

# TURKISH TOURISM BENEFITS FROM LIRA CRISIS



Due to economic turmoil, Turkey is on everyone's lips these days. In particular, the devaluation of the Turkish lira by more than 46% since the beginning of the year, with marked its weakening (over 25%) in recent days, causes restlessness in financial markets. However, there is one sector that benefits from recent developments – tourism.

According to the British wholesaler Thomas Cook, year-to-year reservations to Turkey have increased by 63% so far this year. **The depreciation of the lira is one of the reasons for this, as it makes Turkey one of the cheapest beach destinations.**

Turkey's GDP dropped by one percent in 2016 due to Turkish tourism problems. But now there are different problems and tourism is helping to overcome them. In April and June, 30% more tourists were reported than last years. Meanwhile, Russians have overcome Germany as the largest Turkish source market.

Average tourist expenditure in the second quarter of 2018 was \$602, compared to \$715 in 2015. Despite this, tourism is currently a bright spot in the Turkish economy. By the end of the year Turkey expects to welcome 40 million visitors.

According to experts, Turkish hoteliers are the winners in the first place. The reason is that while they have agreed prices with organizers in euros, their own costs, especially staff costs, are in lira.

Same experts also see this moment as a big opportunity for Istanbul. The capital on the Bosphorus has not yet recovered in terms of tourism, in contrast to the Turkish Riviera. Now, top rates for hotels are finally starting to tick and luxurious stays in the city are becoming more affordable due to lower costs.

The lira crisis also makes it substantially more interesting to buy in some of the most expensive shops in the world, such as the Istinye Park Mall in Istanbul.

Stores such as Louis Vuitton, Chanel etc. register huge queues of visitors these days. These, mobile in hand, convert prices into euros and dollars according to the latest rates. Thus, according to Bloomberg, a bag of Chanel can be obtained for 18,500 liras, which is equivalent to about 2,877 dollars. This is a discount of almost 25% compared to the official prices of the company.

The diversion of British and German tourism to Turkey leaves Spain as the main loser of the situation. Tourists who opt for other competing destinations to Spain, such as Turkey, Egypt or Tunisia, are,

however the most sensitive to prices.

Thus, according to an analysis by Mabrian Technologies with Interface Tourism Spain, hotels on the Mediterranean and Black Sea coast offer average prices that reach up to 73% less compared to the prices offered in the Balearics.

In response, **Spanish hoteliers will lower their rates by 4.6% in August**, so as not to lose the economic performance of the summer season. It must be said that they already predicted the deceleration of international tourism after the fall of overnight stays by 0.2% in the first half of the year.

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