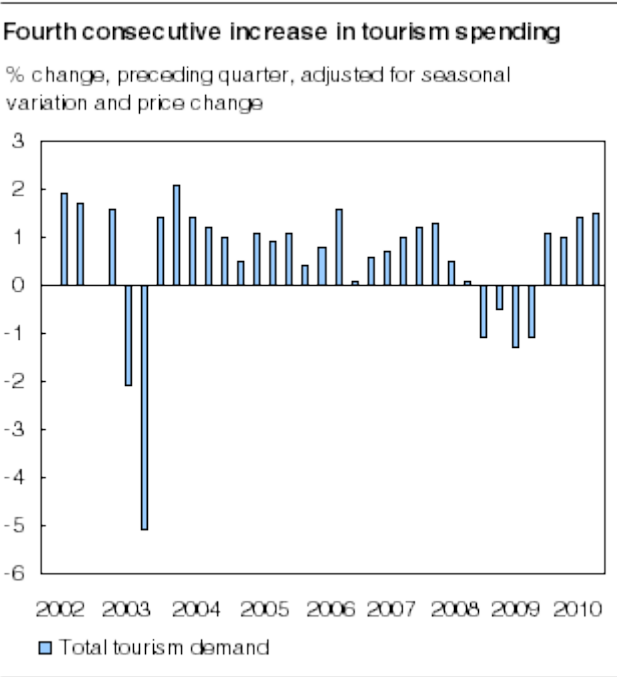
Country of origin	trips	night	Spending(C\$ millions)
United States	12,503,000	51,392,000	6,639
United Kingdom	837,000	11,363,000	1,184
Japan	405,000	7,015,000	541

Table 2

Table two adopted from Statistics Canada shows foreign tourism in the year 2008.

Comparing the two tables it is clear that international tourism was better in the year 2005 before the onset of the economic recession.

Canada’s economy has also suffered, Canadian citizens have also experienced a reduction in their disposable income due to the current inflation, and this has resulted in reduced domestic tourism. Since late 2007 domestic tourism downward spiraled .However, 2010 has been a good year and domestic tourism has risen by 1.5%.A good indicator of the revival of the global economy.



Graph 1, showing domestic tourism demand. (Statistics Canada)

**Compromised quality**

The economic crisis which we are in has cost many their jobs. The economic crunch has forced large corporations, businesses as well as hotels to downsize its labor force. Inflation has also pushed the cost of operation for hotels higher (Tudor. J .2009). This coupled with dwindling tourist numbers has forced the hotel management to lay off some workers. “I am calling for a boycott and asking guests not to eat, drink or sleep at the Hyatt Regency Vancouver. The boycott means am making a sacrifice as I may lose shifts” said Naden Abenes, protesting reduced hours, understaffing and increased workload. Hotel workers have not been spared by the global meltdown. Increased inflation has resulted in them demanding increased salaries from the hotels.

In desperate cases they result to striking, boycotting their duties and employing the 'go slow' technique in protest.

The reduced number of hotel staff and the unwillingness of hotel workers to work well have compromised the quality visitors receive when they visit the hotels, and have reduced the chances of repeat business. Coast Garibaldi, a local restaurant has been shut down by the Vancouver Coastal Health citing unsanitary conditions, improper dishwashing and pest infestation, is an example there is understaffing resulting in compromised quality.

When workers publicly protest the working conditions in a certain hotel or site they erode customer confidence in the hotel. When such protests are aired by the media to the world they result in reduced international tourist numbers, this becomes negative publicity of tourism in Vancouver (Cooper,S. *The Province*). Hyatt worker's strike has been recorded and posted on YouTube on several channels with views ranging in the thousands. Prospective tourists who have seen the footage will be cautious not to visit this hotel.

### **Closure of businesses**

The global meltdown has forced the closure of small businesses that were stakeholders in the tourism sector. Inflation has pushed up the cost of expenses and the reduced profitability due to reduced number of tourists has forced some businesses to close down (Tudor. J .2009). Prima Taste, a Singapore based restaurant operating in Vancouver closed down. Janchee, and Schnitzelz and Bojangeles, both good restaurants of good repute in Vancouver have also closed down.

With the rampant closures of hotels and restaurants the viability of Vancouver as a tourist destination reduces. (Tudor. J .2009) Tourists prefer a location with numerous hotels and activities for maximum satisfaction. The closures will leave Vancouver with few tourist attractions and hotels operating making it lose customers to other destinations that boast numerous hotels and a buzz of activity such as Hawaii or Africa.

With reduced numbers of tourists, stakeholders have had to share a reduced clientele base. This has sparked a very stiff competition. This competition has led to mergers and formation of cartels in the tourism industry. The establishment of these mergers and cartels has fueled the closure of small businesses, thus reducing the viability of Vancouver as a tourist destination.

### **Unpredictable business outcome.**

The economic meltdown of 2007-Present has excited a lot of uncertainty in businesses (Tudor. J .2009). Analysts quote "The only thing we know about the recession is that we don't know enough." This uncertainty inhibits proper planning by management at this crucial time, when a recovery plan is needed. Management is faced with an uphill task when it needs financial

assistance from banks since it is not sure when tourism will peak and when it will be able to repay its loans. They are left in a stale mate while pressure builds from both micro and macro environments forcing their closure due to inflation.

Banks are also collapsing despite governments efforts to buy out bank debts in an attempt to stabilize the global economy. Olympia and York Enron bank collapsed. This has reduced credit facilities available to tourism stakeholders. These loans could have been used to finance the businesses in the mean time before the economy improves. Without these credit facilities businesses are forced to shut down as soon as their expenses exceed their income.

## **Conclusion**

Vancouver's tourism industry has been hard hit by the economic meltdown. This has been made worse by its reliance on the United States for majority of its international tourists since the United States is said to be the country worst hit by the recession (Tudor. J .2009).

Vancouver's tourism will revive since it has a lot to offer tourists especially its scenic beauty that will continue to attract tourists to it. The 2010 winter Olympics will also publicize Vancouver to the whole world, encouraging international tourism. Domestic tourism is sure to grow as the economy gradually improves and the disposable income of citizens increases.

## REFERENCE LIST

McBeath .C. 2008. *Vancouver and Victoria*. Frommers. Canada

Tudor. J .2009. Customer Experience, Emotions and the Recession. *Customer Think*.

Date accessed: 30<sup>th</sup> September 2010.

Cerina.F (eds) and A. Markandya (eds). 2010. *Economics of Sustainable Tourism*.  
Routledge. United States.

Cooper,S. Hotel Workers Call For Boycott at Vancouver Hyatt.  
(21/09/10) *The Province*.

Top tourist attractions in Vancouver,

Date accessed: 30<sup>th</sup> September 2010.

Statistics Canada,

Date accessed:30<sup>th</sup> September 2010