

Outlook for Travel to Britain

- Spaniards are watching their budget expenditure, but not sacrificing their trips. Short haul destinations are benefiting, more specifically Britain due to the favorable exchange rate and the whole range of offers that are widely available.
- January, February and March are usually quieter months when it comes to spend on travel.

Britain in the News

- British Airways threatened strike will affect 12 million passengers and will last from 22 December to 2 January. This was postponed due to a legal action).
- UK Government could bring elections forward to 25 March. Conservatives lead opinion polls.
- Rumors grow that the Queen is preparing Prince William to take over as King. British Royalty always creates curiosity amongst Spaniards, given the tradition and hierarchy.
- 250 pieces from the British Museum are in Madrid for the Exhibition: Treasures of the World over the Christmas period.

General Market Mood

- GDP has fallen 3.6% in 2009, however the downturn is expected to end in early 2010.
- High unemployment is likely to persist for longer than in other Eurozone countries. The unemployment rate has climbed to 19.3% and it may reach 20% in 2010.
- Consumption dropped by 0.1% in quarter 3 and at best will be stable at quarter 4, leading to a 5% fall for 2009 as a whole. In 2010 the level is expected to stagnate.
- Annual inflation was still negative, at -0.7% in October. Mortgages are much cheaper due to the lower Euribor. The 18.5m Spaniards in employment, in reality have a higher income level, due to these reasons. Although there is the fear of job losses and there a psychological effect upon spending money.
- According to the provisional IPS figures for the first 9 months of 2009, holiday visits from Spain to Britain are significantly up by 23%, and total visits up by 8%.

Consumer Behaviour

- The consumer is not giving up travelling, as it has become a necessity. But the consumer is giving up long haul travelling, due to its higher cost, in favour of travelling to short haul destinations. The consumer is clearly looking for offers and special deals and is spending time in the buying process which has become much more rational and reflexive.
- Tradition becomes much more important as well as authentic values and hedonism. Family, close friends are becoming more important. Well being, including spas, spiritualism are also gaining importance. Green economy and sustainability is more and more talked about.
- During 2009, 70% of the trips generated were booked individually and 30% travelled on an organized tour.
- 65.5% of trips booked online during 2009 are abroad, focusing on those European cities which can be accessed with a less than 2 hours duration, low cost flight.
- Total advertising spend in Spain has shrunk by 28% in the first semester of 2009. Spend on advertising on the Internet is expected to post solid gains of 10% in 2009 and 18% in 2010. The Internet has now overtaken radio in terms of advertising spend, and now accounts for 11.3% of total advertising spend, third behind newspapers 19.4%, and television 42.9%.

- Spain is ranked 5th in terms of internet population (after UK, Germany, France and Russia). There are 29 million Internet users in Spain, 72% of the population. 50% are 25-44 years old. 42% use the internet for travel and accommodation.
- The Spanish social networking audience was the largest (proportionately) in Europe and second in the world after Brazil. Two out of three Internet users use social networks, of those 6 out of 10 use them daily and 84% at least once a week. Forty four per cent of Social media users are fans or friends of a product or a company, 76% have purchased online.
- The most used social networks in Spain are Facebook with 7m users, Tuenti 5.6m, Hi5, Myspace and Twitter 5m. Three million use Facebook everyday, spending an average of 46 minutes online per day, 230,000 Spanish users become fans of a product or company.
- The other online services mostly used after social networking are search engines, digital newspapers and forums.

Media Matters

- A survey of the Spanish media audience share by EGM found that print, newspapers and magazines are experiencing a decline, whereas the only media growing is the Internet:
 - TV: 89% (2008: 88.5%)
 - Radio: 55.3% (2008: 53.1%)
 - Magazines: 51.3% (2008: 53.3%)
 - Newspapers: 39.8% (2008: 42.1%)
 - Internet: 34.3% (2008: 29.9%)
 - Newspaper supplements: 21.9% (2008: 21.7%)
- The findings from the European Digital Journalism Study by Oriella PR Network included:
 - An anxiety has gripped the Media due to the economic downturn. There is a genuine feeling that its future, in its current form, is not guaranteed. Advertising, upon which so many publications rely, has seen a very sharp decline. Therefore the number of printed media will shrink dramatically.
 - The pressure is intensified by the fact that the "Digital Age" revolution is here, with journalists having to adopt to even more channels such as twitter, as well as continuing to produce news and features fro print, online, video and audio formats.
 - Online media is still far from a profitable business model.
 - The quality of journalism will erode due to lack of editorial resources.
 - Online format brings the largest audience for 40% of the Spanish Media which have off-line & online versions.

Routes and Fares

- Fifty one per cent of the total flights from/to Spain are low cost.
- Iberia and British Airways have signed an agreement to merge, resulting on the 5th largest airline group in terms of revenue. Total of 419 aircraft flying to 205 destinations and carrying 62 million passengers.
- Iberia has announced the launch of a low cost airline to operate in short haul and European flights in 2011.
- Monarch has started in the winter schedule one weekly flight to Birmingham and 2 weekly flights from Gran Canaria to London Gatwick and Manchester.
- Ryanair started flying to Edinburgh from Barcelona at the end of October from Malaga to Bristol. The number of flights from Alicante to East Midlands has increased to 7 per week, and to Glasgow (Prestwick) up to 5 per week. They have also announced new routes for March 2010 from Malaga, Majorca, Ibiza and Murcia to Leeds Bradford.

- easyJet launched flights from Fuerteventura and Lanzarote to Liverpool and from Fuerteventura to London Stansted in November. They have announced for next Spring 2010 flights from Mahón (Menorca) to Manchester, and for the Summer 2010 Barcelona and Palma to Doncaster and Sheffield, and Tenerife to Bristol.
- bmiBaby flights from Malaga and Alicante to Manchester ceased in November.
- Jet2 will launch the following routes; in Spring 2010 from Lanzarote and Tenerife to East Midlands, at the end of May a new twice weekly service from Reus to Manchester. In the Summer 2010 a route from Gran Canaria to Newcastle and Manchester. And new routes to Blackpool from Malaga, Alicante, Murcia and Majorca.
- Air Lingus launched a 4 weekly service in October from Tenerife to London.
- Lots of offers for Christmas and New Year's Eve to all destinations. Seven days to UK in December: Lastminute €493 El Corte Ingles €650 and Edreams €366.
- Flights booked to UK one month in advance one way: easyJet Madrid to Gatwick €23.99, British Airways/Iberia Madrid to Gatwick €75 and Air Europa €63.

Business Tourism

- Business travel is still in decline in 2009 but for 2010 the market is starting to be more optimistic as revealed at the last EIBTM early December.

Leisure Travel Trade

- VAT is expected to increase in Spain in 2010 from 7 to 8% and this is applicable to hotels, transport and restaurants. And the general VAT will increase from 16 to 18% (subject to final confirmation).
- Travel agencies and wholesalers in Spain have suffered around a 30% decrease on their turnover in 2009. Approximately 1,500 travel agencies have closed down since the start of the economic recession and it is expected that the total figure will be over 2,000 by the end of 2009. This means 20% less travel agencies overall.
- The Spanish long weekends of 12 October and 6-8 December have proved to be very good on trips to London attracting more than 10,000 passengers.
- Social tourism is returning with a closer look at elderly tourism, youth, disabled travellers and families with less economic resources. This will help on the downturn of economic crisis and to overcome seasonality. Tour operators are opening new niche markets, for example new tours specialized on disabled tourists have launched with destinations to Paris, London and Budapest.
- This year has been very good for the Spanish Tour Operators and in general for travelling to Britain due to the downturn of the Sterling and UK VAT, next year the increase in VAT will affect negatively resulting on less passengers travelling to Britain.

Competitor Activity

Domestic Tourism:

- Due to the recession, Spanish travelers tend to atomize their holidays and stay in Spain and/or visit neighbour countries and short-haul destinations- which is an advantage for UK.
- Many Spanish tourist boards are launching domestic actions to attract short breakers to domestic destinations. Within this framework, Andalusia Tourist Board launched a roadshow in October to travel around those regions in Spain which are connected to Andalusia by Express trains. This action belongs to a more ambitious media plan that includes online advertising, outdoor and TV spots.
- Other Spanish regions, like Castilla-La Mancha, Extremadura, Castilla y Leon, Galicia and Basque Country, have some activity during this quarter, mainly presence in online and press.

Promotion of Spain abroad:

- TourSpain launched on 9 December the second version of their site www.spain.info , based on predictive behavior tools, much more visual, informative and practical than the previous one.
- Canary Islands: 'Say no to Winter Blues'. The Canary islands has launched a new drive as part of a new communications and positioning strategy for the Canaries that aims to position the archipelago as the ideal place to beat the Winter blues, a syndrome that affect millions of Europeans every year due to low temperatures and lack of sunlight. Running until mid-December, the project will be backed by a major integrated advertising campaign in conventional media in 14 countries across Europe: Spain, France, UK, Ireland, Germany, Sweden, Denmark, Austria, Italy, Belgium, the Netherlands, Switzerland, Finland and Norway. 100 recruited Canary volunteers, selected through a casting, to take the best from the Canary islands to the far North of Europe and help its inhabitants to fight the Winter Blues.
- For other European and Rest of the World destinations activity has been somewhat quieter, with less obvious media presence compared to the first two quarters.
- Spain is the 7th largest outbound in Cruise tourism and 4th in Europe with around 550,000 passengers in 2009 an estimated increase of 20%.

VisitBritain Activity Update

- PR communications: 3 e-newsletters & 3 press releases sent to approximately 600 Spanish Media contacts.
- Press Visits: 2 individual to Scotland, 1 individual to England, 1 individual to London and 1 group to Wales on Dylan Thomas locations (5 media).
- EIBTM took place early December in Barcelona.
- B2B communications: 2 dedicated e-newsletters and 2 quarterly e-newsletters.

Upcoming activity

- FITUR 2010. 20-24 January. 13 Partners attending amongst Strategic partners and UK industry. VisitBritain Brazil will also have a presence at the stand.
- BOBI. London, March 2010. 4 Spanish Tour operators will be involved.

Who's in Town?

- Various Autumn concerts have taken place in Spain. Amongst British singers or bands: Robbie Williams, Depeche Mode, Editors.
- TV interviews in programmes were made to Spandau Ballet, Rachel Weisz and Jamie Cullum.