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Resorts, Resilience and Retention Ater the BP Oil Spill Disaster of 2010

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Resorts, Resilience and Retention

Introduction

Companies often find it more cost effective to focus on client retention than to seek new patronage (Anderson & Fornell, 1994; Anderson et al., 1994; Best, 2004; Iwasaki & Havitz, 1998; Petrick et al., 2006). Management focused on retention methods (i.e. room rates, atmosphere, and amenities) of business develops strong relationships with consumers (Williams & Buswell, 2003). Reliable and repeat business is necessary in the hospitality and tourism industry (Zeithaml et al., 1996) and loyal customers create positive word-of-mouth (Williams & Buswell, 2003). Return customers also spend more on services and are less concerned with premium prices (Zeithaml et al., 1996). Further, it is more efficient to maintain the consumer base (Astbury, 1998). Marketers of tourism often focus on the development of long-term relationships with their customers to overcome competition (Grönroos 1997; Morias et al., 2003; Oliver, 1999). With industry growth and competition, visitor retention is critical to a resort’s success and survivability (Petrick, 2004).

Yet, how do these management efforts influence customer retention and the ability of a resort to rebound following a major disaster? The answer may lay with the resilience (Cumming et al., 2005; Holling, 1996) of the resort system (i.e. the amount of change the resort system can absorb and remain within the same regime), its adaptive capacity (Gallopin, 2006; Pelling & High, 2005) to deal with change and its ability to maintain function via innovative thinking (Walker & Salt, 2006). Disaster research in both the hospitality and tourism industries has addressed strategies for crisis management (Pennington-Gray et al., 2010; Ritchie, 2004), disaster mitigation (Faulkner, 2001), disaster preparedness (McCool, 2012; Ritchie, 2008; Orchiston, 2013), vulnerability reduction (Drabek, 1995), post-hurricane impacts (Lamanna et al., 2012), and post-tsunami recovery (Cohen, 2009; de Sausmarez, 2005; Rittichainuwat, 2006). Despite this work, little is known about resort resilience to disasters and resort customer retention in post-disaster environments.

The purpose of this research was threefold: 1) to examine the intention to return to a vacation rental (nontraditional whole-ownership condominium resorts) along the Florida/Alabama Gulf Coast; 2) to investigate marketing and retention efforts along the Florida/Alabama Gulf Coast after the April 24, 2010 Deepwater Horizon oil spill disaster; and 3) to analyze data on tourists’ trends in five Florida and Alabama counties over the summers of 2010 – 2013 to allow inference on the resilience of this resort system.

Research sites
This study targeted visitors at tourist destinations along the Gulf Coast in Southern Alabama and Northwest Florida. It specifically focused on visitors at the vacation rentals/resorts of Baldwin County (Gulf Shores and Orange Beach, Alabama), Escambia County (Perdido Key and Pensacola, Florida), Okaloosa County (Fort Walton Beach and Destin, Florida), Walton County (Destin, Seaside, and Rosemary Beach, Florida), and Bay County (Panama City Beach, Florida). All of these vacation sites are located along a 125-mile stretch of beaches lining the Gulf of Mexico. In 2008, this area brought in $968 million in lodging rentals.

The specific resort properties were The Beach Club located in Gulf Shores, Alabama; TOPS’L Beach and Racquet Resort in Destin, Florida; Sterling Resorts, located in Destin, Florida and Panama City Beach, Florida; Cottage Rental Agency, located within Rosemary Beach and Seaside, Florida; and Shores of Panama in Panama City Beach, Florida. All properties are luxury condominiums or single house dwellings on the Gulf of Mexico and its beaches.

**Deepwater Horizon oil spill and disaster in context**

On April 20, 2010, an explosion occurred on the semi-submersible offshore drilling rig Deepwater Horizon in the Gulf of Mexico, killing 11 rig workers and injuring 17 others. On April 24, 2010 it was found that the wellhead was damaged and was responsible for leaking more than 200 million gallons of oil into the Gulf. This spill posed a serious threat to wildlife and affected as many as 400 species (8,000 animals) along the coastal areas of Louisiana, Mississippi, Alabama, and Florida. This man-made disaster was the largest offshore oil spill in U.S. history costing $40 billion (Jones & Jervis, 2010). The well was permanently capped on September 19, 2010. BP was responsible for close to $40 billion in fines, cleanup costs, and settlements as a result of the oil spill in 2010, with an additional $16 billion due to the Clean Water Act.

Ritchie et al. (2014) conducted a study of the impact of the BP Oil Spill on regional lodging demand from 2009 to 2010. The changes in demand for the hotel industry were relatively stable—perhaps due to the use of hotels by cleanup crews and media—but there was a decline in the vacation rental industry. Alabama and Northwest Florida saw drops in vacation rentals by 29.0% and 10.7% respectively from 2009 to 2010. Alabama-Mississippi had declines in revenue of 38.5% while Northwest Florida fell 11.5%.

**Theoretical frameworks**

*Theory of planned behavior*

In the Theory of Planned Behavior (TPB) (Fig. 1) behaviors are a product of intentions to behave in select ways, attitudes toward performing, and social
influence under conditions of volitional choice (Ajzen, 1985; 1991). The theory consists of control, behavioral and normative beliefs, wherein control refers to how much influence an individual has over his own behavior (Ajzen, 1985; 1991). Behavioral intention is the most immediate determinant of behavior (Ajzen 1991, 2001, 2002, 2005). There are unforeseen situations, however, that can alter a person’s intentions. Ajzen (1985 p. 11) stated, “actions are controlled by intentions, but not all intentions are carried out; some [intentions] are abandoned altogether, some are revised to fit changing circumstances.” Given this, it is important to understand the cognitive structure of intention formation, which has implications for visitor retention in the tourism industry (Petrick et al., 2001).

A visitor’s intention to return is a measure of potential repeat patronage in travel and tourism research (Lee et al., 2007; Petrick et al., 2001). Tourism research linking intention to behavior has been conducted in destination choice (Haider & Ewing, 1990; Klenosky et al., 1993; Um & Crompton, 1990), travel mode (Bamburg, et al. 2003), travel choice (Fakeye & Crompton, 1991; Hu & Ritchie, 1993), destination image (Gartner & Shen, 1992; Pizam & Milman, 1993) price and education (Dellaert & Lindberg, 2003), perceived value (Petrick, 2002), expectations and quality (Anderson et al., 1994), future travel behaviors (Ajzen & Fishbein, 1980), wine tourism planning (Sparks, 2007), ecotourism resort experiences (Lee & Moscardo, 2005), tourism services consumption (March & Woodside, 2005), and the hotel/motel market (Casalo et al., 2010; Han et al., 2010; Huh et al., 2009; Kim et al., 2008).

Figure 1. Theory of Planned Behavior

![Theory of Planned Behavior Diagram]

Resilience

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Resilience is the ability of a system to absorb disturbance and to learn and adapt in times of turmoil in order to grow and become more dynamic (Holling, 1973; 1996). Potential unexpected shocks are of acute importance to coastal areas. Adger et al. (2005) discussed impacts of disasters on coastal areas and concluded that diverse social and ecological resilience must be created and maintained at multiple scales with cross-level interactions and cooperation. This type of cooperation is important to reduce or negate institutional horizontal and vertical fragmentation, which can lead to disorganized management of coastal areas in the face of change (Powell et al., 2009).

To counter this type of inefficiency coastal area resilience may be bolstered via enhanced economic and environmental health, social capacities, and effective governance (USAID, 2006). The United Nations definition of resilience for disaster risk reduction is “The ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions.” (UNISDR, 2009, p. 24).

The vulnerability of resort tourism destinations to internal and external disruptive forces may be mitigated by enhancing resilience. Research on resilience in the tourism and hospitality industry has addressed a variety of areas including community development (Holladay & Powell, 2013; Ruiz-Ballesteros, 2011), commercial enterprise (Biggs, 2011; Biggs et al. 2012), weaknesses of forecasting for crises and disasters (Prideaux et al., 2003) and retention of hospitality jobs (Sydnor-Bousso et al., 2011).

**Methods**

**Customer demographics for survey component**

Participants were visitors who stayed fewer than 30 days in a single or multifamily condominium or single home dwelling in one of 11 different resorts across four cities located along the Florida/Alabama Gulf Coast. The Alabama resorts made up about 15% of the sample, Destin comprised approximately 24.6% of the sample, and Santa Rosa Beach and Panama City Beach each comprised 30% of the sample. The total sample size was 377.

**Customer sampling for survey component**

Surveys were administered throughout the summer of 2010 from June 7 through September 5. All guests surveyed were adults above the age of 25, male and female participants and a variety of ages were targeted. Various collection times and areas within each resort were used to assure randomness throughout the collection process. If there was no one gathered in the assigned collection area at
the assigned times, they were to go to the area where the guests were gathered. After the initial three weeks, data were collected where it could be obtained within the identified gathering areas. The questionnaire was personally handed to recipients in a one-to-one interview style.

**Questionnaire development for survey component**

An eliciting questionnaire was given to Florida/Alabama vacation rental visitors during the summer of 2008 and acted as a pilot study. In total, 28 questionnaires were completed. These questionnaires were completed in an interview style on a one-to-one basis on the properties. From the frequency and patterns from the qualitative information, the main study questionnaire was composed. Items measuring intention to rent a vacation rental during the next two years, attitudes toward renting such a rental, social influences regarding renting such a rental, and perceived controls over renting a vacation rental were developed. A semantic differential format was used for each of the above items. The questionnaire was a total of 50 questions and was made up of four sections composed of questions using a 7-point Likert scale for response methods.

**Data screening for the survey component**

Data were cleaned, and then screened to examine their correspondence with regression assumptions of normality, lack of outliers, and linearity. Examination of residual plots showed no departures from linearity. The Kolmogorov-Smirnov test (KStest) for normality was significant indicating departures from normality. In addition, histograms and Q-plots also indicated severe departures from normality. Examination of Z-scores and Mahalanobis distance scores identified outliers and tested for illogical interpretation.

**Survey data analysis**

Descriptive statistics were used to describe the sample and examine the distributional properties of the study’s key variables. Ordinary Least Squares regression and Pearson’s Product Moment correlations were used to analyze the structure of relations according to the Theory of Planned Behavior framework. Intention was regressed on global attitude, social influence, and perceived behavioral control. In turn, global attitude, social influence, and perceived behavioral control were correlated with corresponding composite measures of each of these constructs. Composite scores were created by taking scores on each belief or referent item and multiplying by its corresponding valence score and summing across the items.

To complete the analysis of the Theory of Planned Behavior model structure, composite measures of attitude, social influence, and perceived behavioral control were regressed on their corresponding belief or referent items.
These latter analyses identified the underlying belief structure of global attitude, social influence, and perceived behavioral control. Data were analyzed using version 18 of the Predictive Analytics Software portfolio (PASW), formerly called Statistical Package for the Social Sciences (SPSSPC, 18).

**Qualitative interviews**

The following open-ended questions were sent to a select few leaders of various property management companies in the nontraditional whole-ownership condominium resorts market. A total of ten leaders were selected, contacted through email or face-to-face and asked to follow-up via email at their convenience. These leaders were selected based on their knowledge of the decision-making process that occurred in 2010 during the disaster and represented a small sample not inclusive of all types of property management companies in the five counties such as hotels, motels and other accommodations.

1) Do you feel your TDC/CVB were effective in their strategies to promote tourism in your area? Explain.
2) Which marketing efforts were specifically valuable?
3) What did your company do to offset the negative press during the summer of 2010 and since then?
4) Do you currently get any lingering oil spill concerns or inquiry from your guests?

**Bed taxes**

Each county represented in the study has data regarding each month of each year on the amount of dollars collected from the tourist tax. Some counties collect this within the Clerk of Courts or Tax Collector’s office and other counties have the Tourism Development Council collect the tourist tax. The bed tax is collected from facilities in the various counties tax district that are rented for six months or less are subject to the 5% tourist development tax. These facilities include living quarters and accommodations in a hotel, apartment hotel, motel, resort motel, apartment motel, rooming house, tourist or trailer camp, mobile home park, condominium, cooperatively-owned apartment, multiple-unit structure, single-family dwelling, beach house, cottage, or watercraft. To gather bed tax data, an inquiry email was sent to the appropriate tax agency to obtain a copy of the tax public record.

**Results**

**Survey demographics**
Ninety-two (92) questionnaires were collected during week one, 92 were collected during week two, and 87 questionnaires were collected during week three, totaling 271 questionnaires. An additional 79 questionnaires were collected during the remainder of July and early August. The final 27 questionnaires were collected during the Labor Day weekend (September 3-5, 2010), yielding a total of 377 useable questionnaires.

Nearly all of the respondents (97.6%) reported personal or family leisure as their travel purpose. Most (88.6%) were adults with children. The majority were made up of groups with more than two adults (55.7%). Most drove (85.6%) as compared to flying (9%), with the majority (52%) reporting coming from 200 to 500 miles away. The states with the most surveyed participants were Georgia (21%), Tennessee (13.4%), Alabama (12%), Louisiana (9%), and Kentucky (7.2%). A large percentage of the participants in the survey were repeat visitors (89.4%) to the Florida/Alabama Gulf Coast.

**Intent to return to a vacation rental property**

All three points of information (general attitude, social influence, & perceived behavior control) for the formation of behavior intentions were significant predictors. General attitude was the strongest predictor in this study. All belief items captured the variable and were significant at $p < .001$ (all correlated well but not very strong) but higher in general attitude and social influence.

**Qualitative interviews**

A total of ten leaders of property management companies were contacted to participate. Of those, seven participated for a response rate of 70%. Each was asked the same four questions. Question number one asked, “Do you feel your TDC/CVB was effective in their strategies to promote tourism in your area?” There was unanimous positive response to this as it related to the actions of management following the spill. For example:

“I believe that the strategies used by the CVB to promote our area were very effective subsequent to the oil spill and by subsequent I mean to assure people that things had been cleaned up and return to our area in 2011 was safe and desirable. The effectiveness was definitely proven by the success that the area has had not just in 2011 after the oil spill but in 2012 and 2013.”

“Every single one of (us) went in to crisis mode, making every effort to show the world that while this was indeed a horrific incident, “our” counties were virtually unaffected…Our TDC/CVB’s strategy was to show images and video, whenever possible, that visually proved that “our beaches are BEAUTIFUL and open for guests”.
The second question was, “Which marketing efforts were specifically valuable?” There was both credit given to the BP campaigns and to individual management company’s efforts.

“The BP marketing of the area was extremely valuable. The majority of the vacation rental operators along the gulf are not able to spend the amount of money in television advertising that it takes to really drive behavior.”

“To give credit to specific marketing efforts is hard to do, but I think that beside the efforts of our local CVB that did a fantastic job we have to give credit to BP who ran some very well put together ads on TV throughout the country.”

“While we greatly appreciated all of the BP produced commercials, the more we all could be “interviewed” in all of the news, talk shows, etc., the better story we could tell…my point is that the VERY frequent advertising that BP did for us, paid off immensely with guests in regions that may have forgotten about us or “usually” decide “that’s too far to drive”. The extra $ in ad dollars in those markets traditionally are not targeted in a “normal” (TDC/CVB) advertising plan. The BP commercials not only reinforced our normal drive-markets (and brought back guests), but the extended reach is most likely what has taken us over the top over the past 3-years.”

The third question asked, “What did your company do to offset the negative press during the summer of 2010 and since then?” The use of direct customer contact (email, newsletters) and social media were important.

“We had daily “live” videos that our employees commented showing there was NO oil on many of our beaches.”

“We increased and enhanced our social marketing messages with real time photos plus increased our on-line advertising and pay per click.”

“Social media had exploded during this time, too; so we also post pictures and/or video if not daily, at least weekly.”

The last question asked, “Do you currently get any lingering oil spill concerns or inquiry from your guests?” There was universal disagreement. It appeared that customers were no longer concerned with the oil spill.

“For the most part the inquiries have stopped but this is primarily due to the amount repeat travelers to the area.”

“I believe that the oil spill is at this point of no concern to our guests and do not receive any inquiries about it.”
“Not really. Actually it’s more of an inside joke of sorts. Oil? What oil! Most guests today (because of us all telling the exact same story now since 2010) realized that we never had one single guest complain of any oil whatsoever.”

Bed taxes
Bed tax data was collected from five Gulf Coast counties in Alabama (AL) and Florida (FL). Data trends indicated tax revenue growth in all five counties; Baldwin County, AL (Figure 2), Okaloosa County, FL (Figure 3), Escambia County, FL (Figure 4), Walton County, FL (Figure 5), and Bay County, FL (Figure 6). Each of the counties shows an expected punctuated seasonality peak in the summer months. Bay County, FL (Figure 6) also had a March-April peak due to visitation during the academic Spring Break.

Figure 2. Bed tax data from 2010—2013 for Baldwin County, Alabama

![Baldwin County, AL Bed Tax Data](image)

Figure 3. Bed tax data from 2010—2013 for Okaloosa County, Florida
Figure 4. Bed tax data from 2010—2013 for Escambia County, Florida
Discussion

This study attempted to quantify intention to return to a vacation rental along the Florida/Alabama Gulf Coast. Compounding this was the 2010 Deepwater Horizon oil spill disaster. Therefore, marketing and retention efforts after the spill disaster and tourists' trends were investigated to infer the resilience of this five country resort system. First, quantitative surveys were conducted with vacation rental visitors to examine the intention to return. Second, structured qualitative interviews with leaders in property management companies were used to assess customer retention efforts following the oil spill. Last, county level bed tax data from 2010—2013 allowed analysis of actual customer return to the area after the disaster. These three data were examined to understand the mechanisms underlying customer return and infer the resilience of this resort tourism system following this human-induced disaster.

Figure 5. Bed tax data from 2010—2013 for Walton County, Florida
Important antecedents which influence a visitor’s intent to revisit an area include customer satisfaction (Anderson et al., 1994; Oh et al., 1995; Petrick et al., 2001), service quality (Morais et al., 2004; Williams & Buswell, 2003; Zeitaml et al., 1996), and perceived value and past experiences (Petrick et al., 2001). In this study the strongest predictor of intent to return to a vacation rental property was general attitude. Customers were able to control their choice of destination, the price, the amenities offered, the spaciousness of the room, and the level of family atmosphere.

Figure 6. Bed tax data from 2010—2013 for Bay County, Florida
Social influence and perceived behavioral control had less of a guaranteed outcome to the respondents. Results indicated behavioral beliefs were “outstanding amenities” and “proximity from home.” First the general attitude result indicated that the guests were more likely to repeat their visit if the amenities offered were beyond that of traditional lodging. Second, guests valued the locations within close proximity to their homes. Other important issues to the guests were that of the beauty of the beaches, the spaciousness of the rooms, and the family atmosphere offered at the resort. Respondents viewed themselves as having no control over perceived behavioral control, such as the presence of hurricanes, economy conditions, high gas costs, health of the family members, and the job/work schedule.

The indicator of lack of perceived control (e.g. hurricanes) led to an interesting corollary related to the 2010 oil spill. There was a marked drop in the vacation rental industry of Alabama-Mississippi and Northwest Florida from 2009—2010 (Ritchie et al., 2014). That said, however, the county level bed tax data in our study showed a steady increase in tax revenues from 2010—2013. The bed tax is a strong indicator of economic gains and community quality of life from tourism (Andereck & Nyaupane, 2011; Goeldner & Ritchie, 2012; Shi & Li, 2013). While some caution should be taken with drawing conclusions from the five county bed tax data presented here—these taxes come from a broad range of
accommodations and not only nontraditional lodging—there seems to be a strong degree of customer loyalty regardless of uncontrollable external pressures.

A second cautionary thought is also necessary. Research has indicated that post-disaster tourism taxes can decline (Butry et al., 2001) but other studies show an increase in room demand from news media, cleanup crews, volunteers and emergency personnel (Enz & Canina 2002; Hein, 2013; Ritchie et al., 2014). More research would be needed to ascertain whether or not the maintenance of tourism revenue as indicated by bed taxes was attributable to customer loyalty, disaster relief efforts and coverage, a combination of these and what other influences may have been involved.

The potential customer allegiance to the properties highlighted in this study, particularly after the 2010 spill, may be explained by the intercession of the property management companies and by BP itself. The qualitative data in this study indicated that the property managers felt their strategies were effective in demonstrating that the area was unaffected by the oil spill and a safe region to vacation. This is attributable to resilience characteristics such as self-organizing behaviors (Walker & Salt, 2102, Carpenter et al., 2001), wherein the property managers enacted local organizing behaviors independently of externalities and adaptive governance (Folke et al., 2005, Olsson et al. 2006), flexible organizational scale adaptive management in response to change (i.e. the spill).

Property managers indicated communication and messaging about the impacts of the spill in the region were highly important. The marketing efforts by BP through television commercials and advertisements were considered valuable and extended market reach/market penetration beyond the norm. This was particularly successful as the television marketing was nationwide and helped to instill public trust, a measure of social resilience (Adger, 2000; Marshall, 2007). Additionally, live video feeds of the beaches along with directed social media campaigns allowed the property management companies to reduce fears among customers about the impacts of the oil spill as indicated by subsequent return visitation and tax revenues. The totality of marketing, commercials, live video feeds and social media interventions represented a type of response diversity (Walker & Salt, 2012), whereby resilience was enhanced by a range of response types to mitigate the perceived impacts of the oil spill.

The strong “nothing to worry about” messaging through commercials and social media may have led to the development of customer loyalty through emotional connections (Gendron, 2007) and the building of positive social capital (Bourdieu, 1986). Social capital is important for the resilience of the tourism industry (Sydnor-Bousso et al., 2011). Social capital builds trust within a community (Holladay & Powell, 2013) and feelings of kinship (Adger, 2003). Indeed, the extended use of social media likely served to strengthen the network ties (Donoghue & Sturtevant, 2007; Folke et al., 2005; Olsson et al., 2006) among
customers and properties through transparency and knowledge sharing (Berkes, 2009; Trosper 2002).

Customer intention to return was most strongly influenced by proximity and amenities. Retention efforts after the spill focused on targeted messaging that built social capital values of trust and networks, thus improving resilience and moderating the customer perceptions of oil spill impacts in the region. The high levels of investment by BP in the messaging and market campaigns also assisted in customer retention. Previous research on the Deepwater Horizon oil spill impacts has focused on macro-level community resilience (Levy & Gopalakrishan) and regional lodging demand (Ritchie et al., 2014). This study focused on meso-level nontraditional lodging retention and resilience following the BP oil spill disaster. Ritchie et al. (2014) suggested research could move beyond the macro-scale to sector-level differences across regions, industries and sub-industries following the oil spill. Future research could also examine how micro-level individual tourism businesses dealt with this and other disaster impacts. Finally, caution should be taken with seeking to generalize these findings to other locations that have been impacted by human-induced disasters.

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