

SPAIN'S FOREIGN TOURISM EXPECTED TO FOLLOW THE SLOWDOWN TREND



The business lobby, Alliance for Tourism Excellence (EXCELTUR, in Spanish), ensures that this summer the slowdown trend in Spain's foreign tourism will continue, reaching influx levels similar to those of the summer of 2018 with moderate increases in revenues, but drops for sun-and-beach destinations compared to the increases in urban and domestic destinations.

The progressive slowdown trend of tourism activity has led EXCELTUR to maintain its growth expectations for the industry at 1.6% for 2019, slightly below the 2% recorded last year. **The rate remains lower than the 2.4% expected for the economy as a whole for the following year.**

This has been explained by the executive vice president of EXCELTUR, José Luis Zoreda, in the business evaluation report of the second quarter of 2019, in which he claims that "two divergent scenarios between two tourist 'Spains'" are coming together, where the activity of cities and domestic destinations have an upward trend, with a recovery in external demand that registers the largest expenditure at destination.

By contrast, traditional sun-and-beach destinations in Spain, which depend more on foreign demand of tour operators, especially in the Canary Islands and the Balearic Islands, show the largest drops. The drops in the German and Nordic market for the islands are around 8% due to the recovery of competing destinations, better weather, and the lowest air connectivity.

EXCELTUR ensures that Barcelona, Madrid, and Valencia, together with domestic destinations, the Catalan coast, Asturias and Galicia have the best prospects for the summer, while the Canary Islands and the Balearic Islands will register overall drops in their turnout due to the expected decrease in foreign arrivals.

According to Zoreda, this slowdown trend is different for markets of origin, and depending on the degree of renewals for accommodations and transformations carried out in the destinations in which it is integrated. This way, the gap in turnout and new job offers reaches 30% among companies and destinations that have invested in transformations and renewals, and those that have not, according to the business lobby.

"The alarming readings of many tourism officials, based solely on the number of arrivals, have set back the process of regeneration needed in many Spanish destinations at times when competitors were at their lowest and [that] we should have taken advantage [of]," regretted Zoreda.

Tourism entrepreneurs are moderately optimistic: 40.7% believe that they will increase their sales compared to last summer, whereas 45.3% expect an improvement in their turnout due to the positive outlook for holiday destinations that are more dependent on domestic demand and city dwellers while foreseeing drops in sun-and beach areas.

Tourism activity in Spain continues to slow down throughout the second quarter of 2019, reaching 1.7% below the growth recorded in the first quarter (2.3%). The report highlights growth in domestic destinations and inner cities during the second quarter, in the face of a drop-in turnout for coastal destinations with greater foreign dependence, with the Canary Islands and the Balearic

Islands reporting the highest drop, 4.7% and 2.3% respectively.

Despite this, Social Security affiliates continue to increase due to tourism employment, growing by 3.7% until June, which translates into 76,195 more jobs.

The strong recovery of competing destinations in the Eastern Mediterranean (11.3% growth in Turkey, and 45.7% in Egypt) has a direct impact on turnout and overnight stays of Spanish sun-and-beach destinations.

“This is offset by an intense growth of foreign demand for cities, driven by the greater connectivity with long-distance markets and higher expenditure at destination and proximity markets derived from its growing attractiveness,” explained Zoreda, highlighting the growth of the Japanese (30.8%), Chinese (17.5%), US (11.2%), and Mexican (35.7%) markets.

The business lobby is concerned about the drop in Spain’s foreign tourism (2.9% expected decrease), measured in the number of overnight stays “which is the most reliable indicator and most associated with revenues through expenditure at the destination”. This is due to a decrease in **stays, which has fallen 1.6 days in the last seven years, although revenues have grown by 3.5%** due to the increase in profiles with higher average daily expenditure in urban destinations.

Therefore, they urge the Government to push forward measures committed to a great plan of transformation and repositioning of tourist offers in sun-and-beach destinations, which accounts for nearly 60% of the Spanish tourism activity.

“The goal is [for the industry] to remain as one of the largest generators of foreign currency in this country before a loss of competitiveness worsens, [which is] essential to ensure the creation of employment,” said Zoreda.

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