

## WHERE DO WE GO FROM HERE? THE TRAVEL INDUSTRY WITH GEORGE STEUART TRAVELS' HESHAN GUNARATNE

Heshan Gunaratne, General Manager of George Steuart Travels Inbound/Steuart Holidays, spoke to us on the severely hit travel sector in Sri Lanka. Founded in 1835, George Steuart is the oldest mercantile establishment in the country and has expanded into various sectors. It is considered to have one of the oldest travel houses in Sri Lanka, specialising in inbound and outbound operations.

### Considering the chaotic past few years faced by Sri Lanka, can you share some views on how George Steuart has managed as a Group?

The travel sector witnessed a complete standstill for a few months after the Easter Sunday attacks. Despite the devastating consequences of terrorism, the fear lessened when our military took over, establishing a sense of security and allowing us to get back on our feet six months after the attacks. The travel sector was approaching a quicker recovery than expected. Then the pandemic took over.

All sectors performed well before the attacks and the pandemic. However, sectors such as Health, Insurance and Fast Moving Consumer Goods (FMCGs)

of George Steuart took the spotlight post-Easter attacks and the global pandemic. Naturally, the demand for insurance of vehicles and dwellings grew after the Easter attacks. The services of the health sector, understandably, was very much needed. Our FMCG sector doubled up its production to meet the new demand for disinfection solutions. Citrus Hotels, also owned by the same Group, was one of the first hotels to diversify its typical hospitality-based business model to a private COVID-19 care centre/quarantine centre.

Overall, the management of George Steuart and Company has been resilient, innovative and bold in their decision-making as always and the Group has navigated steadily through the storm thus far. Since our travel



sector is at a standstill, the main challenge on our plate is cash flow. However, we are fortunate enough to be backed by our strong parent company.

Regarding travel, humans are by default migratory species, and it can be guaranteed that as soon as the virus is addressed or even controlled, the tourism sector will boom. We will have individuals wanting to travel from all over the world to enjoy the pleasures of this miraculous Island, which is blessed with 365 days of summer. Travel will resume when the vaccination campaign is over, travel restrictions are eased, and reasonable regulations are in place.

### As specialists in the travel sector, can you please brief us on the services and facilities offered by George Steuart Travels?

In layman's terms, we are a one-stop shop for any traveller, with our services beginning from the point of tourist arrival until their departure. Our services include hotel bookings, meals, transport, entry to cultural sites, museums, temples, entertainment and sporting activities. Travellers become our full responsibility during their travel period. Airline tickets and outbound tours are also handled by our sister company, George Steuart Ticketing.

### Platforms such as Booking.com, Airbnb and other online-based systems have grown in popularity. Are they a threat to your business?

Online booking software or systems did pose a threat to us, especially with their low pricing strategies. We always had an issue with competing with pricing since the majority of online

engine businesses were not taxed by the Government in the past. However, the availability of human resources to assist clients throughout their holiday plan, especially during unforeseen circumstances such as pandemics, natural disasters, lockdowns, flight cancellations, etc., makes our business a very sustainable and reliable model.

Our operation teams are well trained to assist our clientele whenever assistance is required. I feel people are starting to realise the freedom they enjoy during a holiday is much greater than solving problems on your own in a foreign country.

### Before this storm and these new challenges took over, what trends did you notice in the travel industry prior to 2019?

Towards the end of 2019 and by January 2020, travel was on hold because of the virus outbreak. We had ten months of travel in our financial year, and we received 2.3 million guest arrivals. At that time, the average stay duration was 11 nights, and the average room occupancy in a star graded hotel category was at 70-72%. Our overall goal for the year was 3 million arrivals, and we were well on course to achieve this target had it not been for the pandemic.

The Island's primary markets are Australia, China, Germany, India and the UK. We did notice general trends in terms of travel locations and tour types preferences. For example, Indians, our biggest market, mainly travel to Sri Lanka due to our affordability, connectivity with many weekly flights, high-end destination weddings and Ramayana-related tem-

ples. Our Chinese clients generally opt for round tours. They are very fond of our tea, gems and spices. In fact, they happen to be our highest revenue-generating customers in terms of shopping. Although they have a large budget for shopping than a luxury traveller, they typically opt for standard accommodation.

Our UK clients usually prefer to explore our country's hotspots such as Habarana, Kandy, Yala, the beach and so on. They like to end their exploration by spending extra nights on a beach, with Trincomalee, Arugam Bay or the Southern beaches being the most popular choices. Australian travellers, who typically opt for four or five-star hotels, live for adventure. They look for activities such as white water rafting, scuba diving and others. Our German clients typically travel here for Ayurvedic retreats and long beach stays.

In a post COVID environment, we believe there will be a gradual global travel/tourism boom, which Sri Lanka will also benefit from. However, we may experience over-tourism within the next ten years if our infrastructure is not done right. Therefore we need to gear ourselves to cater to the potentially high upcoming demand. For instance, we may run out of beaches and end up with polluted and overcrowded areas instead.

It is also vital that we position ourselves as a high-end luxury travel destination while also being mindful of the middle and lower (affordable) segments. This approach should be accompanied by offering Sri Lanka for what we are, benefitting from our authenticity.

### To get back on your feet after such trying times, what Government support have you received?

Pre-COVID, the Government had been helpful with our business promotions and human resource availability (auditing, training and streamlining national guides). At present, the Government has come forward with several monetary grants and other financial support to most stakeholders in the industry. Despite their considerable efforts towards our industry, there is certainly massive room for improvement.

### What are your thoughts on the Port City development and its effects on the travel industry?

This project is a much-needed investment for our country's future and will undoubtedly support many business and economic activities. Projects of this nature directly impact the "Business Tourism Sector"'s growth by attracting high net worth individuals to the country. The Port City is sure to add value to any traveller's itinerary, with its diverse offering of leisure activities within the project itself. This is a positive addition to the vibrant city of Colombo and will have positive spillover effects on the rest of the country.

### Speaking of upcoming, what is next in line for George Steuart Travels?

We currently handle inbound tourists to Sri Lanka and the Maldives and aspire to be a reliable regional player.

We all simply have to remain positive, wait for the storm to end, gear up and learn from our lessons learnt over the past few years.