SECURITY AS A FACTOR OF COMPETITIVE ADVANTAGE IN TOURISM[*]

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Abstract: Security and protection demands in tourism industry are very high due to the vulnerability of its infrastructure in light of security challenges and threats. Actual threats appear in the form of endangering the values that compose a train of products and services in tourism – from the moment of buying/selling a package tour, transfer of passengers and luggage to their destination, to stay in hotels and meeting different needs of tourists. This work addresses the criminal, terrorist, and economic threats to hotels. The effects of these and other threats may endanger the foreign investments in tourism industry and the arrival of foreign tourists who, as the newest polls show, prioritize security factor in their selection of tourist destination. The hotel security issue is addressed in light of its preference when selecting tourism supply and services, which is an important indication of competitive advantage.

Key words: tourism, threats, security, competitive advantage.

INTRODUCTION

The actual world economic and political situation is very volatile and unpredictable. The rivalry between the key international community actors (including non state subjects, as well as the state ones) in the ideological and political plane is being replaced by the rivalry in the economic plane that becomes the context to almost all other forms of confrontation. The result of such state of affairs is the fact that we live in a world in which there is a continuum of threats ranging in form from crime to terrorism and other dangers characteristic for countries in transition.

The contemporary security and protection threats in tourism industry become very high primarily due to the tourism infrastructure vulnerability in light of contemporary security challenges and threats. The fact that tourism is one of the development priorities in a large number of countries, thus any political risk that such a

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country is exposed to might expose its tourism potentials to criminal or terrorist threats adds up to that. Large tourist resorts that represent the public and private sector development potential and the country's ability to provide a safe investment environment are particularly exposed to such threats.

Very often, threats are present in the stage of building tourism infrastructure and hotel capacities. This is a signal to potential investors that the area is not safe for investment, and to future groups of tourists to avoid the actual resort. Further, this resort is permanently marked as being unsafe because it cannot be said for certain that no similar threats would repeat in the future instigated by similar or different motives.[2] The statistical data relating to threatening show that many countries are facing a complex of threats that endanger tourism – natural disasters, terrorist attacks, and other catastrophes.[3] This show how important is the existence of effective systemic measures for disaster management in order to save lives, alleviate the aftereffects, and reestablish the conditions necessary for the continuation of vital social functions. In the past, these measures were mainly directed to the protection of national infrastructure, or organization systems. Today, and in the future, the protection of endangered infrastructure demands a multinational and multiorganizational approach. The coordination between the organizations and agencies on different levels and with different roles in security management, disaster management, risk management, continuation of interrupted operation management, and crisis management is particularly stressed.

1. CATEGORIES OF THREATS AND CONSEQUENCES

All threats in the context of tourism industry and hotel infrastructure development and stability fall into several categories:

- *Criminal and terrorist threats*: terrorism; company property, including information, theft; sabotage; threats to managers and members of their families; illegal detaining of managers; extortion; bomb threat; hostage taking/kidnapping/abduction
- *Economic threats*: economic and industrional espionage: breaking the laws of fair competition; forced product or service taking off the market due to it having been compromised; merger, acquisition, strike, and protest rally risk; company land (property) taking; blockade; illegal strike; warning strike/employee rallying
- *Technical and technological, and ecological threats*

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[2] After the decision to build the Splendid Hotel, then the largest tourism investment on the Montenegrin Coast, had been made, it came to knowledge, by way of business magazine and newspaper articles, and various reports, that due to known economic conditions and criminal political activities in that area the hotel might become a target. The predictions were proven right during the building of the hotel. It was the target of criminal attacks in the form of setting explosive devices, and sporadic explosions that impeded the building process. The last in a series of attacks was prevented, and the members of the criminal group that attempted it apprehended. They are serving their sentences in prison.

[3] According to the Indonesian Institute for Standardization data, only in 2007, there were 379 accidents such as flood, forest fire, earthquake, landslide, and hurricanes with potentially big consequences for the community. On this issue, please, see: http://www.bsn.or.id/index.php?&language=en

- *Natural danger*
- *Human error, and hazard*

The listed threats and dangers cause either direct loss or cost, or indirect consequences due to the loss of threatened organization reputation. As a rule, the latter threatens the hotel owing company's relation to other actors on the market, and its ability to attract the client's attention.

Consequence, loss, or cost categories divide into direct and indirect.
Direct consequence, loss, or cost include:

- Hotel guest, and employee injuring, poisoning, or death
- Financial damage relating to the event (the value of stolen or damaged property)
- Insurance premium increasing
- Expenses deducted from the insurance sum
- Business loss ensuing a crisis event
- Possible employee compensation cost as the event consequence
- Time lost in facing the crisis (e.g. relation to the media etc.)
- Applying penal policy measures not covered by insurance

Indirect consequence or loss manifests as:

- Negative publicity in the media
- Long-term negative perception by hotel guests
- Additional costs to by-pass the bad image problem
- The absence of insurance strategy pertaining to high risk categories
- Salary raise to additionally motivate a future employee
- Share-holder law suits for bad hotel managing
- A drop of moral attitude of the employees leading to lower productivity, high cash outflow, etc.

2. TERRORIST AND CRIMINAL THREATS

More and more, tourists become targets of *terrorist attacks*. Terrorists launch attacks on tourists or sites where there are tourists for many reasons, and the main one is economic. In different regions, such attacks are a big threat to national economy due to the fact that tourism is a significant item in the budget of many countries.[4] Also, terrorist actions against tourists are taken because of their nationality, or the fact that they belong to a certain national or ethnic group. For that matter, American and British tourists are often advised by their tourist agency or ministry in charge not to go to certain region where they may be the target of terrorist actions. It is only natural that these and other groups of tourists prioritize security criteria to some others (e.g. the prize of tourism product, comfort, etc.). Such state of affairs is, by all means, an opportunity to those tourist destinations that include high security standards into their

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[4] In the Western Balkan Region, the countries taking big revenue from tourism industry, such as Greece, Turkey, and Spain are especially threatened.

development strategy. On the other hand, any slip in the security system may have an effect on the vulnerability of this system that, in turn, may be used by terrorists and different criminal groups for designing their activities.

There is no doubt that the range of terrorist threats have enlarged considerably, both in sort and number.

Stealing weapons of mass destruction and nuclear material, and selling them to transnational terrorist groups is a real option in this day and age. The cases of smuggling nuclear and other hazardous materials and substances are higher in incidence. Hotel guests may be involved in such activities as accidental actors in a possible duel of two terrorist groups. So far, hotels have proven to be a very favorable ambiance for terrorist attacks. Further, apprehension of a criminal or criminals staying in a hotel must not be excluded. Indirectly, this threatens the reputation of the hotel. Direct endangerment reflects in the fact that the mentioned matters and substances may be used to the end of bioterrorism in a hotel or on the resort premises.

In reference to the terrorist activities directed to a hotel complex, it is possible to discern two situations. The first one involves groups of tourists from particular countries. Such groups of endangered guests are easy to identify. The probability that a sensitive group of guests may be in danger is in direct proportion to their country being politically exposed to risk and involved in international crises and conflicts. The goal of terrorist attacks is sending a symbolic message to a particular country that its citizens are in danger everywhere in the world due to their country's politics. The security issue of flying to the destination adds up to this because terrorist take advantage of the fact that approximately one third of international tourists take a plain as the means of transport.

Also, tourists are a target of terrorist threatening whenever tourism is an important industry and a source of income for the destination country. In such case, every guest may be a potential victim, and hotels are a very suitable target.[5] The brutal massacre of 58 foreign tourists and 4 Egyptian citizens the Islamic terrorists made in the Luxor Hotel in November 1997, destabilized Egypt by destroying Egyptian tourism industry, the corner stone of their economy and basic source of foreign currency. It was estimated that the Luxor massacre cost Egyptian tourism approximately 50% of their annual turnover.[6]

Besides the mentioned, exclusively external, or internally oriented terrorist strategies, there also exist the so called combined forms. The perpetrators of such acts may be domestic opposition groups, separatist movement supporters, etc. and political motives are in the background.[7]

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[5] The Buskin terrorist organization ETA that chooses tourist objects as targets of its attacks since 1980 is considered to be the pioneer of such activities. In this case, Spain as a state, and not directly the tourists, should suffer the damage.

[6] Glaeser, D. (2003). *Crisis management in the Tourism Industry*. Butterwarth Heinemann, Oxford, p. 48.

[7] E.g. Since the eighties, the IRA have chosen targets within the UK economic system and among the British tourists in Northern Ireland.

The preparation and tactics for a terrorist threat fulfillment are similar to other criminal threats. Detailed preparation that entail coming of perpetrators in the vicinity of the hotel, entering the hotel for a close observation, and making contact with some of the employees, as well as gathering intelligence by the third party i.e. hotel guests about the categories of tourists staying at the hotel.[8]

Besides the fact that the ramifications of a fulfilled threat may be serious injuries and even deaths of guests and/or employees, potential guests and business partners may perceive and classify the hotel, chain of hotels, and the resort as being *dangerous*. Perceiving and labeling a specific destination and hotel unsafe results in a drop of the number of stays, especially when the groups of better off tourists are in question. On the other hand, this fulfilled threat may be used for marketing by way of stressing the security preferences of other hotels or contending tourist locations, resulting in great benefits for the economy of a specific country and its security and tourist image in the region and in the world.

Criminal attacks on hotels, some of them extremely brutal ad with lethal consequences, take international proportions in mass media. In effect, this rapidly changes the foreign tourist sensibility towards crime, but also towards other forms of endangering tourism industry facilities. These other forms entail civil and other unrests with destructive and potentially deterring effect when tourist visits are in question.[9] The number of visits plummets in those European destinations in which tourists are recognized as being the victims of violent crime (murder and plundering). This state of affairs results in huge financial losses not only in tourism industry, but also in the economy of every country in which tourism is one of the basic sources of revenue and industry in which many people find their jobs.[10]

Crime is an everyday life component, but in the context of tourism it is increasing considerably. Criminal activities make tourist a particularly vulnerable target. Table 1 shows the classification and victimization of criminal activities.

Table 1: Classification and Victimization of Criminal Activities

Type 1	The crime scene is connected with the nature of location (its suitability). The victims of criminal act are the hotel guests *(thefts outside)*
Type 2	Hotel location and infrastructure are attractive for criminal activities because the tourists are soft targets and easy victims of criminal actions against business people *(abductions and kidnappings)*
Type 3	Organized criminal and/or terrorist groups take violent actions against specific groups of tourists and/or tourist facilities *(diversions, sabotages, biological, nuclear and chemical weapon threats, explosive device settings, RPG launching)*

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[8] There are cases of terrorists posing as community service or civil construction workers during the building of a hotel.

[9] Citizens' unrests and protests in Greece, at the end of 2008 discouraged a large number of tourists from visiting Greek tourist centers during Christmas and the New Year's holidays.

[10] The number of German tourists to the U.S.A. dropped from 608000 in 1993 to 411000 in 1994 due to their fear from crime. On the other hand, tourism industry grossed 28 billion US dollars in 1993 and was the largest source of US economy income. A research done in the U.S.A. in 1995 shows that the security factor takes the second or third place in choosing a tourist destination. See: Glaeser, D. (2003). *Crisis Management in the Tourism Industry*. Butterwarth Heinemann, Oxford, p. 52.

Criminal activities Type 1, according to official police reports, show a trend of crime increase in summer. This trend will continue to be on the rise in proportion to the increase in intensity of capital flow into the tourism industry and the stay of well off guests from abroad. It is known from the experience of other countries in transition that these trends are evident in the regions where business is blooming and that the attacks on foreigners, especially women and business people are increasing in number.

The motives for criminal attacks on hotel guests may be different, and the attacks made take the following forms: theft, petty theft, grand theft, armed robbery and robbery. In most cases, jewelry and other very expensive possessions are stolen from hotel rooms, but lap tops containing corporate financial and project material, that hotel guests take with them, may also become objects of steeling. All these are cases of grand theft or burglary. However, these criminal offenses are often staged to serve as cover for some other criminal offense made prior to the staged one by the person who is doing the staging.

Attacks that are especially increasing in number are the attacks on wealthy hotel guests done by teenagers who demand or snatch money, jewelry and credit cards from their victims outside the hotel. Foreign individuals and organizations that are the target of criminal organizations have large sums of money in their possession, but also electronic devices, computers and other pieces of equipment and products that may be reshaped or recycled and then sold on the black market. This issue is of security interest to the hotel management too because the sources of information about the hotel guests may be accessible in the very hotel.

Along with those made outside, the thefts made inside a hotel also may be expected. The offenders may be the employees as well as the guests of the hotel. These threats are real when there is no protocol according to which hotel-room keys are taken to the purpose of servicing the rooms, or when other vulnerabilities are present relating to access control and card-key system of room accessing.

Within the framework of *Type 2* threats, business people *abductions* may be expected done by crime organizations the members of which are individuals involved in previously made thefts of cutting edge technologies and products. *Kidnapping* their family members, who are also the guests of the hotel, may be expected too, to the end of blackmailing them. The motive for this may be revenge, prisoner releasing, or ransom taking.

The *Type 3* criminal activities become organized by exploiting certain types of tourist demand and competitive edge (e.g. president apartments). In this context, a very interesting thing is *diversion* that may be created by demolishing, setting fire on, and destroying or damaging objects. This last form of criminal activity consists of changing the substance and shape of certain objects that are a part of tourist offer or logistics so that they lose their basic purpose. A diversion is created mainly by setting an explosive device in certain rooms or objects and detonating it in order to destroy or demolish them. In view of the fact that in every hotel there are a number of access restricted rooms and objects the security of which determines the functioning of the hotel, the lack of appropriate security measures increases the number of options for creating a

diversion or sabotage with which servicing the tourists and meeting their basic needs will be impeded, or their security will be compromised.

3. ECONOMIC THREATS

Economic and industrional (competition) espionage

Economic espionage that has foreign elements in itself (it is funded by foreign countries or intelligence services) and is criminally sanctioned differs from competition espionage performed by a competitive company. Competition espionage is a part of offensive strategy of competitive companies that capitalize on their competition weak points. However, even the defensive competition espionage is used as a defense from competitive organizations. In fact, it is offensive at the same time, by its effort to preemptively protect from competition. Breakthroughs in the field of communication and computer technology creates actors of criminal and competitive strategies opportunity to carry out sophisticated operations utilizing (command, control, communication, and intelligence) systems that exceed the possibilities of detection and surveillance.

Why would economic or competition espionage be interesting from the standpoint of hotel security? Investments in tourism infrastructure, especially in hotels, are a boost or even positive turning point in the tourism supply, and a part of the prestige of a country in a specific region, underpinning the trade, transport, and other economy branches in the area. In this sense, competition activities in the closer and wider surroundings are considered to be an actual threat. According to some studies, these activities extend all the way to actions of commercial terrorism as a method to nullify competition advantages. Such assessments are based on existing literature, historical intelligence sources, and known priorities of intelligence services.

The forms of economic espionage are nothing new to academic circles that deal with intelligence issues. They are immanent to all economy activities whenever a country or a foreign intelligence service has a special interest to get into possession of intelligence information. In literature, these forms are known as *humint, litint, imint*, and *sigint* threats.

The source of HUMINT threats is the human factor, and the carriers are intelligence officers. Hotels are attractive residing places for guests with VIP treatment and this has a big effect on the attractiveness of intelligence information sources. Employees who work on permanent basis, embassies of foreign countries, missions, and councils may provide access to intelligence sources. Although there may not be intelligence cells on the premises, the possibility of existence of intelligence cells in hotels must not be discarded. Due to great glamour that accompanies hotel advertizing campaigns, there is a number of options for gathering information from hotel inside sources. At the same time, there are always cells among the people, business people, competition, and tourists in the region that might be a HUMINT threat.

As a rule, the most important intelligence information are known priorities that may have a detrimental effect on the quality of service and turnover quantity:

- Business strategy information
- Contracts
- Software information
- Technical manuals on protection equipment and technology
- Feasibility studies of confidential and delicate nature

Competitive companies skillfully use the following categories of individuals for gathering intelligence:

Service providers or purchased equipment deliverers to come into possession of important information about hotel companies. By all means, there exists a possibility that the deliverers or equipment maintenance workers use their position for a restricted access to different information and technology to the detriment of the company. To this end, particularly effective are the methods of social engineering, as combined information gathering techniques that contain elements of espionage, fraud, and sabotage. In practice known as *deceits,* these techniques use ignorance and lack of security consciousness of the employees, and the information that can be gathered in this way may be very simple – from the organization structure of a hotel company to detailed information about security and protection protocols, and personal records of employees. In many hotels, it is not stipulated what a proper procedure is, nor are the managers certain that every serious accident is reported to the team of managers or authorized persons. Therefore it is safe to say that deceiving is very probable, and that there is no way of sanctioning such behavior.

Insiders who belong to the following categories of employees:

- *Traitors* – persons with bad intentions to damage, destroy, or sell information
- *Fanatics* – persons who are convinced that they do the right thing if they fight against their company by making privileged information public even though they are not authorized to do so
- *Snoops* – persons very inquisitive by nature. They do their best to break the holy rule "on need to know basis"
- *Benevolent insiders* – persons who break security rules out of ignorance and thus become unintentional accomplices

The employed in their own companies. It is said that employees often know more about their competition than about their own hotel company. Employees with and advanced or unique knowledge of technology and thecnological achievements very often know much about what their colleagues in other companies do. Also, they may know what is being done in other hotels and may be acquainted with people who have useful information.[11]

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[11] Halibozek, E., Kovacich, G. (2005). *Mergers and Acquisitions Security*. Elsevier, Oxford, p. 93.

<u>Sector managers</u> are excellent, although not enough used sources of business intelligence about competitive companies. They interact with chief executives of other companies by doing business, directly or through business associations, by having the same hobbies, etc. What can be learnt and perceived in such contacts very often has a competitive value.

<u>Marketing.</u> People who are in marketing business are close with consumers and business partners because they are in business contact with them on daily basis. This interaction makes them a potentially useful source regarding business information and competition espionage.

<u>Legal advisors.</u> Since they work with complex legal issues or actual legal cases that include activities such as money counterfeiting, guest injuring, and legal support in connection with lawsuits, they benefit from knowing more about many issues that involve competition. Lawyers have legal access to information that are potentially valuable competition wise.

<u>Acquisition and merger teams.</u> When making evaluation of potentially target companies, merger and integration teams spend a lot of time analyzing the competition and their markets. These teams collaborate closely with strategic planning organizations. This is an important issue in the context of development strategy of a hotel and plans for business expansion, as well as making offers i.e. buying new hotels. The workers of newly purchased hotel company bring along their knowledge about the competition. Bearing in mind that information have a short life span, a prompt action is necessary. This as a kind of defensive espionage. If the newly acquired company has a competition espionage team, they should be kept. They may have already developed information gathering internal structure that can be used immediately for the development of new competition espionage.

<u>Selling service.</u> Through caterers, the selling service has an insight in purchasing and other actions that the competition takes. In this way, and combined with other information, this service may discover a tactical or strategic initiative within the tourism supply in the region. Expert caterers, who are a part if internal information network, very often prove to be useful.

Competition espionage is always a latent threat because it is difficult to assess whether a hotel or an individual is, and in which segment, the target of this threat. Even where things are thought to be under control, the trend line and leading position that a hotel may have in the region show a great exposure to this kind of threats.

The quickest way to assess which information about a hotel are interesting for espionage activities and in what way are they to be classified in the corporate secret act is the so called determination of needs

- Who needs the intelligence information?
- Which information are needed?
- Assigning priorities to needs?

The answers to these questions will help focus the energy and time on specific categories of information. Security sector manages the efforts of defensive competition espionage the protection of hotel company information being its responsibility.

Some other economic threats exist especially on underdeveloped markets.

Strikes as an economic threat are possible as a consequence of workers' dissatisfaction with work conditions, wages, and potential redundancy of the employed due to the fact that business activities have changed location. Sometimes, strikes are deliberately instigated by competitive companies in order to produce hold ups in business activities.

Violence at work stations is an ever present and acute threat. What with many expressions of this phenomenon in the form of physical and psychical aftereffects, very little attention is paid to *stress* which cumulatively may pose a significant threat to security. Stress may be a consequence of violence at work the ramifications of which are very difficult to predict, and they include poisoning, injury inflicting, and even lethal injuries to the employees or guests to whom it is possible to focus dissatisfaction.

4. CAN SECURITY BE A FACTOR OF COMPETITIVE ADVANTAGE IN TOURISM?

As all other products, tourist resorts are competition to one another. Thus, they have to develop specific advantages that distinguish a certain resort from all other competitors. Assessing these advantages, as well as the consequences regarding negative events that may happen to them is of the utmost importance for the services that a destination offers.

When defining competitive advantages, Frombling divides tourist motivation to primary and secondary needs. He sees the primary motives as the need for traveling or resting, and as the secondary needs, aspirations relating to health and the need for security; socialization and social needs; prestige and status as the need for acknowledgment; experience acquiring and spontaneity, and the need for self actualization.[12]

A question arises here as to what can be construed as a security need of tourists. Is it the absence of fear from crime, social or health security, or something else? Whether we observe security as being one of the basic or secondary needs of tourists, these basic and additional benefits are combined with competitive advantages, for the sake of deeper analysis. According to Porter[13], it is possible to distinguish two basic types of competitive advantage – the price, and differential advantages (e.g. resort attractiveness and uniqueness, (remark made by Z.K.)). From the clients' point of view, it means that they are offered both values – material and not material – in comparison with the competition, or comparable services for less money. Security, as a basic need

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[12] Frombling S. (1993). Zielgruppenmarketing im Fremdenverkerkehr von Rgionen, Lang, in: Glaeser, D. (2003). *Crisis management in the Tourism Industr.* Butterwarth Heinemann, Oxford, p. 73.
[13] Porter, M. E., Competitive Advantage, Pree Press., in: Glaeser, D. (2003). *Crisis management in the Tourism Industr.* Butterwarth Heinemann, Oxford, p. 76.

may be defined as absence of fear from crime, but in the context of tourism clients are primarily motivated by different needs. For instance, the prices of products and services can really be an efficient instrument for the reduction of enlarged perception of security risks. After the tragic attack on tourists in Luxor, in 1997, Egyptian tourism sector sustained enormous losses. However, the tourists preferring scuba diving in the Red Sea did not react in the way other groups of tourists preferring beech tourism did.[14]

The same thing happened in the case of famous New York Marathon that took place only two months after the terrorist attack on September 11. Despite the fact that travelling was reduced to minimum in that period, particularly by air, American and international competitors did not give up this sport event, the sense of being in danger notwithstanding.[15]

The previously mentioned remarks about the hierarchy of needs in the context of tourism are being reconsidered nowadays under the pressure of the fact that the focus of terrorist activities shifts towards "soft" targets. For that matter, it is necessary to perceive the security perspective as a competition resource. This becomes apparent when we take into consideration the series of terrorist acts at the beginning of 21st Century their targets less and less being strategic structures of national importance and more and more business, urban centers, and tourism regions and infrastructure. The attack aftereffects show a close relation between terrorism, economy, and tourism. The tourism industry is not faced only with tourism service consumers' trust, but also with the crisis of change in tourism economy demand trend. This branch of economy suffers the consequences of the increased fear from travelling and passengers' concern for their safety. International tours show an annual drop of 1.3% all over the world. Besides, tourists do not stay in hotels any more. They dine at restaurants, visit fun places, museums, cultural and historical monuments, shopping malls, etc. There is a trend of shorter trip increase, use of more affordable means of transport (moreover, they are considered to be safer), and choice of destinations closer to their home places. The fear from insecurity makes individual transport more popular than mass transport of passengers and goods.

It becomes more and more obvious that tourism as a trigger of social and economic development that presumes free goods and service exchange will not be possible to conceive without efficient security and protection strategy. Traditional belief that insisting on security measures will make the public angry is not valid any more. The public today is much more afraid of security threats than of security surveillance and checks. In short, the passengers (tourists in a broader sense) do not feel suspicious towards security; on the contrary, they demand it. All encompassing security will presume accountability of everyone – from people in the street, hotel managers, to government ministers. Due to potential victims, health damage, and property and infrastructure destruction tourist resorts will compete to attract the attention of investors and, in that way, stimulate their economic growth. This, in turn,

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[14] Tour operators specialized in giving scuba diving services reported that only after three months of abstinence from scuba-diving tourism the trend of scuba-diving tourist arrivals continued ion a much larger scale compared to the arrivals of other groups of tourists.
[15] Glaeser, D. (2003). *Crisis management in the Tourism Industry.* Butterwarth Heinemann, Oxford, p. 46.

will generate the concern for security as a component of sustainable development. Hotel management will share the concern and accountability for an all embracing protection acknowledging the fact that threats, generated by both external and internal actors, affect the profit. Measuring this effect is one of the most complex, but also most pressing tasks of risk management and analysis of economic justification of investing in security.

CONCLUSION

Security threats (crime, terrorist acts, etc.) are an inseparable component of tourism. There is a number of reasons why tourism is a favorite target to various criminal, terrorist, and other groups:

- Connection to traffic and financial centers[16];
- Connection to big business and corporations;
- Publicity;
- Big fluctuation of capital, merchandise, and people;
- Symbolizing of national cultural treasure and history.

The paper does not address all possible threats to hotel companies for the reason of lesser degree of risk prioritization or need for their detailed elaboration. We single out: vibrations, radar radiation, acoustic radiation, electromagnetic radiation, instability of electric energy supply, electric power strikes, radiation danger, chemical and biological hazard, air pollution, sea water pollution, big fires, and contagious disease epidemics.

The appearance of acute respiratory syndrome SARS (the so called birds' flu) in 2003 had a direct and severe effect on whole geographic regions. The direct economic damage immediately reflected on business activities, tourism industry and touring Asia and Canada. Indirectly, hotel business on the whole was in danger due to a weaker flow of tourists into specific parts of the world.

War, terrorism, and political unrests are not the only threats that can jeopardize economic conditions of tourist industry development, particularly the interests of the private sector and hotel companies. A list of assessed threats may encompass *natural, technical-technological and other danger* that, combined with the human factor, can have devastating effects. It is interesting to have a closer look at different scenarios of combining threats: a terrorist attack with the possibility of setting an explosive device on the evacuation rout; total lack of water in the town water supply system with using biological weapons on their water supply sources etc.

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[16] An obvious example of connection of terrorist attacks to financial and, at the same time, tourism centers got its inglorious epilogue with the attacks launched on hotels in Mumbai. Although this is not the first in a series of terrorist attacks that took place in this town in India, it is obvious that the flows of national and international capital do not avoid tourism regions. Thus, it is reasonable to assume that the purpose of such attacks is to weaken the financial power of specific regions, along with their tourism attractiveness.

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