

## Spain

### **Market Summary**

*Spain's economy continues to struggle, with declining GDP and rising unemployment. The high level of unemployment is affecting domestic consumption of items such as travel. In recent years, Australia was an emerging destination for incentive travel but given the economic climate this has been negatively affected by the crisis.*

*Outbound air travel from Spain dropped 24 per cent in the first half of 2009. The drop in outbound tourism has led to many aggressive strategies aiming to stimulate sales and gain market share. Tour operators have put special offers in place to drive demand and some have introduced staff incentive schemes to drive sales of travel more widely and specifically for Australia.*

*Australia's arrivals figures are however expected to continue to slip further particularly due to the large influx of Spanish youth last year for World Youth Day in July 2008 and we will see a direct impact on the month of July arrivals into Australia and the year end numbers.*

### **1. Market News**

- His Royal Highness (HRH) the King of Spain and HRH the Queen of Spain visited Australia in the month of June to open the first "Instituto Cervantes" in Sydney and followed their trip to Canberra. HRH the Queen attended a didgeridoo concert whilst HRH the King of Spain attended a bilateral trade meeting in Sydney. Tourism Australia was a participant at this event.

*Source: <http://www.news.com.au/heraldsun/story/0,21985,25659468-662,00.html> , 26 August 2009*

- Spain's economy continues to struggle. GDP growth has shrunk to -4 per cent in the second quarter versus last year and unemployment has reached 17.9 per cent or 3,544,095 in July 2009. The high level of unemployment is affecting domestic consumption which in turn has caused 30,000 shops to close its doors in the last 12 months across Spain.

*Source: <http://www.bloomberg.com/apps/news?pid=20601068&sid=aSVRWcJX6ChU>, 26 August 2009*

- Property sales in Spain were down 25.5 per cent in June 2009 compared to June 2008. This was a lower drop than in the month of May when sales were down 32.2 per cent.

Source: [http://www.expatica.com/es/news/spanish-news/Spain\\_s-house-sales-decline-slows-to-25\\_5-pct\\_55384.html](http://www.expatica.com/es/news/spanish-news/Spain_s-house-sales-decline-slows-to-25_5-pct_55384.html) , 26 August 2009

- The government in Spain has agreed on a financing deal for the country's regions. The new framework will cost the central government an extra €11bn (about 1 per cent of GDP) a year, with all regions expected to gain in absolute terms.

Source: [http://www.economist.com/displayStory.cfm?story\\_id=14115957](http://www.economist.com/displayStory.cfm?story_id=14115957) , 26 August 2009

- Two bomb attacks in 48 hours blamed on the Basque separatists, Eta, occurred in Spain. On 30 July 2009, two Civil Guard officers were killed when a car bomb exploded outside a base in the resort town of Palmanova on the island of Majorca. Another car bomb blast on 29 July 2009 in the northern city of Burgos left more than 50 people wounded. The attacks coincide with the 50th anniversary of Eta's founding.

Source: <http://news.bbc.co.uk/1/hi/world/europe/8177839.stm> , 26 August 2009

- Sixteen people have died as a result of the Swine Flu virus in Spain, in news confirmed by the Madrid Region's health department on 24 August 2009.

Source: [http://www.typicallyspanish.com/news/publish/article\\_22800.shtml](http://www.typicallyspanish.com/news/publish/article_22800.shtml) , 26 August 2009

## 2. Consumer Insights

- Internet media company, Travelzoo, conducted a poll last week of 10,582 travellers in 24 regions across the UK, Germany, France and Spain. The survey results reveal vastly diverging attitudes towards H1N1 influenza. It found just 7 per cent of British consumers said they would change their travel plans because of it, compared to 21 per cent of Spaniards, 15 per cent of Germans and 14 per cent of French. Respondents in sunnier regions, particularly Southern Spain, are most likely to change their travel plans because of swine flu with nearly a quarter of respondents (24 per cent) from the region indicating they would change their plans.

Source: [http://www.travelmole.com/stories/1138090.php?mpnlog=1&m\\_id=s-T\\_Y!mbn](http://www.travelmole.com/stories/1138090.php?mpnlog=1&m_id=s-T_Y!mbn) , 26 August 2009

- A study published by Nielsen reveals that 89 per cent of all internet users have selected a low cost airline when buying their airline tickets online for this summer holidays. It further states that 4.7 million unique Spanish internet visitors visited travel portals in the month of July to select their airline ticket. The internet enquiries show an increase of 13.4 per cent for the low cost airlines in Spain compared to a year earlier. Vueling, Ryanair and Easyjet were the most visited portals.

Source: Europapress <http://www.europapress.es/economia/macroeconomia-00338/noticia-economia-turismo-89-usuarios-internet-apuesta-aerolineas-low-cost-vacaciones-verano-20090812132233.html> , 26 August 2009

For the latest in visitor arrivals, please visit 'Research & Statistics' at [www.tourism.australia.com](http://www.tourism.australia.com)

### 3. Trade Update

- Air travel dropped 24 per cent in the first half of 2009. Although the drop is more moderate in terms of passenger numbers, the decrease in the average tariff sold has led airline turnover to drop by 24.3 per cent in the first six months of the year in Spain, totalling €2,398 million.

*Source: Hosteltur*

- The drop in outbound tourism has led to many aggressive strategies in order to stimulate sales and gain market share. Marsans travel agency group, comprising of approximately 1,000 travel outlets has taken the initiative to stop charging its customers' fees on the sale of airline tickets under the slogan "Make your dream come true". This is a unique initiative never seen before on the Spanish market.

*Source: Hosteltur*

- Tour operators are using incentive schemes to consumers in a bid to increase sales; e.g. Catai is offering a 6 per cent discount for early bookings (more than 30 days prior to departure), and others are giving destination-specific incentives with Kuoni for example, giving a 7 per cent discount on all bookings to Pacific destinations.
- As at July 2009 there were 1,126 Aussie Specialist agents, of which 20 per cent were fully qualified.

### 4. Airline News

- IBERIA, Spain's national airline and member of the Oneworld alliance has signed a codeshare agreement with Qantas whereby the Iberia and QF codes will be on both airlines' flights. QF will appear in the GDS systems from Spain to Australia, and Iberia will appear on flights from Spain to Australia.
- Qatar Airways has announced it will start operations in December from Doha to Melbourne, 3 frequencies a week operated with a Boeing 777-300. Connections from the Spanish market to Australia will be good, offering another alternative for Spanish travelers to reach Australia.
- The Board of directors of IBERIA has requested that its new president, Antonio Vazquez, look for alternatives to the possible merger with British Airways (BA). The Board feels that last year's negotiations with BA have not resulted in any definite decisions. IBERIA is quoted as saying they are looking to close a deal as soon as possible, if possible by the end of the year. The principal alternatives other than BA are Lufthansa and Air France.

*Source: [www.eleconomista.es](http://www.eleconomista.es)*

## 5. Competitor News

- Egypt is the overall number one destination amongst medium to long haul destinations this summer, whilst amongst long haul destinations, Japan is a favourite. For the honeymoon segment, Tahiti and the Dominican Republic are showing positive growth, all other destinations are down compared to last year.
- Foreign tourist arrivals to Spain fell 6.1 per cent year-on-year to 6.6 million in July 2009, its Trade, Industry and Tourism Ministry said, following a 10 per cent decline in June. In the first seven months of 2009, Spain attracted 30.2 million visitors, down 10.3 per cent, with British arrivals falling 16.2 per cent.

Source: <http://www.aerbt.co.uk/?ac=text> , 26 August 2009

## 6. Key Campaigns and Activities in Market

Current Campaigns and Activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
July 2009	July 2009	Follow up from Spanish Royal visit to Australia	Spanish Media	None
July 2009	July 2009	Creation of Spanish language media kit including latest Australian Experience Fact Sheets.	Spanish Media	None
August 2009	August 2009	"The most romantic spots in Australia" press release	Spanish media	None

Upcoming Campaigns and Activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
September 2009	September 2009	Aussie Specialist E-Newsletter	Aussie Specialists	None
September 2009	September 2009	"A la carte" media menu initiative sent to key media in Spain	20 top Spanish media	None
September 2009	September 2009	"Summer in Australian cities" press release	Spanish media	None
October 2009	October 2009	Launch of the Spanish Language version of Australia.com	Spanish consumers	None