

Spain

Key Market Message

Preliminary estimates have shown that Spain's economy suffered its largest contraction in 50 years in the first three months of 2009. GDP fell 1.8 per cent from the previous quarter and was down 2.9 per cent year-on-year, the National Statistics Institute said.

Economists said the falls were the steepest since 1959. Spain had enjoyed 14 years of consecutive growth before entering recession in the last quarter of 2008. The near-collapse of its key construction industry has hit the economy hard. The Spanish government has predicted GDP will shrink by 1.6 per cent in 2009, while the European Commission has said it expects Spain to be the last European Union country to exit recession, probably in 2011. The country's unemployment rate soared to 17.4 per cent in March, double the average of 8.3 per cent for the entire 27-nation European Union.

From a relatively small base, travel to Australia in March was marginally down for the month (down by 4 per cent), but has significantly dropped in April (down by 56 per cent). Anecdotal feedback from the trade is that they continue to be active in promoting Australia but there is concern about forward consumer demand.

It was announced a new Spanish reality show will be filmed in Australia and broadcast live to Spain from June to September 2009. This production is by one of Spain's leading national television channels and is expected to raise a strong interest in Australia as a leisure destination, particularly within the key target market of 18 to 35 year olds. The Spanish Royal visit in June will also provide Australia with significant PR exposure.

http://www.financemarkets.co.uk/2009/04/29/spain_per_cent2_per_cent80_per_cent99s-economy-contracts-at-fastest-rate-in-40-years/

1. Key market results and achievements

- The DVD and Blue Ray version of *Australia* was released on 29 April 2009 in Spain. Tourism Australia collaborated with Twentieth Century Fox on three marketing activities related to the movie to promote Australia as a holiday destination.

- Familiarisation visits: six key Product Managers visited Australia in partnership with Singapore Airlines; seven travel agents visited Australia as part of Corroboree Europe '09; and the winner of the Spanish Aussie Specialist Program launch promotion experienced Victoria, Queensland and the Red Centre.
- Tourism Australia undertook its first co-operative online and e-newsletter campaign with Singapore Airlines in the Spanish market.

2. Australian Travel Market

2.1 Market performance

- Spain arrivals in March were 1,500, a decrease of four per cent relative to March 2009. In the year ending March 2009, there were 25,500 arrivals, an increase of 22 per cent relative to the previous twelve months.
- Spain arrivals in April were 1,200, a decrease of 56 per cent relative to April 2008. For the four months to April, visitor arrivals totaled 5,900, a decrease of 28 per cent relative to the same period in 2008. For the year ending April 2009, there were 24,000 arrivals, an increase of six per cent relative to the previous 12 months.

2.2 Airline Issues/Changes

- Nothing to report

2.3 Trade Information Summary (including Business Events)

- The second most relevant tourism trade fair in Spain– “Salo Internacional del Turisme”– took place in Barcelona on 16 - 19 April 2009, with a small local Australia presence through the exhibition Australia Alternativa. Initial estimates indicate that the 18th edition of this trade show received more than 194,000 visitors. This trade show targets the general public.
Source: www.saloturisme.com
- Anecdotal feedback from some smaller industry players have advised that their online promotions on specialised travel portals for honeymooners are returning good leads and confirmations of bookings to Australia. They have however noted that the average honeymoon travel budget is decreasing. As a consequence travellers are booking fewer room nights and in lower star ranking hotels.
- One leading Spanish tour operator for Asia-Pacific has launched a promotion of a 12 per cent discount in the second package for some long haul destinations such as India, China, Argentina, South Africa, Kenya etc. Australia is not included in this promotion.
- The DVD and blue ray version of the film *Australia* was released on 29 April in Spain. El Corte Inglés is running a DVD promotion in their convenience store chain Opencor. Top-selling male and female magazines, such as Man and

Woman, have launched raffles awarding *Australia* DVDs and other *Australia* themed related goods.

Source: www.revistaman.es and www.woman.es

- Vodafone's latest promotion consists of raffling one trip to Australia.
- One of the leading national TV channels in Spain (Tele 5) will premiere the reality show called "El Topo" in June and that will be based in South-East Queensland, with location shoots planned in Sydney, Far North Queensland and Northern New South Wales. The production company is currently recruiting participants and it is expected to raise the profile and increase interest in Australia.
- His Royal Highness (HRH) the King and HRH the Queen of Spain are planning to visit Sydney in June to open of the first "Instituto Cervantes" in Sydney, with onward journeys to Canberra and one other major city (TBA). A trade delegation of Spanish companies will accompany them in Sydney. The Spanish Royal family is generally held in high regard and this should attract significant media coverage.
- As at April 2009, there were 192 Aussie Specialist agents in Spain with a further 896 agents are in training.

3. Current and upcoming Activities in the market

3.1 Consumer marketing

Dates	Project / Event	Partners
23 February - 8 March 2009	<ul style="list-style-type: none"> • Online co-operative brand advertising campaign, with 964,000 impressions, and a direct mail newsletter to 40,000 consumers. 	Tourism Australia, Singapore Airlines
February- March 2009	<ul style="list-style-type: none"> • Co-op campaign promoting Australia as a destination with Catai including print advertorials and radio promotions. 	Tourism Australia, Catai
April 2009	<ul style="list-style-type: none"> • <i>Australia</i> DVD launch promotion in ELLE magazine with consumer opportunity to win a trip to Australia. 	Tourism Australia, Kuoni, 20 th Century Fox
April 2009	<ul style="list-style-type: none"> • Tourism Australia inserted an Australia destination motivational flyer into all <i>Australia</i> DVD and Blue-Ray copies in Spain. 	Tourism Australia, 20 th Century Fox
27 April- 15 May 2009	<ul style="list-style-type: none"> • Yahoo Spain promotion of <i>Australia</i> DVD, with Australia destination content. 	Tourism Australia, 20 th Century Fox

3.2 Trade marketing

Dates	Project / Event	Partners
3- 19 April 2009	<ul style="list-style-type: none"> • Winner of launch promotion of Aussie Specialist Program visited Queensland, Victoria and the Red Centre 	Tourism Australia, Tourism Queensland, Tourism Northern Territory, Tourism Victoria
March 2009	<ul style="list-style-type: none"> • Promotion of ASP program with an incentive 	Tourism Australia,

Dates	Project / Event	Partners
	to win a trip to Australia.	Catai
March- April 2009	<ul style="list-style-type: none"> Tourism Australia/ Singapore Airlines key product managers famil for 7 agents was held. 	Tourism Australia, Tourism Queensland, Tourism Northern Territory
30 April – 13 May 2009	<ul style="list-style-type: none"> Corroboree Europe '09: 7 Spanish Aussie Specialists joined a further 300 Aussie Specialists from the UK/IRE/Nordic, Europe and South Africa for the event. They flew to Australia thanks to our partnership airline Qantas, and joined one of 22 itinerary options prepared and hosted by Australia's State and Territory Tourist Organisations across Australia. Immediately following the famil, all agents travelled to Hamilton Island in the Whitsundays, to participate in workshops with 136 Australian tourism sellers to develop product and destination knowledge. 	Qantas, Hamilton Island, all STOs
26 – 28 May 2009	<ul style="list-style-type: none"> Australia travel agents training seminars in Barcelona and Madrid with Singapore airlines targeting up to 100 agents. 	Tourism Australia, Singapore Airlines
May 2009	<ul style="list-style-type: none"> Development of Tourism Australia brand posters and postcards in Spanish to distribute to trade. 	Tourism Australia

4. Media Environment

Latest news or articles on Australia include:

- A two-page story on Australian actors and actresses in popular fashion magazine, *Woman*.
- Two half-page stories in leading tourism online magazine *Expreso*, one on Australian beaches and the other on nature in the Northern Territory.
- A three-page story about study in Australia in the magazine *Profesiones*.
- Broadcast of one-minute TV commercials on leading national TV channel Tele 5 about the upcoming reality show that will take place in Australia.
- Two seventy-five minute interviews about Australia as a tourism and study destination on popular national radio station *Vaughn Radio*, were broadcast during the Aula student fair (www.vaughnradio.com)
- A one minute story was broadcast in the morning news of a leading national TV channel (Antena 3) on the person appointed to have the "Best Job in the World".

For more information on Tourism Australia's publicity, International Media Hosting Program (IMHP) and results, please visit www.publicity.australia.com

Alternatively for general media information visit www.media.australia.com

5. General Travel Outlook

5.1 Political and Economic Outlook

- The unemployment rate increase slowed down in April, mainly due to the Easter holidays which stimulated the creation of jobs in the local hospitality industry. Despite this news, the unemployment remains a key national concern and the rate adds up to slightly over 4 million unemployed.
Source: www.ine.es and www.elmundo.es

- The Spanish economy slid deeper into recession in the first quarter of this year, official data revealing that output shrank by 1.8 per cent from the level in the previous quarter. This was the third monthly contraction in a row after a fall of one per cent in the last quarter of last year from the level in the third quarter which had shown negative growth of 0.3 per cent. Spain entered into its first recession for 15 years at the end of 2008 and the global credit crunch worsened a correction which was already underway in its once booming housing sector.
Source: AFP / Expatica 14 May

- Spanish Prime Minister Jose Luis Rodriguez Zapatero announced in May a further reduction of €1 billion in spending for 2009 in a bid to reduce the public deficit. In February, the Spanish government announced a budget reduction of €1.5 billion. The country recorded a deficit equivalent to 0.69 per cent of gross domestic product (GDP) in the first quarter of 2009, compared to a surplus of €3.3 billion a year earlier. In April, the Bank of Spain predicted the country will see a budget deficit equal to 8.3 per cent of GDP in 2009 and 8.7 per cent in 2010, well above the EU limit of 3.0 per cent.
Source: AFP / Expatica 13 May

- Madrid is presenting its candidature to host the 2016 Olympic Games and as a consequence, the national and regional government estimated that the investment in infrastructure and enhancements of the city's service offer will total €1.3 billion. Madrid is competing against Rio de Janeiro, Tokyo and Chicago.
Source: www.abc.es

5.2 Outbound Travel

- Anecdotal feedback from travel agencies report that they are offering more flexible rates with packages that offer itineraries from 12 days and lower ranking star hotels. Also online travel portals such as www.muchoviaje.com, www.es.lastminute.com are strongly promoting their online packages to long haul destinations including Australia.
- According to the latest Spanish Outbound Travel Survey, there has been a 13 per cent decrease in the number of Spanish outbound travellers in 2008. Importantly, the survey also indicates that Spaniards still prefer to book their holidays in a travel agency (64 per cent) rather than online.
Source: www.elpais.com
- Total passenger traffic in Spanish airports dropped by 18 per cent in March 2009.
Source: Aeropuertos Españoles y Navegación Aérea

- Mexico and Latin America are top-selling destinations for Spaniards during summer holidays and also for honeymoon trips. The initial market reaction to the swine flu in Mexico could affect the perception of this destination and make Spaniards to prefer other competitive destinations over Mexico/Latin America.
- The merger of Iberia and British Airways is on hold because they have not reached an agreement on the BA pension fund that total €4.2 million.

Source: www.tatrevista.com

6. Next 90 days

Spain						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
16 June 2009	19 June 2009	Spain	<ul style="list-style-type: none"> ATE: One Spanish company will attend ATE in Melbourne, giving them the opportunity to meet with Australian sellers and gain valuable information to help increase sales to Australia. 	Trade	Melbourne	Various
June 2009	June 2009	Spain	<ul style="list-style-type: none"> Leverage PR opportunities from the Spanish Royal Visit to Australia and the new reality show 	Consumer	Spain	Tourism Australia
June 2009	July 2009	Spain	<ul style="list-style-type: none"> Developing the ASP program in Spanish 	Travel Trade	Spain	Tourism Australia
July 2009	July 2009	Spain	<ul style="list-style-type: none"> <i>Australia</i> DVD launch promotion in ELLE with consumer opportunity to win a trip to Australia (2nd coverage) 	Consumer	Spain	Tourism Australia, Kuoni, 20 th Century Fox