

SPANISH TOURISM SLOWDOWN LIKELY TO CONTINUE IN 2019



In 2018, tourism GDP grew below the Spanish economy. The number of travelers reached 82.6 million which is 0.9% more than last year, when the country achieved a historical record of 81.9 million arrivals. The growth rate is much lower than what had become a trend for the last years, after seeing increases of 8.9% in 2017, 10.3% in 2016, and 4.9% in 2015. The tourism slowdown is likely to repeat this year according to experts. Business entrepreneurs however estimate that sales and revenues will see a 5% improvement this year due to an increase in prices.

Last year, for the first time in 10 years, the economic activity of tourism (2%) has grown below the level of Spanish economy (2.5%). **This has become the next trend: tourism slowdown that will continue throughout 2019.**

“Throughout 2019 we expect slight growth, it will be more adjusted to the economic growth than to the favorable conditions of recent years,” said José Luis Zoreda, executive vice president of Alliance for Excellence in Tourism (Exceltur) that brings together over 23 companies in the industry, including hotels, airlines, payment services, tour operators and travel agencies.

The main reason of what can be considered the Spanish tourism slowdown for some, and normalization for others, will be again the much discussed recovery of competing Mediterranean destinations, such as Tunisia or Turkey that, after already gaining back over 12 million tourists, still have 20% of the market share left to regain.

According to Exceltur, it is precisely due to the rise of these countries that Spain has lost 21 million overnight stays in 2018, compared to 2017, adding a decrease to average stay, going from 7.7 days in 2017 to 7.4 days in 2018.

“We have to change the mantra and the metrics, this is not about [setting] records anymore, but looking for more desirable tourists that represent more earnings, and 2018 has shown a positive shift in that direction,” added the executive vice president of Exceltur. In this sense, Zoreda happily announced and celebrated the fact that last year, the tourism revenue was 142 billion euros, “the highest amount to date”. The tourist expenditure also increased by 3.1% compared to the revenues a year earlier, and reached 89,678 million euros.

However, the purchases made by tourists from countries outside the European Union fell by 5% in 2018 over the previous year, according to the Barometer of Tourism Shopping compiled by Global Blue, international operator tax free. Specifically, the expense of Russian and Argentine tourists fell 13% and 21%, respectively, due to the economic situation that the countries are going through.

According to Exceltur's estimates, in 2019, the forecast on growth of the sector's economic activity will once again be below the country's economy, with 1.7% and 2.2%, respectively. However, business experts predict a generalized growth of sales (5.5%) and revenues (5.5%) due to the improvement in prices for investment in repositioning of products and offers aimed at tourists with greater purchasing power, such as those from long distance markets.

For Exceltur, this market segment is the reason why average expenditure per tourist has grown at rates of 3.1%, according to the latest data from the Bank of Spain, since air connections have increased, such is the case of the United States (11.8%), China (18.2%), Qatar (15.5%) and Japan (11.8%). According to Zoreda, Asian visitors have an average daily expenditure of 160 euros, and Americans 130 euros, while the average of traditional markets is only 98 euros. "This is the reason of such a significant increase in revenue," he added.

"The dilemma in 2019 is how to improve attractiveness of what we offer, because that will be our best safety parachute in the event of falls in demand and overnight stays, and improve, as well, the income left by visitors, which is the main objective of Spanish tourism" he concluded.

The minister of tourism, Reyes Maroto, highlighted the importance of tourism in creating jobs, **closing 2018 with 100,000 new job positions in the sector**, and more than 2.3 million members of the Social Security system, figures that strengthen tourism, she added, as one of the employment engines in Spain, taking 12.2% of the total membership.

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