

The Impact of the Post-Liberalisation Growth of LCCs on the Tourism Trends in Spain

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This paper describes the basic characteristics of low cost companies (LCCs) and their expansion in Spain, one of the most popular tourist destinations in the world according to the World Tourism Organization. Using a demand perspective, the evolution of LCCs and the main implications for the tourism marked between 2000 and 2005 are analysed. The evident tendency of Low-Cost companies towards a marked growth in the number of passengers is contrasted with the evident stagnation of traditional or full service companies. The results of the analysis also show that highly significant trends related to the development of LCCs include the growing use of the Internet as an information search engine and tool for booking and paying for tourist services, the substitution of traditional holiday packages (travel and transport) for direct booking systems and a reduction in the length of stays at a destination. [Jel Classification: L83, L93]

1. - Introduction

The European Air transport was characterised — up till the second half of the 1980s — by rather restricted bilateral agreements. A typical bilateral consisted of market sharing between the two countries flag carriers, often with capacity control, revenue

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pooling and fare agreements (Button, 1996). It is therefore fair to say that, from the 1980s onwards, most intra-European airline markets were under much more stringent regulation than the domestic and international markets served by US carriers.

Deregulation between EU member states took place in two major ways: firstly by liberalisation of bilateral between individual states. Secondly, the European Union began to develop a deregulatory aviation policy in the late 1980s. Unlike the strict deregulation in the US, the European deregulation followed a more gradual approach.

So far, three major “steps”, in the form of the well-known deregulation packages, have been taken. The first step in this process of gradual liberalisation was the 1987 package, in which the European transport ministers explicitly agreed upon the application of the competition articles in the Treaty of Rome to the airline industry. The European Commission had the power to grant exemptions to the rules, and it was clear that many inter-airline agreements on capacity, sharing, tariffs and revenue pooling would be illegal without them. The granting of exemptions to certain important categories of agreements, Button - Swan (1989) reflect the gradual approach taken by the Commission so as to persuade member states to accept progressive future liberalisation: all exemptions were of limited duration, and in the successive packages, the liberalisation measures became more and more significant. Finally the third EU aviation package obtained common airline licensing criteria in all EU countries, open market access throughout EU, (domestic cabotage restricted until 1997), and finally free pricing. The liberalisation of “handling” was also included in the last package, with the aim of reducing the high costs this process involves for airlines (calculated to be about 17% of their operational cost), Doganis (2001).

From then on there began a gradual increase in competition, which, in the Spanish case, altered the Spanish distribution of seat supply, which was initially in Iberia’s possession, until reaching today’s situation where it is distributed between Air Nostrum, Air Europa, Spanair and Iberia. But perhaps one of the factors affecting competition more dramatically is the powerful entry by

the low cost carriers (LCC). Their mode of operating is forcing the traditional companies, or “full service carriers”, to alter their behaviour strategies in order to survive within this new market.

Within this context, tourism has played a crucial role in explaining the restructuring of the sector. In 2006, Spain received 58.5 million international tourists with spending equivalent to 48,181 million euros, making it the world's second top destination accordingly to the WTO data (WTO, 2006). Spain has been one of Europe's leading international tourist destinations since the sixties, the decade when international tourism really took off (at the same time that civil aviation was popularized), and it accounts for a large part of all tourism from the United Kingdom, Germany and France who travel south during the summer months. In this line, 72.6% of tourists in Spain arrived by plane in 2006, a percentage that has increased 2.6 percentage points since 2000. It should be noted that Spain has played a pioneering role in coastal tourism, with a model that has been imitated by numerous destinations throughout the world. It is therefore logical that some of the world's leading tourism companies (Sol-Melià, Barceló, RIU, etc.) are based in Spain.

Then, given the importance of the tourist industry in Spain, which was estimated to account for 11% of the GDP according to Tourism Satellite Accounts for 2004 (IET, 2006a), the expansion of the LCCs and their interaction with tourism is crucial for the Spanish Economy and must be jointly analyzed. This paper describes in Section 2 the evolution of the LCCs in Spain aimed at showing the growth of LCCs post-liberalisation and the subsequent growth of secondary airports. Section 3 discusses the implication of the growth of LCCs on tourism trends. Finally, Section 4 concludes.

2. - Evolution of LCCs in Spain

2.1. The European “Low Cost Model”

The appearance of low cost companies is in reality a consequence of the air transport liberalisation process that began

in the United States in the 1970s. The first American Low Cost Company was Southwest Airlines (Gillen - Morrison, 2003; Vowles, 2001). This company currently has significant control of the American market, with operational costs between 50% and 70% lower than the rest of the American companies. Its approach is based on high frequencies and very low prices, and it does not use the Hub and Spoke System. Now, what is known as the "low cost company model" has spread in particular to Europe (with companies like Ryanair, Easyjet and Air Berlin) and to Asia and Africa (Air Asia, Virgin Blue, Air Arabia and Kulula).

The vigour of the low cost companies is faithfully reflected in the increase in their users. Scarcely seven years ago, these airlines barely represented 2 percent of the number of air passengers transported throughout the world, less than a tenth of those who used charter flights for their journeys. In 2001, the percentage rose to 7 percent. Today, the most reliable estimates talk of a share close to 14 percent, equivalent to almost 85 million passengers. If the forecasts are met, in 2010 one out of every four passengers will use these companies to travel, which would amount to more than 150 million people.

Although the number of LCCs operating in Europe is increasing every year, we can identify three companies which are consistently predominant: Ryanair (Ireland), Easyjet (UK) and Air Berlin (Germany).

Ryanair began to operate in Spain in December 2002 when it launched the Gerona-Frankfurt route with two flights a day, but its origins go back to 1985. The British operator EasyJet has not been around for so long. Its flights began in 1995 following the American model, Southwest Airlines. In Spain, it provides 700 weekly frequencies on 63 routes (it offers 210 all told), with more than 7.2 million passengers. Finally, there is the German company Air Berlin. Based at Palma de Mallorca airport, it offers direct air connections to ten Spanish and three Portuguese cities, as well as to London, Zurich and Vienna.

The general strategic behaviour of LCCs allows them to make important savings on their costs. Their basic model known as "Low Cost Model" is as follows:

1. Distribution and reservations are made entirely via Internet and with electronic tickets, the money for which is lost if the journey is not made.

2. In “in-flight service”, no distinction is made between preferential and tourist class, there is no seat numbering, no free catering is served, and there are no customer loyalty programmes. The crew itself is in charge of cleaning the plane. These operations amount to an approximate 6% saving on operational costs (Doganis, 2001)

3. Flights with high frequencies and maximum occupation, with percentages of over 80%.

4. Very low fares, which can prove even cheaper if the journey is reserved through advance booking.

5. Direct routes, with distances not exceeding 800 kilometres.

6. Choice of secondary origin and destination airports, avoiding problems of congestion and with planes only staying at airports for between 15 and 20 minutes, so that the fleet and the crew are “inoperative” on the ground for the shortest possible time. Here, a representative example is that of Girona airport, whose use has grown exponentially, since it became Ryanair’s base of operations. Other consequences apart, the arrival of the Irish airline led to AENA¹ investing 10 million euros on remodelling the Terminal and the car park.

7. Use of a single type of plane in the fleets, the Boeing 737 or the Airbus 320, with the aim of reducing crew training costs and ensuring a high use of flight hours per day: approximately eleven.

8. Crews with competitive salaries and high productivity. Crews have a continuous daily schedule.

2.2 Evolution of LCCs in Spain²

From a demand perspective, the annual rate of growth of the

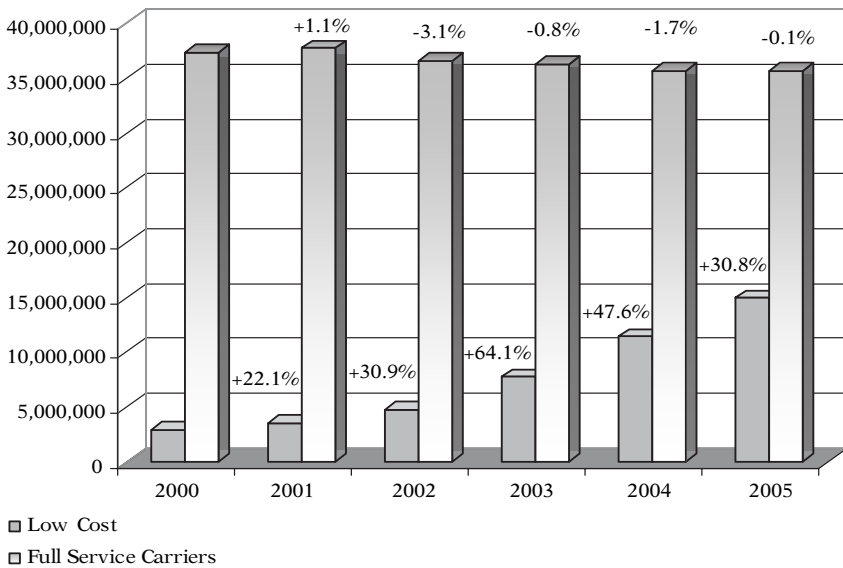
¹ AENA: Spanish Airports and Air Navigation.

² The data source employed corresponds to the Institute of Tourist Studies (IET), and AENA (Spanish National Airports and Air Navigation). The LCC lists are updated by the IET (Institute for Tourist Studies) every year to keep up with market changes.

number of passengers who arrive in Spain via LCCs has not ceased to grow since 2000 (see Graph 1). In contrast the number of passengers arriving with traditional companies has stayed at a standstill, or has shown a clear downward tendency. Nevertheless, within this well-defined trend towards growth it can be observed that the rhythm of growth of LCCs diminishes from 2004 onwards,

GRAPH 1

INTERNATIONAL PASSENGERS ARRIVING IN SPAIN,
LCCs *VERSUS* TRADITIONAL



Source: Own work using IET and AENA data.

In turn, the IET data operate with are provided by AENA, the Tourist Spending Survey (EGATUR), drawn up by IET itself, and Spanish Tourism Offices (OETs). Specifically, a comparison is made between 29 out of the 48 currently existing low cost European companies: Virgin Express (Belgium), Sterling European (Denmark), Ryanair (Ireland), Myair.com (Italy), Transavia.com (Holland), Easyjet Airline Co-Go Fly, Jet2, Flyglobespan, (Channel Express, GSM) Mytravellite, Bmibaby, Jersey European Airlines (Flybe), Air Scotland, EU Jet, Thomsonfly.com (United Kingdom), Air Berlin, Deutsche Ba, Germanwings and Hapag lloyd (Germany), Easyjet Switzerland, FlyBaboo and Helvetic (Switzerland), Norwegian Air Shuttle (Norway), Flyniki (Austria), Sky Europe (Slovakia), Smart Wings (Czech Republic), Wizz Air (Hungary), Blue Air (Rumania), Vueling (Spain) and Snowflake and Flynordic.com (Sweden).

although their rates of variation continue to reach really important magnitudes (47.6% and 30.8% in 2004 and 2005, respectively).

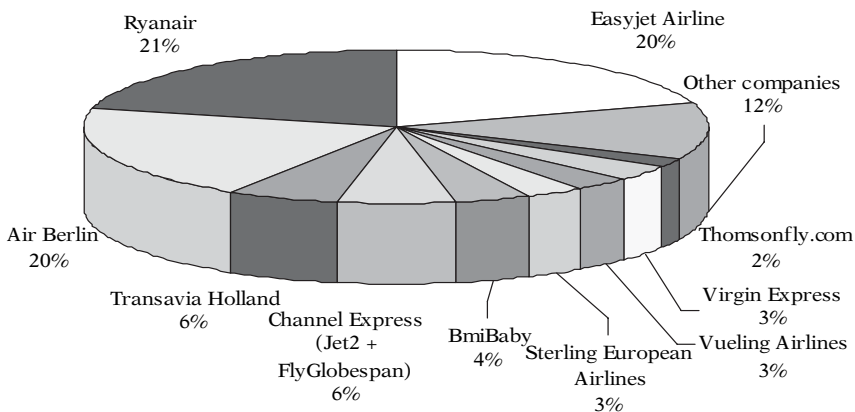
Of the 29 low cost carriers selected in 2005, five of them account for 74% of market share, calculated as the percentage of passengers transported by each low cost airline over the total of passengers transported by all the LCCs in 2005. As shown by graph 2, of these five, the three main carriers are Easyjet Airline (21.2%), Ryanair (20.9%) and Air Berlin (20%), only followed by the Dutch company Transavia Holland (6.3%) and the British company Channel Express (5.6%). The remaining 26% is distributed among the other 24 LCCs.

In short, this is a clearly concentrated market, where the three big low cost companies have gradually consolidated against the rest of the LCCs, which are smaller. However, in relation to 2004 the latter companies have experienced important percentages of growth: 14.7%, 69.9% and 18.2%, respectively. Likewise, it must be noted that, of the remaining smaller LCCs, two of them have witnessed spectacular growth in relation to 2004: the British EUJet (500.4%) and the Spanish Vueling (394.5%).

If we consider all airlines as a whole, both low cost and

GRAPH 2

MARKET SHARE OF THE MAIN LOW COST EUROPEAN COMPANIES 2005



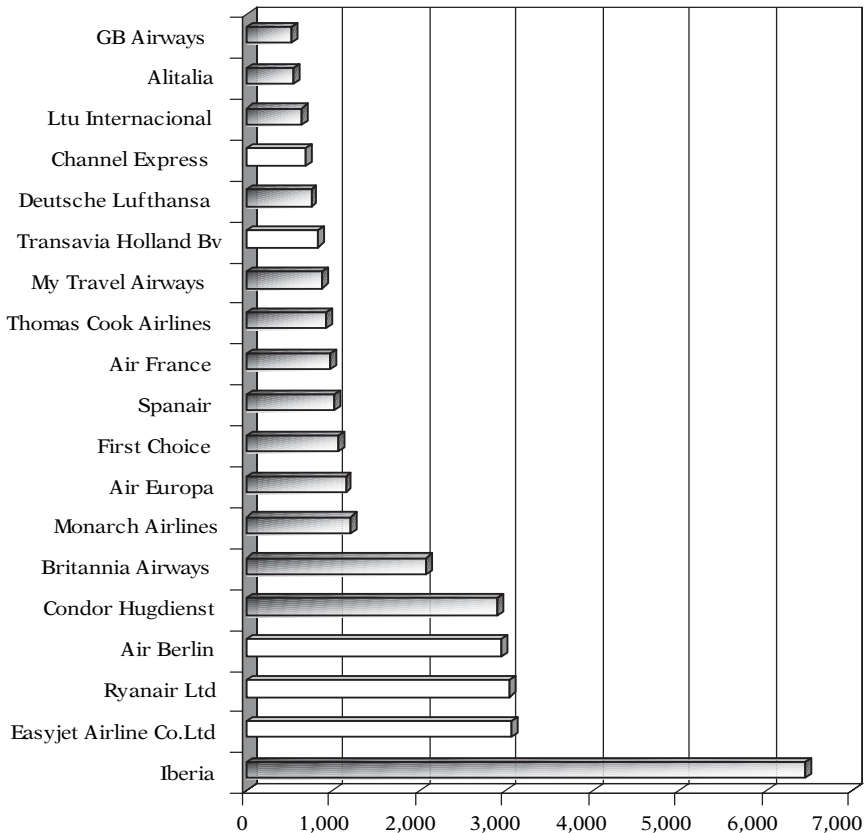
Source: Own work using IET and AENA data.

traditional, that were operating in Spain in 2005 (Graph 3), it is important to note that Iberia remains the largest operator, followed by EasyJet, RyanAir and Air Berlin. In fact, these three airlines together carried roughly 50% more passengers than Iberia.

A phenomenon to be noted from the analysis of graphs involving the LCCs concerns the destination airports for their flights, which, as mentioned in section 2, tend to be secondary airports. These, in turn, benefit from the operations of these airlines. To be specific, during 2005 (Graph 4), the airports with

GRAPH 3

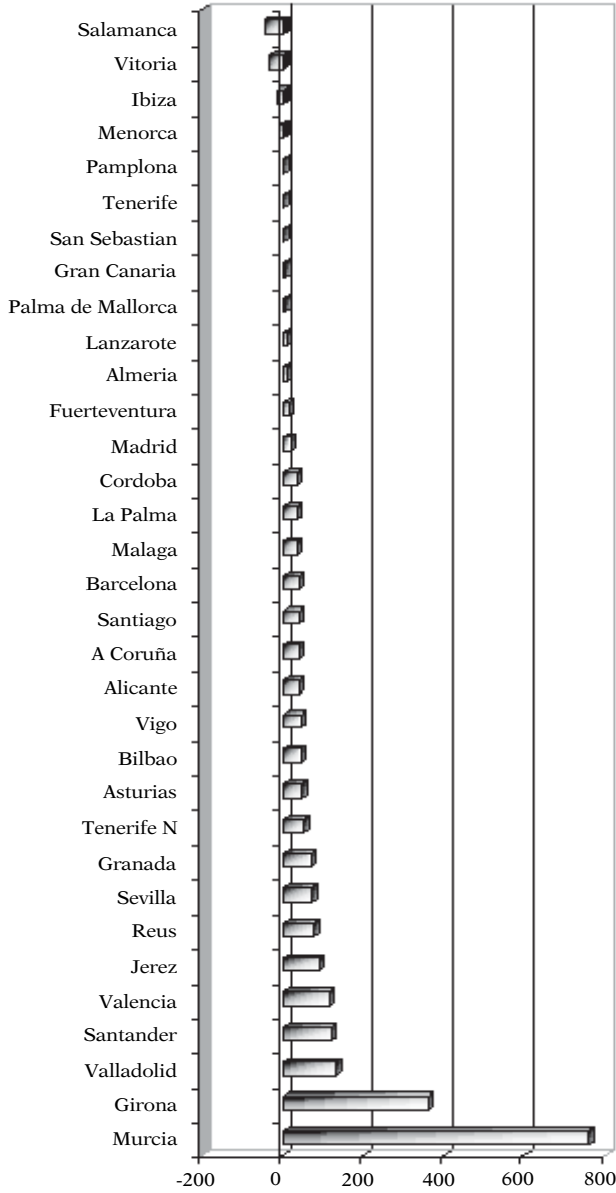
INTERNATIONAL PASSENGERS ARRIVING IN SPAIN
BY AIRLINE (2005)



Source: Own work using IET and AENA data.

GRAPH 4

THOUSAND OF PASSENGERS AT SPANISH AIRPORTS
TRANSPORTED BY LOW COST COMPANIES



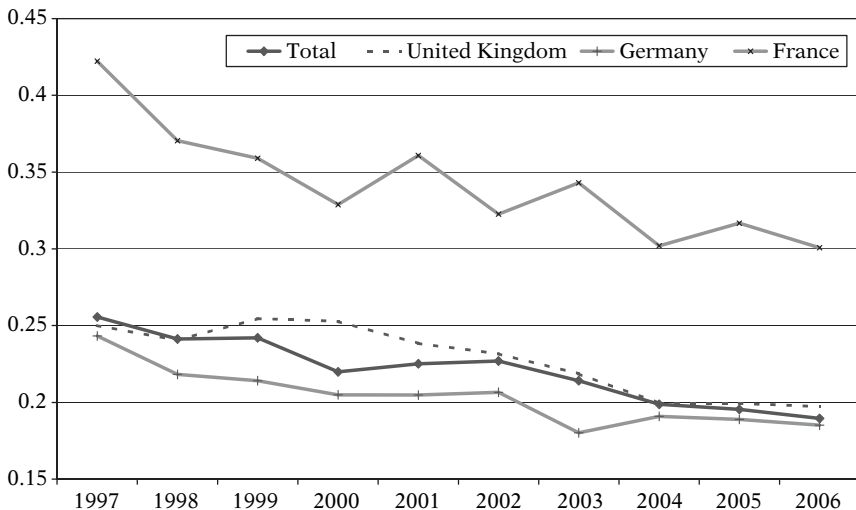
Source: Own work using IET and AENA data.

the greatest traffic volume from these companies were Santander, Murcia, Gerona and Valladolid, where the traditional companies scarcely carried out any operations. As a consequence, one can say that the spectacular growth in passenger numbers in these four airports is due to the operations by the LCCs (see Graph 5).

Lastly, with regard to the countries of origin of LCC travellers and the regions of destination we observe that the main issuing countries are the United Kingdom and Ireland, followed by Germany. The principal tourist destinations are the Community of Andalusia, Catalonia and the Community of Valencia.

GRAPH 5

THE GINI COEFFICIENT FOR INTERNATIONAL ARRIVALS TO SPAIN



3. - LCCs and Mass Tourism Trends in Spain

Spain currently holds second place in the the world tourist arrival and tourist expenditure ranks, with a market share of nearly 7% in both cases. In 2006, there was a ratio of 1.25 international tourists by resident, although it is important to add that tourism is unevenly distributed both geographically, and

throughout the year. Two groups of islands (the Balearics and the Canaries) and three Mediterranean coastal regions (Catalonia, Valencia and Andalusia) account for 80% of all international tourist arrivals, while over 45% of the country's tourists come during the four hottest months of the year (June to September). In any case, the widely known Spanish tourist dynamics for the last years cannot be explained without the expansion of the LCCs and the specialization of some airports in this kind of carriers.

In this context, from a geographical point of view, it can be observed how the weight of the LCCs is clearly related to tourism development. In this line, the Balearics, the Canaries, Catalonia, Valencia and Andalusia accounted for the 85,7% of the total air transit of the LCCs while in terms of the transit made by the traditional ones, the same percentage is 68,1%. Meanwhile, the expansion of the LCCs has had a great impact on those little airports that have specialized their activity in these companies as it is shown in Graph 4. On the other hand, it must be highlighted that the airports of Girona and Valencia, with a percentage of passengers in LCCs of 63.6% and 90.9% respectively, are two of the most specialized in this kind of traffic as well as airports with a very high annual growth during the last five years.

However there are different opinions about the convenience of specialization in this kind of passengers. In this line some analysts consider LCCs as a way to attract new tourists interested in second homes and a way to reactivate local economies (especially for those airports located in small cities). On the other side, it is related to LCCs' tourists with low-income tourists and, consequently, low expenses. For this reason it is necessary to investigate which the main tourist's trends that can be related to the expansion of the LCCs are.

3.1 Effects on Tourism of the Expansion of the LCCs in Spain

Without any doubt, one of the most important positive effects of the expansion of LCCs in Spain has been the maintenance of

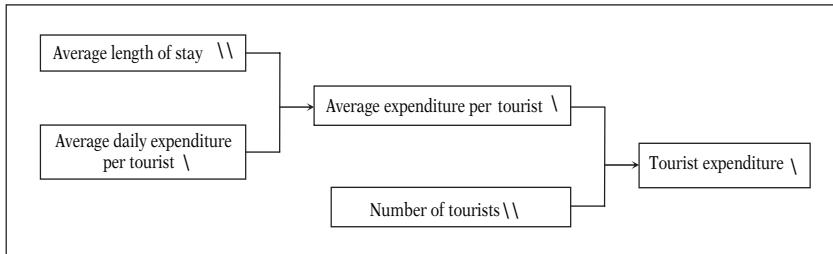
a growth rate higher than the one of other is Euro-Mediterranean regions during the last few years. However positive effects can be detected too in the seasonality problem. It is known that one of the most common is one of the main setbacks of the warm regions of the northern hemisphere tourist destinations. In the case of international tourist arrivals to Spain, although the latest report by the Institute of Tourism Studies (IET, 2006b) insists on a continued seasonal trend, a more detailed analysis by nationalities using the Gini coefficient (Graph 5) shows a slight reduction in this trend in recent years. Some authors have interpreted this reduction as a change in consumer habits, associated with higher incomes and higher levels of well-being (Rosselló *et al.*, 2004). In addition, it could be argued that the expansion of the LCCs, in contrast with the past, has led tourists to take several rest shorter periods throughout the year, instead of a longer one, thus making several holiday trips.

The validity of this hypothesis is supported by one of the clearest trends in the tourist industry in recent years: a reduction in the average length of stay. Taking average hotel stays as a reference based on the Spanish *Hotel Occupancy Survey*, the number of overnight stays by foreign visitors to Spain dropped from 5.3 days in 2000 to 4.5 in 2006. If an analysis of the evolution of the Balearic Islands is made (one of the most representative destinations, with historic data for certain variables like the average length of stay), the average number of overnight stays dropped from 9.5 days in 1992 to 6.6 in 2005 (Aguiló *et al.*, 2004 and 2005).

The flexibility introduced by the LCCs and the reduction in the average length of stay has clearly had an impact on tourist expenditure, with a progressive drop in tourist spending per person in real terms. Nonetheless, it should also be noted that average daily spending per tourist has shown a slight increase in recent years, which can mainly be explained by the repercussion of the cost of the trip on its lower length. The final balance is an increase in total tourist expenditure, motivated by the growth in tourists' numbers albeit at a lower rate. Graph 2 summarizes the reasons for these dynamics.

GRAPH 6

DYNAMICS OF TOURIST EXPENDITURE IN SPAIN



However, it is not clear what effect the expansion of LCCs is having on the cost of tourism products. It is argued that low cost airlines are the new substitute for charter airlines (Williams, 2001), whose profit margins were already being adjusted as a result of pressure from tour operators. Nonetheless, it seems clear that LCCs have given users greater flexibility, which have made consumers more prone to travel. Whatever the case, the replacement of charter flights with ones operated by LCCs is affecting the way in which holidays are booked, with consumers moving away from traditional package holidays (a package with one overall price whose minimum components are transport and accommodation) and instead reserving transport, accommodation and other services on an individual basis. Data by the IET on international tourism in Spain show that while in 2002 52.6% of all tourists did not pay for a package holiday; in 2006 the corresponding graph was 65.5%. The trend is even more acute in the country's most popular tourist regions, where LCCs have penetrated the market more forcefully. In the Balearic Islands, the graph rose from 32.5% in 2002 to 37.7% in 2005; in Catalonia from 73.6% to 78.1%; in the Canaries from 18.1% to 24.2%; in Andalusia from 61.6% to 71.5%; and in Valencia from 64.6 % to 79.4%. It is also important to add that these five regions accounted for 87.8% of all LCC arrivals to Spain in 2005.

LCCs have taken advantage of Internet in tourism. In this way, new technologies are also playing a decisive role in this changing scenario, both in the way that information is sought and in the

reservation and payment of tourism services. According to the IET (2003), in 2002 23.8% of all tourists to Spain consulted the Internet when seeking information about the destination or other aspects of the trip. Then, 11% of the tourists reserved a travel service by Internet and 7.5% of them paid for the services they had booked through this trading platform. Just three years later (IET, 2006b), in 2005, these same percentages had risen to 39.4% in the case of online information searches, 27.2% in the case of bookings and 23.9% in the case of payment.

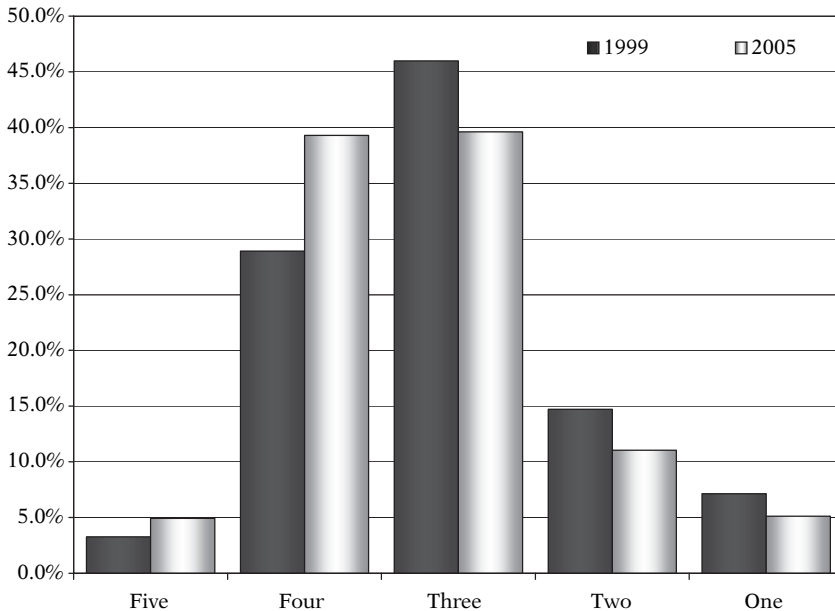
In any case, one of the possible negative effects attributed to the LCCs is the potential attraction of low income tourists. However, it is important to highlight the continued modernization and restructurization of Spain's hotel portfolio. Over the last few years, there has been a significant improvement in the standard of its hotels (Graph 3). To give an example, in 1999 hotel beds in three and four-star hotels³ (the highest category) were estimated to account for a share of about 32.2% of the tourist accommodation market, while in 2005 the percentage had risen to 44.2%. The conversion and upgrading of the country's hotels form part of a policy by different Spanish authorities aimed at differentiating the holiday product.

In spite of everything, the share of hotel trade in the total trade of the accommodation market is falling, even though the number of tourists staying in hotels has gone up by almost one million over the last six years. While, in the year 2000, 70.8% of all tourists to Spain chose to stay at a hotel or in similar accommodation (IET, 2001), in 2005 the corresponding graph was 62.9% (IET, 2006b). This shrinking market share can be attributed to the growth in second homes owned by foreign residents, who use these properties both for themselves and for friends and relatives. Whereas tourists staying in free accommodation⁴

³ The number of stars is a widely used measure of quality which largely summarizes the standards and services offered by hotels. See, for example, AGUILÓ E. *et AL.* (2001); CAPÓ J. *et AL.* (2007); PAPTHEODOROU A. (2002a); SINCLAIR T. *et AL.* (1990) or THRANE C. (2005).

⁴ Although "free" is a relative concept in this case, the term tends to be used to cover tourists staying in their own second home and those using the home of a friend or relative.

GRAPH 7

WEIGHT OF THE NUMBER OF BEDS
PER ACCOMMODATION CATEGORY

Source: Instituto Nacional de Estadística (National Institute of Statistics).

accounted for a share of the accommodation market of 15.5% in the year 2000, in 2005 the share had risen to 21.3%.

As a result of this transformation explained, partially, by the expansion of LCCs, tourists in Spain have nowadays a high level of familiarity with the holiday product and, consequently, show a high repeated visitation rate. It is striking that in 2005 only 17.3% of all tourists were on their first visit to Spain, whereas 46.5% had visited it seven times or more. This indicator is crucial in helping to forecast a destination's future evolution and possible expansion plans from the airline companies, since studies have shown there has to be a positive relation between the likelihood of a repeated visit to a destination and the number of prior visits a tourist has made (Court - Lupton, 1997; Juaneda, 1996; Mazursky, 1989; Pe-trick *et al.*, 2001). Tourist satisfaction also influences the likelihood

of a repeated visit (Kozak M., 2001). In this respect, only 0.6% of all international tourists gave Spain a fail rate as a destination in 2005 when asked to make a general assessment of the trip they had made.

4. - Implications for the Spanish Mass Tourism Sector

The air passenger and tourism dynamics have evidenced the success of the introduction of LCCs in Spain. However, it must be admitted that part of this success could be attributed to other factors like international insecurity elements such as conflicts and terrorism, that have threatened the world tourism during the last decades but especially to Mediterranean destination which are competitors of Spain. Anyhow, the question that arises is if these tourist zones, before the great expansion of the LCCs, are going to come in to a stagnation process or will be fallen inexorably due to this fact. Although some authors go for the depression in these destinations (Knowles - Curtis, 1999; Morgan, 1991) their future is not determined in this way if they are able to transform themselves accordingly with the changes in the tourist model.

Changes in tourism have had their origin in the own evolution of the tourist as a recreational services consumer and of leisure when decides to accomplish a holiday, congresses or even business trips. This evolution has been characterised by new motivations of the tourists whose origins are located in the fact that after fifty years of tourist development, tourism has reached sufficient maturity and consolidation levels that cause travelers take their own decisions more independently that in the seventies or the eighties. It is also evident that these demand transformations have their origin in the multiple technological changes. In this sense many of these transformations have been able to be materialized thanks to the new technologies and, more precisely, to the Internet. Whatever the case, mass tourism has been influenced by variations in the motivations that have affected to the decision making process of the tourist consumer. This reality, with the technological

changes and the globalization process, has become into new trends in tourist demand.

On the other hand, it must be highlighted that the high dynamic technological advances have led to a new framework in the organisation formulas of the companies and, consequently, in the production processes and the occupational relationships. All these factors have contributed to the design of some different trends on future demand that can affect to the sun and sand mass tourism. According to Vanhove (2005) two main changes must be considered in analyzing future tourism demand, and consequently future air passengers flows: a change in personal values and a change in the life styles.

In this way, first, it is necessary to talk about changes in the values related to more natural environments preservation and the search of the authentic and real experiences. Consumers wish to express their individuality, a circumstance that implies that products must be adapted to each consumer. In the context of the sun and sand tourist product, the sun alone is not a guarantee for a sustainable and viable tourist destination. The mature tourist destinations of sun and beach should restructure in destinations "sun-plus" or, in other words, sun destinations that can offer something more than sun.

Concerning to the change in the life styles, tourism has been affected by fashions and the quick transformations of the society. This has motivated that tourist understands the holiday trip as a need for enjoying new experiences, maybe with interaction with different cultures and, thus, he considers travelling to different destinations far away from her vital environment. On the other hand, the tourist consumption that chooses a traditional destination is a hybrid consumption that alternates higher-level expenses with others characteristic of lower purchasing power tourism like flying at low prices. Furthermore, the tourist can alternate travels to exotic destinations with others more traditional and sure in the case of the familiar tourism.

Thus, many tourists are still requiring destinations where some certain levels of agglomeration and urban development exist, maybe because visitors wish to enjoy a wide variety comple-

mentary offer, ranging from the cultural and monumental to all the facilities created for the leisure in the traditional destinations. In order to maintain this complementary offer a minimum threshold of visitors is needed to make profitable the companies involved in the transport from the origin to the destination.

Consequently, sun and sand mass tourism destinations like Spain should be able to develop private and public policies that will have to face new demands based on the individuality, flexibility, exigency of a greater adjustment to the quality, and the growing importance of the preservation of the natural environment. To summarize in an actual terminology, today the “fordist” mass destinations have the challenge of being adapted to the new requirements of the tourist through a “neofordist” development process.

5. - Conclusion

This article has offered a description of the basic characteristics of low cost companies, a recent phenomenon whose impact on the air transport market in Europe over recent years has been formidable, using the case study of Spain, where tourist flights are prevalent. The presence of this type of airline is, likewise, bringing about important changes in the competitive strategies of the traditional companies as well as significant transformation in the tourism market. In this line future trends in LCCs expansion will be bounded to the evolution of the tourism movements.

In this context, despite the numerous different factors that seem to threaten tourism at a worldwide level, leading international bodies insist on presenting the tourist industry as one of the most dynamic in the world economy (WTTC, 2006; WTO, 2005). In addition to the sharp rise in tourism, key movements by international tourists signal a process of market diversification. Although Europe continues to be the main issuing market and destination for international tourism, increasing numbers of emerging destinations are appearing, attracting higher and higher

numbers of tourists, and the most optimistic growth forecasts for the next few years are mainly concentrated in Asia, Africa and the Middle East. However, there is no evidence about the fact that traditional sun and sand mature destinations will not be able to adjust themselves in order to guarantee a certain growth level to middle and long terms.

In recent years, the trend in world tourist expenditure shows a lower growth than the volume of tourists (WTO, 2006), which means a drop in average spending per tourist. Some authors have pointed to the expansion of LCCs and the widespread formation of alliances among big airline companies as the possible driving forces behind the growth in the number of tourists, the reduction in the cost of transport and the resulting drop in average spending per tourist (Costas-Centivany, 1999; Morley, 2003; Papatheodorou, 2002*b*).

Due to its relative importance in world tourism, to its tourist industry's long history and to its recent expansion of LCCs, Spain is a good case study to use in analyses of trends that affect leisure, recreational and holiday tourism at traditional sun and sand destinations. One initial analysis seems to point to a change in European consumers' preferences, with them preferring to take a number of holidays throughout the year instead of just one in the summer months, probably related to the flexibility introduced by the LCCs. This would explain the reduced seasonality that has been observed in recent years and the reduction in the average length of stay by tourists.

New technologies are playing a decisive role in changing consumer habits, in the way that they seek information about destinations and reserve and pay for services. In this context, LCCs are growing in strength, using online booking systems as a prime method of reducing costs and replacing the custom of package holidays with the direct reservation of individual services.

As for the accommodation supply, continued public authority efforts can be observed to promote the modernization of tourist accommodation, leading to higher-quality hotels. Despite this, the hotel trade has not been fully able to benefit from the growth of the sector due to the increasing popularity of second homes owned

by foreign residents, which are also widely used by friends and relatives. This phenomenon has benefit too from the flexibility introduced by the LCCs.

In a more general sense, the sun and sand mature destinations could enjoy from possibilities of growing in terms of expenditures and tourist revenues since, contrarily to some thinking, these destinations can be adapted to the values and life style changes if they are able to generate, in addition to competitive accommodation, a diversified set tourist services that could satisfy a segmented, heterogeneous demand near the inexhaustible and persistent good weather, characteristic of the Mediterranean coastal environment.

To sum up, the challenge of the Mediterranean and Spanish mature destinations is to be capable of adapting to the changes imposed by the new desires and motivations of the tourists in the context of the new technologies that have stimulated the above-mentioned changes. This challenge could be not greater than others that sustain many products of the economic life in the time of surpassing the maturity step of their life cycle.

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