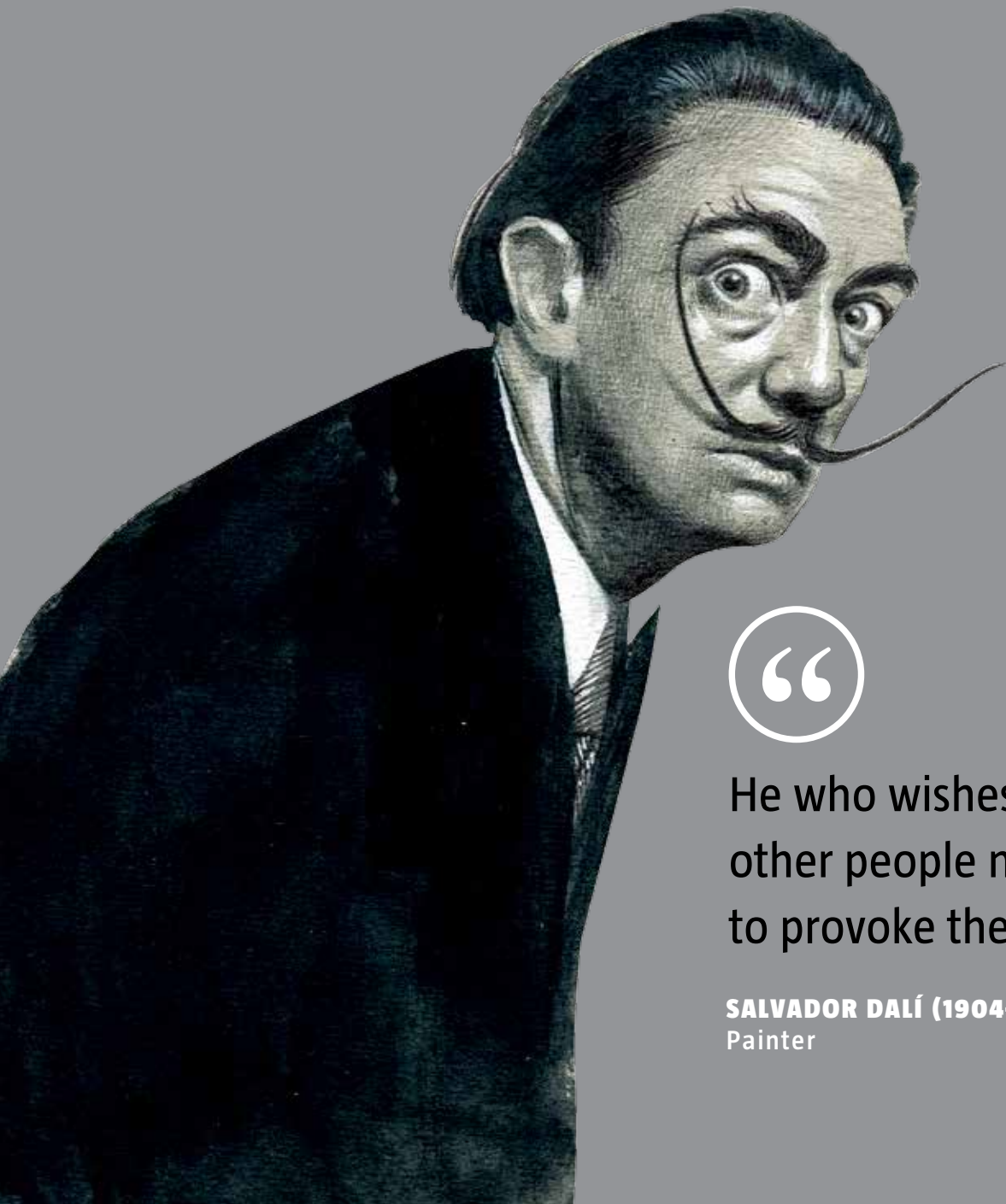


TOURISM

06

SMILE AND THE TOURISTS SMILE WITH YOU

Directly and indirectly, the tourism industry as a whole represents almost 16 percent of Spanish GDP and accounts for a similar proportion of total employment. But it isn't enough to keep doing what we do: we need to innovate, making customers the focus of our industry.



He who wishes to interest other people needs to provoke them

SALVADOR DALÍ (1904–1989)
Painter



MELIÁ HOTELES

A need to innovate with customers

Tourism seems to offer the driving force for our economy's recovery. But Spain must cease to be a safe-haven destination and position itself in terms of price and value both online and offline.



Josep F. Valls
Giménez

Marketing Management
Department, ESADE

In order to analyze the future prospects of Spain's tourism industry, we must first find out the extent to which the industry is capable of recovering from the crisis on its own and supporting the rest of the country's economic sectors. In recent months, tourism has seemed to be the driving force behind a general economic recovery. While tourism's share of GDP growth stood slightly below Spanish overall GDP from 2001 to 2007 (+2.1 percent and +3.5 percent) and from 2008 to 2009 (-7.3 percent and -2.5 percent), as of 2010 there was a radical shift in the situation, as tourism far outshone the rest of the economy (+4.8 percent and -2.5 percent respectively). Nevertheless, this burgeoning tourism GDP is in sharp contrast to the following three situations. First, few of the jobs lost between 2007 and 2010 have been replaced. Despite the creation of more than fifty-two thousand jobs in 2014 and further increases in 2015, employment remains far below 2007 levels. Second, talent has

been depreciated since the crisis in terms of the quality of employment on offer (increased precariousness and seasonality) and decreasing wage levels. Third, Spain's tourism industry has generally shown little interest in innovation. It is a highly resilient sector, but scant creativity is applied in the management of businesses. Maintaining a lead position in the face of soaring global competition will depend on the conditions in which the country finally emerges from the crisis. These are issues that will become clearer over the coming months, and will result in better or worse conditions in which the tourism industry is ultimately going to face the challenges ahead.

These issues are as follows:

1. Spain must cease to be a safe-haven destination

Following the latest jihadi attacks in Tunisia, the Canary Islands, Costa Del Sol, and other Spanish destinations rubbed their hands in anticipation. During the decade since 2010,

Spain has provided a safe-haven destination for tourists who were planning to travel to Arab countries when the Arab Spring struck; faced with crises and rebellions, tour operators have been able to offer Spain as a contrasting alternative. The same thing had happened during the previous decade with the wars in Iraq and Afghanistan and terrorist attacks in major European capitals. And between 1990 and 2000, Spain received additional tourists in the hundreds of thousands as they avoided war-torn zones in former Yugoslavia. We've been benefiting from the ills of other countries for the last twenty-five years.

Being a safe-haven destination is an excellent position to be in. French tourists who dream of traveling to the French Antilles but end up in Spain are an excellent example of this substitution. The (rather substantial) spending they planned over there is transferred over to our country. Nevertheless, those who substitute Tunisia, Egypt, or even Morocco with holidays in Spain generally end up



Hotel Meliá Villaitana,
Benidorm
(left)

Alhambra, Granada
(right)

spending the same here as there, which is a lot less. This is why the average amount spent per tourist has fallen since 2000 from €1,116 to €754, a drop of 30 percent. A poisoned chalice. Global revenue from tourism is up, not because visitors spend more but because many more tourists come to Spain. Sun-and-sand business has been losing competitiveness for some time: when more tourists arrive, more hotels and facilities have to be built that are later closed for seven or eight months of the year. Average spending diminishes, prices fall, and meanwhile business costs increase at the pace of general production factors.

2. What customers want

Tourists have known what they want for a long time. In fact, they have always known what they want, but now they are able to give voice to their demands like never before. They have finally been empowered thanks to the interaction provided by daily contact with social net-

works, opinion and recommendation websites, marketplaces and technological platforms. Customers criticize; they demand collaborative values, environmental awareness, solidarity. This independence allows them to set the price they are willing to pay at any particular time. Negotiating power mainly falls on their side now, as opposed to being in the hands of producers or distributors. And that includes vacation rentals.

3. Bottom-up

All of this began with the tour operators who identified a new business for a new market: sun-and-sand holidays on the Med. These operators set all the rules of the game in the market. The first measures regulating the organization of the sector on a state level—plans on environmental protection, quality criteria, and organization of the tourism industry—did not make an appearance in this country until the 1980s. Central and regional governments (who have all the power in this sphere) have led the sector by offer-

ing bucketloads of funding—where possible—for planning, the creation of products and services, the promotion of destinations and, above all, for training. But this boost lasted just twenty years. Since 2000, and particularly since the onset of the financial crisis, funds have dwindled considerably. Only the most dedicated enterprises have managed to make the leap to form part of public-private partnerships with more options for planning, developing, and being more competitive. As long as destinations and enterprises fail to create strategies on a local and destination level, with regional and central governments that place themselves at their service once destinations have grouped together (as is the case in France) we will remain in management limbo. The waste generated by closing these productive structures for seven or eight months of the year isn't the fault of customers who do not visit as any other time; rather, it is that we have gotten them used to it, and we don't offer them anything else.



MELIÁ HOTELES

Hotel Meliá Génova, Madrid

4. Positioning Spain in terms of price/value

The most important factor in reinventing Spain's tourism business model lies in positioning the country on the price/value axis. On the one hand, Spain has improved its competitiveness in tourism. In 2011, it lay in eighth place on the global tourism competitiveness ranking, but by 2013 it had managed to move up to the fourth spot behind Switzerland, Germany, and Austria. The country's strengths revolve around world-class cultural and heritage attractions; sporting facilities; the country's tourism infrastructures in general (hotels, car rental, accessibility via air travel, and cheap prices); and the fact that tourism has remained on the political agenda, continuing to receive investment from the government during times of crisis. Nevertheless, Spain does not appear on the best tourism rankings for country brands or establishments. Indeed, Spain's brand evokes little interest among the world's tourists. Future-Brand places Spain at number twenty-three, a long way behind Japan, Switzerland, Germany, Sweden, Canada, Norway, the United States, or Australia. It is considered a popular tourist destination but is perceived as having little value as a business opportunity. This is accentuated in the case of tourism establishments.

No Spanish hotel has ever achieved a ranking among the world's best hotels. We are up there in terms of quantity, mass tourism, and cheap prices, but as a country we are considered to be mediocre in value attributes. When facing the future, we must decide whether we prefer price or value, and which characteristics we want to be associated with. Historically, sun-and-sand tourism was born cheap. This is no bad thing in itself. At least, not when associated with certain other attributes. Cheap, yes, but also mature and accessible with a wide-ranging offer of products and services, and associated with other quality factors such as safety, innovation, experience, and technology.

If two-thirds of Europeans seek value at modest prices while one-third, a proportion enlarged by the crisis, solely look for the cheapest prices, enterprises and destinations should make a clear commitment to one or the other of these options. But dedicating oneself to the latter option entails double the stress: the stress placed on the enterprise itself, striving to offer ever lower prices, coupled with the added stress of always having to keep an eye on competitors whose prices are also dropping. In contrast, choosing the first of these options means associating a destination with certain values and maintaining a sus-

tainable competitive advantage that affords a margin for improving prices in line with more positive perceptions of value. In general, Spanish urban hotels are afraid to increase prices because they think that their customers will switch to their competitors; this is a gross mistake. In 2013, Meliá renovated a cheap hotel in Majorca and transformed it into the Calvià Beach Resort. It now markets its rooms at a price 400 percent higher and has extended its season. Thanks to its technological platform, BeMate is able to offer hotel rooms and holiday apartments at the same time. These are just two success stories of businesses that have opted for value that comes at a certain price.

5. Online and offline

Spain was one of the first countries to take on the task of creating a tourism portal. Twenty years later, various attempts to lead the world's platforms have not borne fruit, and we have watched how other countries with smaller-scale ambitions and budgets, such as Canada and Australia, have come up with more efficient B2B2C (Business to Business to Consumer) tools at the service of tourists and all players in their tourism industry. A vital piece is missing from the framework of Spain's tourism trade. An efficient tourism portal should bring together the whole offer, including establishments, cities, and destinations. It should also manage customer relations. If it is also able to offer leisure activities and experiences, the platform will end up being profitable for everyone. Face-to-face strategies (trade fairs, for example) have their place, but without co-creation and online interaction with tourists, offline marketing loses value. If we analyze the public budgets allocated to tourism, we can see that online budget allocations grow too slowly. The large hotel groups have realized that increasing direct relations with customers by marketing vacancies via the right platforms is a key factor in the success of their businesses.



Arcos de la Frontera, Cádiz

6. Market intelligence

The Spanish tourism sector has historically been a demand industry. Tour operators constructed the market like that in the 1960s, and a large proportion of the country's sun-and-sand tourism is still managed in this way. Even during the last fifteen years, when customers have begun to act in a more independent, direct way, few advances have been made in identifying current and future markets. Without a data infrastructure, it will be very difficult to know which will be the replacement markets of coming years.

7. Globalization

In 1985, Grupo Barceló became a pioneer of international investment. It took advantage of its experience in customer management in the Balearic Islands to open its first resort in the Caribbean. Many other enterprises subsequently joined this first wave of investment. The second wave was more selective. The third wave, more diffuse. But the internationalization of our enterprises has been scarce since then, given that in the majority of cas-

es it has been accompanied by real estate acquisition of a limited scope. We see very few Spanish tourism groups competing in the best sun-and-sand markets, little Spanish capital in the largest technology consortiums, and too much money invested in plots of land and face-to-face business. With a few exceptions, in the case of the hotel industry the size of businesses continues to be rather small, with a reduced group structure, despite the fact that the largest Spanish groups are among European leaders.

Conclusions

Once a solution has been found to the uncertain question of how Spain is going to recover from the crisis, the Spanish tourism industry is going to need to find its place on the world stage. Essentially, the Spanish offer is cheap, seasonal, mass tourism very much attached to the vacationer profile. But customers want to see a space for leisure time with a certain value at a cheap price. This position is not an easy one. It seems rather less complicated to keep on being

a safe-haven destination, albeit at cheaper prices, even though it means maintaining the outdated "more is more" model, which requires further construction, and is not particularly profitable. It doesn't help that there is so little innovation applied in business and destination management. Customers know what they want and they demonstrate this every day on the Internet. Refusing to let them have their say, not listening to them, or failing to turn them into our partners means committing to business models of the past that hold little interest. If Spanish enterprises and destinations are capable of creating stable relationships with their customers, they can gain ground on the construction of a new model of services that is more personalized, impressive, leisure-based, and in line with the experience actually provided. Above all, this new model could focus on value, yielding higher prices. When combined, all these elements would result in a better profitability from territory, heritage, services, infrastructure, and facilities.



Javier Gómez-Navarro

Ex-Minister of Tourism and Chairman of Grupo MBD

POINT

Change as a means of staying successful

Based on the attributes that have boosted the success of tourism in Spain in the past, it is time to move forward once again, innovating to improve enterprise profitability, wages, and the country's global revenue from tourism.

Tourism as a large-scale economic industry began at the start of the nineteenth century with the boost to transport provided by the steam engine, both in sea transport and railways. But only the upper echelons of the bourgeoisie in industrializing countries could access travel. The great explosion in so-called mass tourism occurred following the Second World War with steady growth and Keynesian policies to redistribute wealth that produced a middle class in developed countries. For the first time, this new class did not have to worry about basic survival problems such as food, housing, education, health care, pensions, or paid holidays, which they would spend on the coasts of the Mediterranean Sea.

The rising demand for foreign holidays outstripped supply for more than thirty years, creating a market in which it was not necessary to carry out promotional activity. Supply was unable to keep pace with demand until the 1990s, and the political and security conflicts taking place in countries to the south and east of the Mediterranean at the time meant that the region of the Western Mediterranean (fundamentally, Spain) managed to maintain demand at higher levels than supply.

These special conditions, which were almost unique in such a large consumer market, gave rise to a hotel sector that became a bottleneck for the development of the industry and did not have to compete since services mediating between tourists and hotels (tour operators) would purchase the entire offer in advance at attractive prices. This has created a culture in which hotel owners do not have direct dealings with the customer, are not accustomed to competition, have no marketing policy, and

feel no need to continually improve their products and services in order to win customers.

During recent years, rising tourism trade in the majority of the world's countries has been characterized by a change of business model, and now supply is greater than demand—as in the case of all consumer products. This means that Spain has to compete equipped with older facilities than our rivals, and with higher labor costs. Today, hotel services offered exclusively in terms of accommodation and in locations with little differentiation have become a commodity sold at lower prices. Meanwhile, two new factors have influenced the tourism industry, changing some of the trade's basic aspects: low-cost airlines and the Internet, both of which have reduced costs and brought new users into the sector.

Spain takes third place in the number of tourists received (behind the United States and France) and second place in terms of revenue (behind the United States). The country has maintained this enviable position for two main reasons: climate and fun. Tourists still like coming to Spain because although our prices are higher than the countries of the eastern and southern Mediterranean, they can have more fun here. We also offer some basic values that other countries do not, such as good security levels, health systems, cuisine, etc.

How can we maintain and even improve our positioning in the global tourism market?

The aim of tourism policy must not be to focus on receiving the highest possible number of tourists but on the greatest possible profits, and that means maximizing the amount of money spent by each tourist in Spain.

Spending is proportional to the length of time visitors stay and the activities in which they take part. A passive tourist spends a lot less than an active one. Therefore, we should stop selling isolated services and start selling personal experiences. This means having much more highly qualified professionals at our service. A tourism industry professional has to have a very clear focus on customer satisfaction, relating to tourists at all times with a smile and being disposed to ensure everything they do is made pleasant and easy.

One of the other problems in the Spanish tourism industry is a huge overcapacity, since we have developed new products and services while maintaining obsolete accommodation that does not comply with basic minimum quality standards. Today, we are faced with a situation in which the prices that our businesspeople have to set in order to sell their products continually lower profits. Average occupation levels are high; profits, ever decreasing. This is acknowledged by businesspeople in their responses to surveys: they know they have to change their business model but do not know how to do it.

Conclusions

The recent tourism boom of 2014 and 2015 is the right time to consider the necessary reforms to face the future with success and improve the profitability of our companies. The most important of these reforms are:

- a)** To rethink our destinations, establishing local clusters that set out how they can differentiate their offers and improve quality. In some cases, this will mean changing business models, and that is never easy.
- b)** Spain's Autonomous Regions should extend inspection activities to eliminate the dross, getting rid of establishments that do not comply with minimum standards, thereby jeopardizing other businesses: "one bad apple rots the whole basket."
- c)** To regulate so-called collaborative tourism in order to

include it in our offer. Regulation should be carried out with a liberal vision while avoiding unfair competition. Legislation must be clear, there must be quality control, and taxes must be paid.

d) To boost innovation in all aspects of our industry. Innovation means differentiating the product, improving productivity, and, by extension, competitiveness. Innovation in services comes essentially from within enterprises themselves. This means that enterprises must encourage innovation among their employees.

e) To provide strong support to growth in experience tourism. Merely selling plain services in the current market is condemning oneself to low costs. Spain needs to sell experiences that generate excitement and emotion.

f) Training must be improved. Capable experts must be involved in training, part-time, in order to transmit best practices to students. If training is only provided by academics who have never worked in the sector, it will continue to be the wrong kind.

g) To emphasise the development of ICTs in all phases of tourism: product development, promotion, marketing, service provision, customer loyalty, etc.

h) Tourism must be made attractive to young people with top results in secondary education. Good professionals should contribute value to enterprises, and they should be well paid for their efforts.

In short, we must embark on the changes that we have been talking about for many years and never realized. Spain must exit the crisis with a renewed tourism trade that can help us to move forward, innovating to improve enterprise profitability, wages, and the country's global revenue from tourism, based on the attributes that have driven our success in this sphere in the past (climate, fun, public security, and so on).

Tourism is an industry that revolves around smiles, the worker, and the tourist. Someone who does not smile is not fit to work in the trade.

COUNTERPOINT

The new pillars of spanish market leadership

Spain needs to have a strategic, holistic vision, face uncertainty, and manage chaos. It must develop relations, and transform the traditional customer orientation into a new focus on empathy.

By its very nature, the tourism system has developed certain behaviors alongside—or even before—social changes, and this has allowed the industry to offer its customers perfectly structured products and services the instant that they are developed. In other words, tourism has been characterized by its capacity for short-term vision and immediate implementation. The development of the tourism system has always been closely linked to tourist destinations, and this has been the source of local, individualistic policy that has isolated the business in its pure state from a broader spectrum, although it has not saved the sector from the demands of competitiveness. If we add to these criteria the fact that the majority of tourism activity has been linked to names who have acted simultaneously as entrepreneurs, investors, managers, and executors, it is easy to identify the distinguishing qualities of the sector's leadership during the twentieth century, along with the forms and techniques applied in leading an organization. These methods and techniques will be insufficient—obsolete, even—in the twenty-first century because social and geopolitical evolution demands a different type of behavior. If one had to advance a strategy for tourism "leadership" (and we are not referring to the concept of the lone "leader," a term that has been relegated to a second or third plane), we might establish five essential pillars on which to base a strategy:

1. Strategic vision

First, we need to have a strategic vision, which tourism leadership (when understood as a whole) has been lacking to date. The characteristic short-term vision must be substituted with a medium- and long-term vision. This vision must be accompanied by a suitable action plan, the preparation of means and resources, and—above all—objectives that are not merely daily business results.

Not only is it true to say that the tourism product or service is not stable; it is, moreover, eminently intangible, which makes it all the more complex. Any leader of tourist organizations in the present and immediate future will have to have boundless strategic vision, in particular regarding the factors of all types, often unrelated to tourism, that have a direct impact on the industry.

2. Global vision

Second, a leader in the twenty-first century must escape from their immediate environment, leave their comfort zone behind, and dive into the challenges of a globalized world in which time and distance have disappeared, replaced by technology and diversity.

Tourism is now accessible to a vast quantity of new customers unknown to the industry before. This has caused a profound change in tourism products and services that is further complicated by the difficulties

posed by an extremely weak and unstable geopolitical, economic, and social balance. A twenty-first century leader must have a global vision and apply this vision constantly in a new world capable of generating new needs.

3. Facing uncertainty and managing chaos

A third requirement of this tourism leader is linked to whether they can efficiently manage uncertainty. The leadership of the sector must be aware that something will be happening in the world right now that is going to affect their business, even though they cannot know what, how, when, or where. This is the defining feature of the new leadership: it can face uncertainty and manage chaos.

And managing chaos is the most complicated part of uncertainty because it goes to the very heart of leadership. It can be defined as the capacity to take decisions or find effective solutions in complicated situations. In order to comprehend the difficulty faced, it is important to understand that complex situations are those that are conditioned, marked, driven, or caused by variables that we do not know.

The main duties involved in managing chaos have to do with taking decisions, reaction times, flexibility, training, and the strength of character and, as always in complex situations, overcoming solitude. It is very likely that facing uncertainty and managing chaos will form an important tool in the response of the leadership to come.

4. Developing relations

Finally, the leader of the tourism sector of the twenty-first century must be asked—required, even—to net-

work, developing the capacity to create and nurture useful relationships in their sphere of influence. This is a very technical and technological capability without which society cannot be understood today.

No matter how good they are, a solitary leader is no use at all. In fact, the solitary leader no longer exists. This is why the concept has made the transition toward the idea of "leadership," in which responding to the unexpected is ever more important. A global leader is a multifaceted, technological figure with excellent networking skills and a particular talent for being in all of these places in the world at once. And it may well be cloud computing that will make such omnipresence possible. Besides all of this, the new sector leader will be innovative, creative, honest, tenacious, and have a good sense of humor and a touch of humility.

5. New vision of empathy

Finally, the classic customer focus must be remodeled into a new vision of empathy. It is not only about understanding and accepting the needs of the customer but also anticipating—even provoking—these needs and exceeding their expectations when satisfying them, generating loyalty and quality during every moment of contact with them.

Their Royal Majesty the Customer has gone from being the muse that inspires leadership into the very orientation of the trade.

And one final comment: This leader will still be asked to produce results, so these five basic principles had better be branded on their mind. Without them, such results will be nigh impossible.

Fernando Bayón

Director-General of the Escuela de Organización Industrial (EOI)



**TALK ABOUT THE FUTURE****Antonio Catalán**

President of AC Hotels

Tourism is making a decisive contribution to the exit of the crisis, but is the sector resting on its laurels?

Spanish hotels are the best in the world in terms of their price/quality ratio. It is clear that we are the motor that will drive the recovery from the crisis. Nevertheless, we should take advantage of these buoyant years to improve our product and increase prices. We are excellent operators, but our business groups are excessively small: market concentration should be encouraged in order to resolve the battle currently under way with tour operators.

What direction is your company looking to take at this time?

We had the good fortune of being picked up by Marriott—I'm global President of AC by Marriott—and more than fifty Marriott hotels join

cause they can access much more information. The Spanish tourism sector is the cheapest in the world, although Madrid is a bit of a disaster when it comes to prices and we are making a mistake there. In urban tourism, we believe that prices should be increased because the crisis has made everyone too nervous. Customers can pay more, and it is a mistake to go after customers with a very low budget.

Do we need to push experiential tourism as opposed to solely low-cost trade?

Customers are increasingly demanding, and Spain needs to specialize more. Nevertheless, there is a type of customer who comes to Spain who we would be better off giving five euros to at the airport and sending to another country, given the prices we offer. It is all about price/quality and price/occupancy ratios. Well, in Spain it is exactly the same: it's about price/occupancy. At this moment in time, the tourism sector is making money and

“Market concentration should be encouraged in order to resolve the battle currently under way with tour operators”

every month, and in many of these months they are accompanied by five AC hotels, so it's safe to say our sights are set on the whole world. In our case, we've done Spain: we are still growing here but it's not our prime target. At this moment in time, Asia is our priority and our development teams are already working on the Asian region.

What has changed since the advent of ICTs?

When the Internet arrived, I thought it was going to be fantastic because there would be no more brokers and everyone would enter into direct contact online. I was dead right! But, today, for every hundred brokers that existed in the past there are three hundred now, between traditional agents and all the modern ones. This is all the better for customers be-

has the chance to refurbish hotels and make them more competitive, pushing prices up, because the season is very short. We have to focus on a higher quality tourism. It's not so much about doing luxury tourism, which is not very loyal. What this country needs is to raise the bar a little toward the mid-range in the case of the sixty-five million tourists that we already have.

Is tourism the sector with a smile?

Our customers are king, and our core business doesn't depend just on the manager but on 100 percent of our staff. We never have problems with our managers, with our reception managers or receptionists; the people who have to be happy are our waiters, chambermaids, etc. That's where our techniques come in. At AC everyone is on a permanent contract. We don't have temporary contracts and we are not in favor of outsourcing.

**Luis Gallego**

President of Iberia

Does Iberia still consider itself a Spanish company?

A company with the name Iberia, with some sixteen thousand Spanish employees, operating since 1927 with flights that always depart or arrive in Madrid, proud to bear the colors of the Spanish flag... That's a Spanish company indeed, whose focus is on the Spanish territory. Today, any company may have international shareholders, which is the case of Iberia right now.

Where are the new markets? Do we need to globalize more and move beyond Latin America?

Yes. We are leaders in Latin America and we want that to continue. We are strengthening our position, but we also want to develop Iberia outside of this main market. We already fly to ten destinations in Africa. We think that Spain has a really good geographical location as a hub for channeling traffic to Africa. There are also good business opportunities in Asia, which is a market that will see strong development in the future. The flow of traffic

in Madrid, for example, there are now six public-private enterprises that form part of the Tourism Association, working together to develop the city as a tourist destination and generally promote a policy that gets everyone rowing in the same direction, something that we haven't done up to now.

Do people choose their flights based on prices? Is that the essential factor?

Medium- and long-haul flights have become a commodity, and in that segment people mainly go on price. In the case of short-haul flights (less than two hours), people tend to get on

“We all need to be rowing in the same direction, something that we haven't done up to now”

between Asia and Latin American is expected to be one of the most important in coming years.

Is the European sector becoming consolidated?

When you look at the consolidation that has taken place in the United States, you can see that it has been much greater than that we have seen here. Right now there are too many airlines, and the majority are suffering. Those that have not undergone a transformation like we have are currently immersed in that process, while some others have fallen by the wayside. So consolidation is the future, whether we like it or not.

Do we need to employ a much more advanced tourism strategy?

We need a tourism strategy. We have always focused on sun and sand, which is very seasonal, but there are other types of tourism such as shopping, spa, health, nature, and so on, which we have to strengthen because they offer a greater average income. In Spain, we have often fallen into the trap of not working together. But

Google, which gives them a price listing. When deciding between airlines that you know have no safety problems, your choice is often based on the price. It is true that we don't only operate direct flights but also a lot of connecting flights. In the case of this kind of travel, what people are looking for is an experience, in particular in the case of long-haul. On-board service is totally different in this segment, and that is what makes the difference.

Who are your main competitors in Spain?

It is difficult to have a network of short- and medium-haul flights that competes with the AVE network of high-speed trains, and they are one of our competitors. In general, in the sphere of long-haul, the European hubs fight to attract connecting flight passengers who, in the end, don't care whether they pass through Charles de Gaulle, Frankfurt, or Madrid. The only thing they want is to find the most competitive deal.

TALK ABOUT
THE FUTURE

Amuda Goueli

Founder and CEO of Destinia

What do you think of Spain's brand in tourism and other spheres?

The Spanish brand was damaged three or four years ago by the crisis. But recently it has improved, although Spaniards themselves don't rate many aspects of that brand very highly, and that's what makes me sad.

Do we need a tourism strategy?

We need a tourism strategy, a strategy totally focused on innovation, from the logo to expansion abroad. This is what I see from the outside. There are some essential factors that Spanish companies don't know how to take advantage of at the strategic and international level, although I don't know why that is. I really don't understand it. There are things that Spain markets abroad that have little interest. I'm going to give two examples. Spanish gastronomy is marketed widely to the outside world, but for many countries it holds little interest. Perhaps it is of interest to Europe or the United States, but not in Asia or the Middle East. Example two: football. It is Spain's oil, yet the country doesn't know how to take advantage of

“There are some essential factors that Spanish companies don't know how to take advantage of at the strategic and international level”

its potential abroad. There is a lot of interest in football in Asia and the Middle East. But here we are kind of embarrassed to say that there is tourism in football. The museum in Spain with the second-highest number of visitors after the Prado is the Real Madrid Museum. And Barcelona is the cradle of international football right now.

Who should design this tourism policy? Companies, the government, the autonomous regions?

At the public-sector level, what is needed are fewer laws. Both central and regional governments overuse

the law. There is civil war between them as to who does the most, who makes the most laws, who imposes the most prohibitions, who issues the most fines... But when it comes to helping out, they don't do a great deal, in particular when it comes to foreign trade. The focus is placed on certain countries and meanwhile the market is not open to other societies with more potential. Take China, for example. Within five or six years it will be the number one country for outbound tourism worldwide. I work in this sphere.

You're in the click business, clearly.

The click is everything. When we started in 2001 there were three of us working here. Now there are two hundred of us. The first time we made a website about hotels in Spain, we were reported to the Civil Guard and the National Police because hotel owners didn't want their establishments to be on the Internet. They were afraid. The mindset has changed. Those same hotel owners now pay us to feature them on our page. Many agents emerged, and everything got cheaper, and there were lots of offers. I can sell a hotel on a motorway in A Coruña to a Japanese guy who didn't know it existed, while the hotel owner cannot reach that Japanese market. The range has

grown thanks to innovation. Today, everything in the world of tourism is done online. Some 60 percent of hotel bookings for Paris are currently made online. Here, figures for the local market don't reach 40 percent.

What should be done to promote it?

In Palma de Mallorca—the cradle of world tourism, where all the biggest international enterprises are present—there is a very good technology center. And how many programs are produced by the University of Palma de Mallorca each year? Fifteen. They all have to be brought in from abroad. You need a top football academy to produce a decent football team.

Raúl González

CEO of Barceló Hotels

Has the sun-and-sand model of tourism run out of steam? Do we need a new tourism strategy?

We have dedicated ourselves to the sun-and-sand model of tourism for many years, and although it's true that new reasons for traveling are emerging all the time, most of our customers come to Spain to take advantage of our good climate. So the model has not become outdated yet. Nevertheless, we do still need a tourism strategy. The hotel model needs more investment and fewer constraints. Spain has to transform itself little by little into a country whose offer achieves a slightly higher standard, reaching customers with greater purchasing power. In contrast with other sectors, what businesses in the hotel sector often come across is a series of obstacles that prevent them from carrying out the renovation work or improvements to establishments that would make it possible to raise the standard of the offer. The Spanish tourism industry and, in particular, hotel management in this country could become a world landmark. We are not taking advantage of our opportunities in the right way.

What does innovation in tourism mean?

The concept of the buffet and all-included model were innovative concepts in the past. These days, innovation and the use of technology continue to have an important role, above all in marketing, distribution, and certain elements related to the hotels themselves. Nevertheless, customers are more concerned about having decent Wi-Fi than the latest building technology: by the time they've understood it they've left the hotel.

Is it essential these days to sell experiences that generate excitement and emotions?

Indeed it is. Our slogan, “A world of experiences,” says it very clearly. There are other countries where construction—land in general—is cheaper, meaning that finding a differentiating factor is essential. If we do not want to be uncompetitive and have a costs issue as a country, we

must be capable of differentiating ourselves and selling unique experiences, exploiting our resources with the aim of generating a destination that is in itself attractive. When it comes to attracting tourists to Barcelona, for example, we have to be able to sell something more than a bed and hotel service: we have to sell the Sagrada Familia and all the rest of the city's charms.

What do you expect from Spanish policy in your field in the coming years?

Sometimes I have said, to no great success, that it would make a lot of sense to award grants to support tourist development as in the case of large infrastructures. When the construction of an infrastructure is supported and promoted, the day the work is finished the relationship with the country receiving the money also comes to an end. Nevertheless, when it comes to helping companies who want to carry out tourist development in this country, it is Spanish companies that take care of the design, construction, and management, which means that these relations last.

Is tourism the sector with a smile?

That is one of the nicest sides of the tourism sector, since it is one of the few business activities where you make money by making other people happy, and in that respect we are really lucky.

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TOURISM



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Federico González

CEO of NH Hotel Group



Do we need a tourism strategy for Spain?

Yes. During recent years, tourism has been one of the responsibilities relegated to the regional level, and this means that there are more regional than national tourism plans or strategies. In this sense, it is important to articulate a serious strategy that lets each region have its self-sufficiency but also projects an overall image, and standard of services and of experience in order to avoid surprises. For example, in Spain the legislation concerning the award of stars to hotels is regional or municipal. That means that there is no consensus on a definition of the hotel experience, which differs depending on whether you visit Ma-

“If we can avoid creating problems for ourselves, the tourist industry will have a significant impact on unemployment figures”

drid, Barcelona, Seville, or Bilbao. And there ought to be a strategy that standardizes all those aspects such as services, communications infrastructures, the very structure of our set of hotels, and the training of the people who are going to attend to visitors.

Are we too focused on sun-and-sand tourism?

Many people come for sun and sand because they want sun and sand. What they have to find at such destinations is a service that's spectacular, decent hotels, good entertainment, well-trained staff, and superior quality compared to other sun-and-sand destinations. Then there is another field, which is business tourism. The more we invest in this sphere, the greater our capacity for differentiation compared to the hotel chains you can find in Europe and other destinations.

How should we situate ourselves on the price/value ratio?

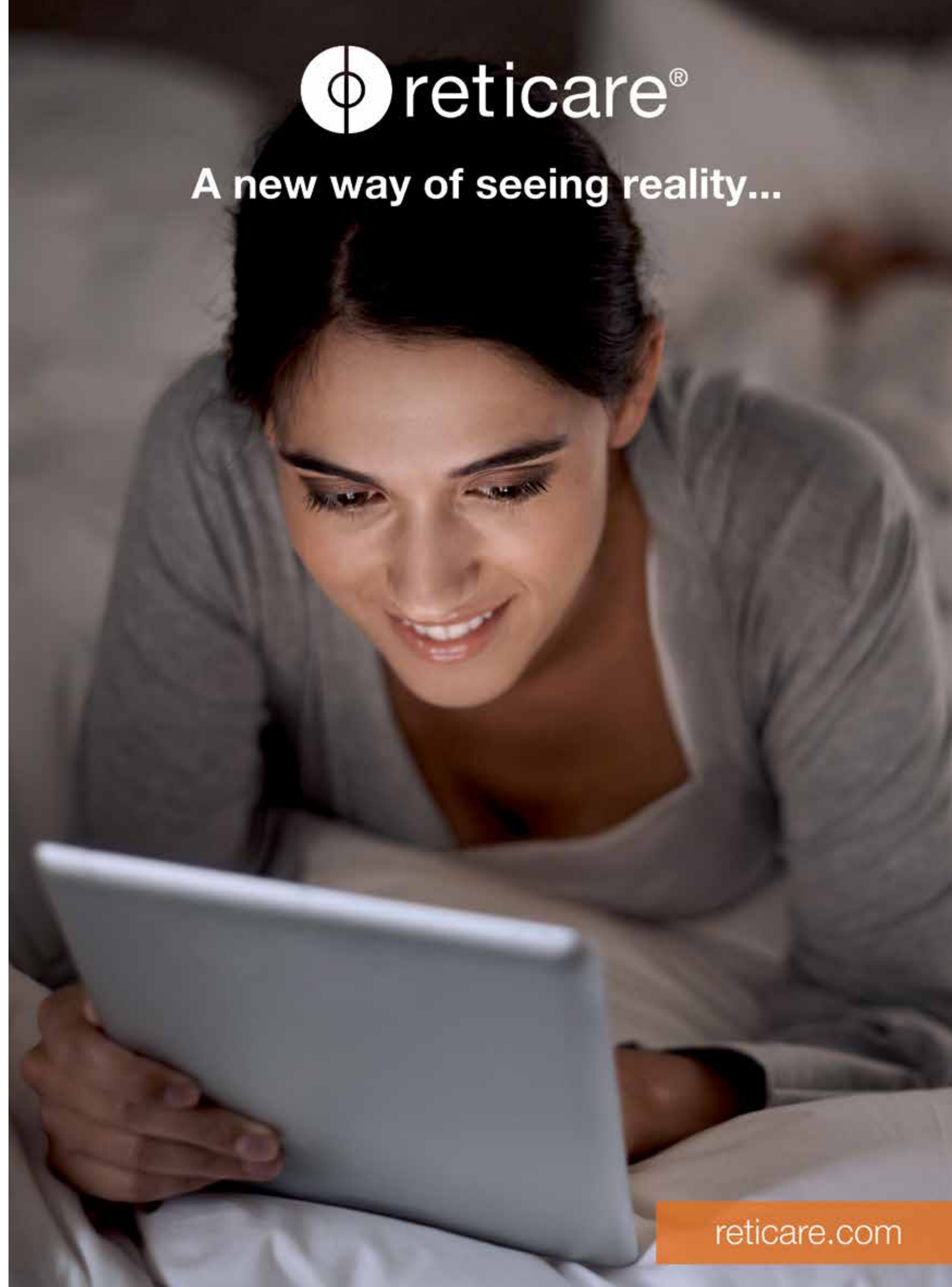
In the end, price is very relative. Competing on prices brings you a high volume of visitors but often leads you into decline, since there will always be someone capable of doing things cheaper than you. It isn't a question of volume: it's a question of finding the right segment that wants to come to your country. We very often go from one extreme to another. We appeal to countries to come to Spain more because it's cheap, and then we try to attract segments of the population with very high income because they spend a lot of money. And in the end we lose out on the most interesting segment of the population, the middle or upper-middle class, which is keen to travel and not necessarily in search of the cheapest prices. Rather, they are tuned in to what they see as the experience and the value you can offer them.

Is the tourist sector capable of being the sector that most helps to consolidate a recovery in employment in Spain?

Even during the years of the crisis, it has brought in an income from abroad that has kept flowing. What we are seeing now is that domestic demand is growing and can continue to do so if we can avoid making strategic mistakes. And if we can avoid creating problems for ourselves, the tourist industry will have a significant impact on unemployment figures. There is now a debate as to what we can do about tourist apartments, with vacation rentals. When you have apartments that can sleep eight or ten people, with no taxes being paid, or where you could have a fire and there's no safety, this can have a serious impact over the long term.



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