



Arugam Bay: A Visitor Flow Assessment

In 2018, Australia's Market Development Facility, operating under Sri Lanka's Ministry of Tourism Development, carried out a Visitor Flow Assessment in the Eastern Province. The findings for the three main areas selected – Trincomalee, Batticaloa and Arugam Bay – present a look into one of Sri Lanka's most promising emerging destinations for tourism, and what could be done to help it reach potential.

What is a Visitor Flow Assessment?

A Visitor Flow Assessment analyses the composition of visitors to a destination, categorising them by granular features such as preferences and behaviour (for example, mode of travel, activities engaged in and spending patterns), as well as by country/region.



Purpose of Study

The Eastern Province is an 'Emerging Destination' with high tourism potential. MDF is working with provincial bodies and businesses to improve destination management in the region, and the first step is understanding the need and the gaps.



This is where the Visitor Flow Assessment comes in. Arugam Bay is one of the three key destinations in the East (the other two are Passikudah/Batticaloa and Trincomalee). The analysis looks at key visitor flows to the destination, barriers to tourism growth and broad recommendations for improvement.

Destination Profile



Main tourist season:

May/June to August



Arrivals:

Estimated at 50,000 tourists annually, of whom 75% are international backpackers, surfers and flashpackers. Local and domestic tourism is limited, at 20%



Visitor perceptions:

An energetic destination, built around the beach and surf as its main assets



Accommodation options:

A few up-market options; a range of mid-tier hotels; and an abundance of budget accommodation options



Key groups:

Backpackers, Flashpackers and Sports Events



Key Visitor Flows



BACKPACKERS:

Arugam Bay is a major draw for backpackers touring through Asia or Sri Lanka looking for the beach, surf and party life. Average stay is 5-15 days, although several backpackers stay longer to do voluntary charity work or small business activities to finance further travel. Visitors from Europe, Australia and Israel typically spend USD20-40 per person daily.



SURFERS:

This is Sri Lanka's premier surfing hotspot. Surfers, primarily from Europe and Australia, visit mainly during May-November and spend USD50-100 per day. They typically choose more comfortable accommodation than backpackers do.



FLASHPACKERS:

Flashpackers include Arugam Bay in their itineraries, staying for up to 5 days for the beach, surf and wildlife tours, then

moving on to the North to Trincomalee or to the West. Approximately 5,000 flashpackers visit Arugam Bay annually, typically spending USD60-100 per person, mainly on mid-range accommodation, food and experiences.



INDEPENDENT DOMESTIC TOURISTS (HIGHER-SPENDING):

This segment comprises small groups of friends - young people mainly from Colombo or larger towns in Sri Lanka (versus the family groups visiting destinations further North). The main attractions are the beach and surfing, and spending is typically USD50-80 per person per day.



LOCAL TOURISTS (LOWER-SPENDING):

This group travels primarily on public holidays and weekends to visit friends and family, or for a day out at the beach. Overnight stays are rare and spending is limited, at USD10-50 per person. This group is mainly influenced through social media or word of mouth.



WESTERN GROUPS

Western group visits to Arugam Bay are limited. The offering is of less interest to the slightly older visitors constituting this flow because of difficulties in access and limited group infrastructure. Average spend is USD100-120 per person per day on accommodation, food and activities. The segment is unlikely to grow significantly.



BEACH & RELAX

There are visitors who only come to Arugam Bay for 'Beach & Relax' holidays; however, the limited availability of resort-like infrastructure constrains the segment's growth.



SPORTS EVENTS:

Arugam Bay has managed to generate a specific visitor flow through surf events organised regularly in the destination. These events range from local to national and international and bring in big visitor

numbers over a short timeframe. There is currently at least one event taking place every year, attracting around 500 people with an average spend of USD100 per person.



CORPORATES AND OFFICIALS:

This visitor segment is small in comparison with the same segment in the North, as there are a limited number of branch offices of businesses or government organisations in Arugam Bay. An estimated 500 corporate/official visitors arrive in Arugam Bay, spending USD30-80 per day and staying 1-2 nights.



VOLUNTOURISM:

A limited number of "voluntourists" visit Arugam Bay to do voluntary work while enjoying the beach and surfing. Stays range between three months to one year and spending is around USD20 per day. This group is influenced through local and international NGOs offering volunteer placements.





Recommendations



INTRODUCE NEW ACTIVITIES

Arugam Bay has sufficient room inventory, therefore setting up new hotels may only drive down prices. Introducing new, different activities to the destination would engage visitors better and result in longer stays.



DEVELOP ACTIVITIES/ EXPERIENCES TARGETING HIGHER-SPENDING VISITOR FLOWS

Flashpackers and surfers are among high-spending visitor flows; exploring and further developing activities targeted at these groups would increase revenues in the region.



IMPROVE ACCESS TO INFORMATION AND MARKETING/PROMOTION

There is a lack of information online and offline on activities/experiences available, prices and how to book. Filling these gaps would increase tourist footfall. Better and more targeted marketing (particularly on digital/social media) would be useful.



PROVIDE COST-EFFICIENT TRANSPORT SERVICES

The long distance from Colombo is a significant barrier to visiting Arugam Bay. Comfortable and affordable (reasonably priced) transport options which can be booked online – such as tourist bus services – are a key need.



FOCUS ON VISITOR FLOWS WITH DIFFERENT PEAK TIMES

Visitor flows differ according to season, with multiple peaks. Identifying these and marketing activities accordingly would ensure strong business revenues throughout the year, instead of relying on a narrow tourist season of a few months.



PRUDENT ACCOMMODATION PRICING AND REVENUE MANAGEMENT

Due to the narrow tourist season and relatively low guest numbers, accommodation providers can be motivated to earn all their revenues through a few guests – by hiking prices drastically. This can, however, negatively affect guests, who may feel they are being unfairly charged. Prudent pricing based on demand/revenue management can be useful in this regard.

Market Development Facility (MDF) is Australia's flagship private sector development program. In Sri Lanka, MDF's focus is on diversifying tourism with new products and services and supporting authentic Sri Lankan products. MDF is implemented by Palladium in partnership with Swisscontact.

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