

Food, festivals and history to replace sun, sea and sand

Tourism

The industry has to adapt to a drop in demand for bulk beach bookings and focus on what makes Spain a unique destination, writes Miles Johnson

Sun, sea and sand was once the simple maxim that governed the vast stretches of resorts lining Spain's Mediterranean coastline.

Fuelled by cheap holiday packages dropping millions at its airports each summer, and cheap credit helping the construction of new hotels to house them, for decades there seemed little reason to find a new philosophy.

That benign climate, however, has long since ended. For the country's hoteliers and tour operators, the past three years have been the most difficult in their professional memories. In 2009, the number of foreign visitors to Spain slumped by 10 per cent, leaving thousands of cheap hotel rooms empty and English-themed pubs in locations such as Benidorm eerily subdued.

The secondary effects on Spain's domestic economy have been bleak. The tourism sector, which represents 12 per cent of gross domestic product – compared with building and construction's pre-crisis peak of 18 per cent – has shed about 180,000 jobs in the past three years, escalating national unemployment levels that remain above 20 per cent.

At the same time as the collapse of Spain's construction industry, the country's other great economic motor, the model of *playa y sol*, or bulk sale beach tourism, has been called into question by industry experts who argue that structural changes will need to be made to persuade tourists

to pick Spain over cheaper competitor nations such as Croatia and Turkey.

"Spain still has a model of offering capacity, with operators typically saying, 'I have this many beds, how can I sell them?'" says Professor Philip Moscoso of the Iese Business School.

"The type of tourist demand over the past 10 years has been changing, but the offer we have as a country has remained largely the same. Now, more people are coming on their own, using the internet more than tour operators, so Spain must start to think harder about how to differentiate itself."

One way destinations can win back visitors is by trading on their cultural attractions, an advantage that some experts argue should see Spanish operators attempt to emulate Italy's ability to project the attractiveness of its cuisine and art globally.

Michelle Obama's visit to Marbella last year brought welcome publicity to the increasingly unfashionable region, with operators later reporting that the First Lady's reflected glamour triggered a rise in interest from the US and beyond.

Such "cultural tourists", Prof Moscoso argues, are likely to be of higher value in the amount of money they spend and, while still a small portion of the yearly numbers of visitors, could provide a route out of high-volume, low-value beach holidays to the Canary Islands and eastern coast.

Spain's cultural pull is also expected to draw more visitors from Asia over the next decade, a trend that has seen a renewed round of investment in the country's hotel industry from foreign companies.

"Europe has the most visitors of any continent in the world... and we think that emerging markets will provide a tremendous influx of new travellers to Spain," says Bill Marriott, chairman and chief executive of Marriott International, the US hotel chain. In June, it signed a distribution



Primavera Sound festival in Barcelona attracts most of its audience from other countries

deal with Spain's AC Hotels that will see them renamed "AC by Marriott".

Cultural events, such as the growing series of music festivals, are increasingly capturing a younger market of European travellers that would have previously attended similar events in their own countries.

Barcelona has enjoyed particular success on this front, with the Sonar festival in summer and the Primavera Sound festival in the spring, which has grown from attracting just under 8,000 people in its first year in 2001 to more than 100,000 this year.

With performances from mostly American and British acts, Primavera Sound's organisers have managed to build the international profile of the festival to a level where it now regularly attracts groups of international stature and draws most of its audience from other European countries.

Bulk tourism still dominates for now, with the political upheaval and revolution in north Africa expected to increase the number of visitors to Spain by 1m after two years of successive declines. This has coincided with signs that tourism is starting to emerge from the downturn. In April, the number of foreign visitors was up 13 per cent on last year at 8.1m, with the total amount spent by tourists increasing by 24 per cent to €4.2bn.

For the country's hard-pressed hoteliers the spring also brought better news, with 53 per cent of rooms being registered as occupied by the

government's national institute of tourism, an annual increase of 10.6 per cent.

For Prof Moscoso, while such signs are encouraging, they should not distract from the need to use Spain's cuisine, museums, religious monu-

ments and festivals to reduce dependence on more fickle bulk tourism.

"We have a top location, so what can we offer, not just to compete on price, but to differentiate ourselves? This is where culture, the arts, and our historical heritage come in."