FEM41-04

FEMISE RESEARCH PAPERS

"Winners and Losers in the Tourism and Hospitality Industry along the Transition Process: Evidence from South and North MED Countries"

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Forum Euroméditerranéen des Instituts de Sciences Economiques

"Winners and Losers in the Tourism and Hospitality Industry along the Transition Process: Evidence from South and North MED Countries"

FEMISE Research Project FEM 41-04

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FEMISE RESEARCH PROGRAM 2015-2016

RESEARCH PROJECT FEM 41-04

"Winners and Losers in the Tourism and Hospitality Industry along the Transition Process: Evidence from South and North MED Countries"

EXECUTIVE SUMMARY FEMISE RESEARCH PROJECT FEM 41-04

Along the present "Executive Summary" we synthesize the main findings of FEMISE Research Project FEM 41-04, on "*Winners And Losers In The Tourism And Hospitality Industry Along The Transition Process: Evidence From South And North MED Countries"*, corresponding to the FEMISE research program 2015/2016.

Tourism is the backbone for many Mediterranean (MED) countries, providing a pivotal source of foreign currencies, attracting investments, absorbing labour force and sharing in the countries development. Tourism is also a sensitive industry based on security and safety issues when attracting tourists from all over the world. In 2015, the Mediterranean region was the first world tourism destination with more than 250 million people in arrivals and 200,000 million dollar in receipts, due to the presence of the leading North shore destinations (France, Spain, Greece and Italy) and South-East shore countries (Egypt, Turkey and Tunisia) (UNWTO, 2016).

At their very beginning, in years 2010 and 2011, the media started to define the Arab Spring revolutions as peaceful protest movements that are requesting to correct imbalances, corruption, poor living standards and inequality. Later, the protests and violence increased, sending a message that these countries were unsafe places to be visited. The instability that spread among the countries in the Mediterranean reshaped the region as vulnerable and threatening, especially in the south shore after several attacks on foreign tourists. Subsequently, a decline occurred in tourist arrivals and revenues, especially in Egypt and Tunisia, affecting the countries' national income. On the other hand, important destinations in the north shore of the MED region were receiving the bulk of relocations that cancelled their visits to south countries, with some countries such as Spain, Italy, France or Greece remarkably increasing the number of arrivals since the beginning of the Arab Spring.

In this context, **the first chapter of the study** focuses on reviewing the impact of the Arab Spring movements on the tourism sector for both shores of the Mediterranean, taking Egypt and Spain as reference case studies In the case of Egypt, we can see that the tourism sector has been negatively affected by the instability situation, with this country facing a severe decline in tourist arrivals, revenues, occupancy rates, level of employment, taxes collection and global investments. However, the country is now in the midst of a transition process, and the recovery of a stable situation and the promotion of the country as a safe tourist destination is the main objective for present times, in order to retrieve the necessary benefits coming from international tourism. In contrast, Spain was recording remarkable flows of international inbound tourism in these years. More than 12 million trips have been relocated by international tour-operators into the country since year 2011 according to official estimates (Exceltur), with the year 2015 showing an historical number of 69 million of international arrivals. In broader terms, the South European Mediterranean countries increased international tourist arrivals in more than 50 million people in years 2010-2015, while arrivals in traditional destinations in the North of Africa dropped from more than 7 million people since 2010, with Egypt losing more than 5 million tourists in these years and Tunisia doing it for more than 2.5 million entrances. After this introductory section, the following two chapters of the investigation have focused on how to limit the impact of the instability situation on the tourism and hospitality industry in the MED region. For the south shore region, Chapter 2 proposes a marketing mix model helping to reduce the impact of the crisis on the labour force and feeble management methods. The model is tested for the reference case of Egypt. For the north shore MED region, Chapter 3 reviews the main changes taken place in the profile and vacational behaviour of tourists visiting the region and, by means of an expenditure model, we test how these changes could be affecting the economic sustainability of the tourists sector for the future. This setting is tested for the case of Spain as benchmark destination in this area.

In more detail, **the second chapter of the study focuses on** designing a new marketing mix model to rescue the hospitality industry in the South region, providing evidence from Egypt after the Arab Spring. The chapter emphasizes the necessity of identifying the key constructs driving the paths of improvement, restructuring and development for the tourism and hospitality industry in times of transition. We divide the model into an internal environment, and an external environment context. Our aim is to provide managers with new analytic tools helping them to overcome the current challenges. In testing the model, empirical research focus on survey analysis made to a sample of 5 and 4 star hotels located in Great Cairo, Alexandria, Sharma El Sheikh, Hurghada, Luxor and Aswan in Egypt. The analysis was carried out by combining different statistical techniques including reliability intrinsic validity tests and logistic regression models. Relying on theoretical models and empirical results, we find out the following: the significant effects of feeble management performance characterizing hotels lie behind most of the labor layoffs. Crises management processes should be considered in this context as an alternative option of layoffs during the transition process.

Moreover, there are significant relationships between the occupancy rate during the transition process and the internal success factors of hotels represented by job oriented and customer oriented constructs. Levels of occupancy rates during the transition process became the key in the internal success factors of hotels, with the proposed marketing model being able to show the linkages between contemporary marketing mix, traditional marketing mix collaborative work achievements, and the rightsizing of cost optimization actions. These results emphasize the role of good management and marketing techniques for dealing with restrictions in times of transition in the hospitality industry at South countries.

Finally, the third chapter of the project investigates the impact of the boost in international arrivals in North MED countries since the beginning of the Arab Spring. It is interesting to note that in Spain, as well as in other north MED countries, the growth of international inbound tourism contrasted with an evident decline in domestic tourist flows since the beginning of the global financial crisis. This boom in international tourism in times of weak domestic demand undoubtedly helped the tourism industry to face its necessary reconversion path.

In the present analysis, this chapter employs survey data of more than 200,000 international tourists who were interviewed by the Spanish Institute of Tourism Studies (IET). The first part of the chapter focused on understanding the main changes taking place in the profile of tourists arriving since the beginning of the Arab Spring movements, and on the characteristics of their vacational stays. Main findings on the issue showed an increase in the presence of new groups of visitors, including tourists from northern Europe, Americas, and Asia in Spain, as well as a growing presence of other interesting segments of tourists, like females, young visitors with tertiary education, or travelling alone and with friends. New types of tourist behaviour have also emerged along these years, including a growing use of rent apartments, booking-inadvance customer preference and generalization of the Internet in tourism planning. Culture is being consolidated as a pivotal asset in the development of the European and Mediterranean tourism, while other interesting activities gaining place at destinations are those of tourism events (sports, cultural) and those closely linked to the idiosyncrasy of the Mediterranean region (gastronomy, nightlife). In the second part of the research we ran tourist expenditure models for four main destinations in Spain (Balearic and Canary Islands, Madrid and Catalonia) in order to identify the factors leading tourism spendings in the country and by destination. The most relevant factors leading expenditure in Spain appear to be those of country of origin, purpose of the visit, type of accommodation chosen, and level of income of visitors.

Combining the results of both sections, we can improve our knowledge on how changes in profiles of tourists would be affecting the economic sustainability of destinations in the near future. In this way, some important results emerge from the investigation. The first one relates to the growing revenues linked to new groups of tourists significantly increasing their presence in Spain through these years. These include international visitors coming from non-traditional origin countries in north of Europe, North America, Asia and the Middle East, all showing much higher levels of expenditure in regards to traditional EU visitors. Other collectives showing higher presence in Spain and increasing average spending according to expenditure equations are those of mid-age visitors, those with mid income levels, first-time visitors, and tertiary educated ones. Young visitors at urban destinations (Madrid and Catalonia), people travelling alone and with friends, all have been increasing their presence in the country in these years and help to increase the level of expenditure in Spain too. Other trends identified in the sample would be also help to increase spending in the future, including people engaged in cultural and food-related activities that has been significantly growing along recent years. Growth of all these activities enlarges the cultural and social dimension of destinations, also increasing economic revenues, reinforcing in this way the destination competitiveness. In general, positive outcomes for economic sustainability and competitiveness appear to be identified in Spain along these years, some of this coming in connection with relocation effects derived from the Arab Spring.

However, notable challenges have been also raised by results of the investigation. One of the most important is that referring to the capacity of destinations to increase spending of traditional EU visitors, given that they continue to represent around half of the global international tourism demand in Spain. Given that North African destinations show higher price competitiveness, pressures for downsizing of tourism prices in Spain have resulted in lower average trip spendings at some destinations. Such an issue points to the need of attracting more high-income tourists from overseas, i.e. Chinese visitors, as they constitute a desired target, but have slightly reduced their presence in Spain during these years. These two key points show the necessity of continuing with the reconversion of the Spanish tourism model, mainly for seaside mature destinations.

Summing up from all chapters, main findings of the Research Project FEM 41-04 showed that the tourism industry in the MED region has been facing a challenging situation, given the instability promoted by recent events, including the Arab Spring and the war in Syria. The project provides instruments to improve feeble management of hospitality industry in South countries, and a number of guidelines directed to increase the average tourist expenditure at north MED destinations for improving their economic sustainability. However, none of this would make no sense without an urgent determination of the EU institutions for achieving peace and stability in the MED region, this being a central policy prescription from the project. The focus of Neighboring Policies on developing cooperation and peace instruments would result in benefits for all the people in the region, as instability is a process that spreads through borders, whether you belong to the North or the South of the MED region.

Rapport Exécutif du Projet de recherche FEMISE (FEM 41-04)

Rapport Exécutif du Projet de recherche FEMISE (FEM 41-04)

Ce “Rapport Exécutif”, nous permet de synthétiser les principales conclusions du projet de recherche FEMISE (FEM 14-04) sur « Les gagnants et les perdants dans le tourisme et l’industrie hôtelière pendant la phase de transition : Indices aux pays du Nord et du Sud de la Méditerranée » conformément au programme de recherche du FEMISE 2015/2016.

Le tourisme est l’épine dorsale dans plusieurs pays de la Méditerranée (MED), puisque elle est une source importante de devises étrangères, attire les investissements, absorbe la main-d’œuvre et contribue au développement des pays. Le tourisme est une industrie sensible dépendant de la sécurité et la sûreté dans le but d’attirer les touristes du monde entier. En 2015, la région méditerranéenne était la première destination touristique au monde, elle a enregistré l’arrivée de 250 millions de personnes, 200.000 millions de dollars de recettes, grâce aux destinations phares de la rive nord de la Méditerranée (la France, l’Espagne, La Grèce et l’Italie) et les éminents pays de la rive sud de la Méditerranée (l’Egypte, la Turquie et la Tunisie), selon l’Organisation Mondiale du Tourisme (OMT) 2016.

En 2010 et 2011, tout au début du Printemps arabe, les Médias ont défini les révolutions de ce Printemps comme étant des mouvements de protestation pacifiques réclamant la correction des déséquilibres, la prévention de la corruption, l’amélioration des conditions de vie des pauvres et la lutte contre l’inégalité. Plus tard, les protestations et la violence accentuées envoyaient, un message clair aux touristes que ces pays sont des destinations à risques. L’instabilité répandue dans les pays de la Méditerranée a refaçonné la région¸ en des places vulnérables et dangereuses notamment après plusieurs attaques contres les touristes au sud de la Méditerranée. Ensuite, le taux d’arrivées des touristes et les revenus engendrés par le tourisme se sont reculés surtout en Egypte et en Tunisie, imprégnant ainsi leur revenu national. Par ailleurs, des destinations importantes de la rive nord de la Méditerranée recevaient une majeure partie des touristes qui ont changé leurs destinations et ont annulé leurs visites aux pays du sud. Certains pays comme l’Espagne, l’Italie, la France et la Grèce ont enregistré une augmentation remarquable du taux d’arrivées touristiques depuis le début du Printemps arabe.

Le premier chapitre de l’étude porte sur l’évaluation des conséquences des révolutions du Printemps arabe sur le tourisme dans les pays du sud et du nord de la Méditerranée en étudiant les deux cas de l’Egypte et l’Espagne. Dans le cas de l’Egypte, le secteur touristique a été négativement influencé par l’instabilité, alors que le pays faisait face à la baisse des entrées touristiques, des revenus, des taux d’occupation, du taux d’emploi, d’impôts perçus et d’investissements. Cependant, le pays est actuellement en pleine phase de transition ; le rétablissement vers une situation stable et la promotion du pays en tant que destination touristique sûre sont actuellement les objectifs principaux, afin de récupérer les bénéfices

attendus du tourisme international. Par contre, au cours de ces années, l'Espagne avait enregistré une hausse remarquable des flux touristiques en provenance de l'étranger. Les tour- opérateurs internationaux ont modifié plus de 12 millions de voyages vers ce pays en 2011, selon les estimations officielles (Exceltur), l'année 2015 est marquée par un taux historique de 69 millions d'arrivées touristiques internationales. Plus généralement, les pays méditerranéens de l'Europe du sud ont augmenté leurs arrivées touristiques internationales pour plus de 50 millions de personnes entre 2010 et 2015; alors que ces arrivées ont chuté de plus de 7 millions de personnes dans les destinations traditionnelles de l'Afrique du nord depuis 2010 ; l'Egypte a perdu plus de 5 millions de touristes et la Tunisie plus de 2.5 millions de personnes pendant ces années.
Après cette introduction, les deux chapitres suivants de l'enquête se focalise sur les la manière de limiter les effets de l'instabilité sur le tourisme et l'industrie hôtelière dans la région méditerranéenne. Pour les pays de la rive sud de la Méditerranée, le deuxième chapitre propose un modèle de mix-marketing qui contribue à réduire les effets de la crise sur la main-d'œuvre et ceux de la faible gestion. Le modèle est testé sur le cas de l'Egypte. Pour les pays de la rive nord de la Méditerranée, le troisième chapitre analyse les changements principaux des profils et des comportements des touristes visitant la région. A l'aide d'un modèle de dépense, on a analysé comment ces changements pourraient affecter la durabilité économique du secteur touristique à l'avenir. Ce paramètre est appliqué à l'étude du cas de l'Espagne comme étant point de repère parmi les destinations dans cette région.

Le deuxième chapitre de l'étude se focalise sur la conception d'un nouveau modèle de mix-marketing pour sauver l'industrie hôtelière dans la région sud-méditerranéenne en présentant des indices en Égypte après le Printemps arabe. Le chapitre met l'accent sur la nécessité d'identifier les hypothèses clés pour envisager des pistes d'amélioration, restructurer et développer le tourisme et l'industrie hôtelière pendant la phase de transition. Le modèle est divisé en un environnement interne et un environnement externe. Notre objectif tend à former des directeurs dotés de nouveaux outils d'analyse qui leur permettent de relever les défis actuels. Pour tester ce modèle, des recherches empiriques basées sur l'analyse d'une enquête sur des hôtels 4 et 5 étoiles au Caire, Alexandrie, Charm El Cheikh, Hurghada, Louxor et Assouan en Égypte. L'analyse a été réalisée par combinaison de différentes techniques statistiques y compris la fiabilité et la validité intrinsèques des tests et les modèles de régression logistique. Comptant sur les modèles théoriques et les résultats empiriques, nous aboutissons aux remarques suivantes : l'effet significatif d'une administration faible dans les hôtels entraînant le licenciement des employés. La gestion des crises est considérée, dans ce contexte, un alternatif au licenciement pendant les périodes de transition

De plus, il existe des relations étroites et significatives entre le taux d'occupation pendant les périodes de transition et les facteurs du succès interne des hôtels représentés par les concepts de « travail orienté» et d' « orienté client ». Les taux d'occupation pendant les périodes de transition sont devenus un facteur clé du succès interne d'un hôtel, et le modèle de marketing proposé a pu marquer les liens entre le mix-marketing contemporain, les réalisations du travail collaboratif du mix-marketing traditionnel et les dimensionnements pour optimiser les coûts. De tels résultats mettent l'accent sur le rôle de la bonne gestion et les techniques du marketing en faisant face aux restrictions dans le domaine d'industrie hôtelière aux pays du Sud dans les périodes de transition.

Le troisième chapitre du projet étudie les conséquences de la croissance impressionnante du taux des entrées touristiques internationales dans les pays du Nord de la Méditerranée dès le début du Printemps arabe. Force est de noter qu'en Espagne comme dans les autres pays du nord de la Méditerranée, la croissance du tourisme international en provenance de l'étranger s'est opposée à une chute manifeste des flux touristiques internes dès le début de la crise financière mondiale. Ce boom du tourisme international survenu en même temps du déclin de la demande sur le tourisme interne a indéniablement aidé l'industrie du tourisme à faire face aux exigences de son parcours de reconversion impérative.

Dans ce chapitre, l'étude est basée sur une enquête effectuée auprès de plus de 200,000 touristes internationaux et menée par l'Institut d'Etudes touristiques d'Espagne. La première partie de ce chapitre se focalise sur la saisie des principaux changements dans les profils des touristes arrivant au pays depuis le début des mouvements du Printemps arabe ainsi que sur les caractéristiques de leur séjour professionnelle. Les principales constatations montrent une croissance dans l'arrivée de nouveaux groupes de visiteurs y compris des touristes en provenance de l'Europe du Nord, des Amériques et de l'Asie en Espagne, de même qu'une présence croissante d'autres segments intéressants de touristes tels que les femmes, les jeunes voyageurs avec formation tertiaire ou voyageant seuls ou avec des amis. Tout au long des ces années, de nouveaux comportements des voyageurs apparaissent, y compris le recours croissant à la location d'appartements, à la réservation anticipée préférée par les clients et à la généralisation de l'utilisation de l'internet, par les touristes internationaux, pour faire les plans touristiques. La culture est consolidée comme étant le pivot central du développement du tourisme européen et méditerranéen, entre-temps d'autres activités intéressantes prennent place dans ces destinations telles que les événements touristiques (sportifs, culturels) et des activités étroitement liées à la particularité de la région méditerranéenne (gastronomie, vie nocturne). Dans la deuxième partie de cette recherche, on applique un modèle de dépenses des touristes sur quatre destinations phares en Espagne (les îles Canaries, les îles Baléares, Madrid et la Catalogne) pour identifier les facteurs qui contrôlent les dépenses des touristes dans le pays et par destination. Les facteurs les plus pertinents semblent être ceux du pays d'origine, du but de la visite, du type d'hébergement et du niveau de revenu des visiteurs.

En associant les résultats des deux sections, nous pouvons améliorer notre connaissance sur l'influence des changements des profils des touristes sur la durabilité économique des pays dans le futur proche. Dans ce sens, des résultats importants découlent de cette enquête. Le premier résultat se rapporte aux revenus croissants de nouveaux groupes de touristes dont leur présence en Espagne augmente considérablement au cours de ces années. Il s'agit des visiteurs internationaux en provenance des pays non-traditionnels du nord de l'Europe, d'Amérique du nord, de l'Asie et du Moyen Orient, qui font preuve des taux de dépenses plus élevés par rapport aux visiteurs traditionnels de l'Union Européenne. D'autres groupes de visiteurs qui ont une plus forte présence en Espagne et qui augmentent leurs dépenses moyennes selon les statistiques, sont ceux de jeune âge, de moyen revenu, les nouveaux visiteurs, et ceux qui ont une formation tertiaire. Les jeunes visiteurs des destinations urbaines (Madrid et Catalogne), ceux qui voyagent seuls ou avec des amis, tous avaient intensifié leur présence dans ce pays au cours de ces années, ce qui y a contribué à la croissance du taux de dépenses. D'autres tendances, identifiées dans l'étude, contribueraient, également, à accroître les dépenses à l'avenir, y compris les personnes engagées dans des activités ayant trait à la culture ou l'alimentation, deux domaines qui ont connu une croissance significative au cours des dernières années. La croissance de ces activités élargit l'envergure des dimensions culturelles et sociales des destinations concernées, augmente leurs revenus économiques et renforce ainsi leur compétitivité. En général, des résultats positifs sur le plan de la durabilité économique et de la compétitivité ont été identifiés en Espagne au cours de ces années. Une partie de ces résultats est liée au changement de destinations par les touristes suite au déclenchement du Printemps arabe.

Toutefois, les résultats de l'enquête ont souligné d'importantes difficultés. A la tête de ces difficultés, figure celle de la capacité des destinations à augmenter les dépenses des visiteurs traditionnels de l'Union Européenne qui représentent, encore, d'environ la moitié de la demande touristique internationale en Espagne.

Comme les destinations nord-africaines font preuve d'une compétitivité-prix plus élevée, les pressions pour la réduction des prix du tourisme en Espagne ont entraîné une baisse des dépenses moyennes touristiques dans certaines destinations. Une telle situation souligne le besoin d'attirer davantage de touristes hauts revenus des pays d'outre-mer, c'est-à-dire les touristes chinois, considérés comme cible visée, mais qui ont réduit quelque peu leur présence en Espagne au cours de ces années. Ces deux points clés montrent la nécessité de poursuivre le processus de reconversion du modèle touristique en Espagne surtout pour les anciennes destinations balnéaires.

Résumé des trois chapitres, Les principales conclusions du projet de recherche no. FEM 41-04 montrent que l'industrie touristique dans la région méditerranéenne fait face à une situation difficile compte tenu l'instabilité suscitée par les derniers développements surtout le Printemps arabe et la guerre en Syrie. Le projet propose des instruments d'amélioration la fiable gestion de l'industrie hôtelière dans les pays du sud de la Méditerranée, ainsi que des directives pour augmenter la dépense touristique moyenne dans les destinations du nord de la Méditerranée en vue d'assurer leur durabilité économique. Toutefois, aucune de ces mesures ne se révèlera effective sans une détermination des institutions de l'Union Européenne, pour établir la paix et la stabilité dans la région méditerranéenne. Ceci représente l'essentielle recommandation politique du projet.

Mettre l’accent sur les politiques de voisinage pour développer des instruments de paix et de coopération aurait des effets bénéfiques pour toute la région, vu que l’instabilité est un phénomène qui se répand et traverse les frontières soit au Nord ou au Sud de la Méditerranée.

WINNERS AND LOSERS IN THE TOURISM AND HOSPITALITY INDUSTRY ALONG THE TRANSITION PROCESS: EVIDENCE FROM SOUTH AND NORTH MED COUNTRIES

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Abstract

Starting at years 2010 and 2011, the Arab Spring uprisings altered the landscape of the Mediterranean region. Domestic and external shocks mixed together to worsen the socio-economic situation of many countries in the area. In this context, the tourism industry has shown an important degree of resilience. In Southern Mediterranean European countries remarkable growth of tourism revenues helped to balance the impact of the global financial crisis. In contrast, in the south shore of the Mediterranean, the North of Africa region, the growing instability have resulted in a dramatic drop in the number of international visitors, exacerbating the impact of the global crisis for countries highly dependent on tourism receipts. The first chapter of this research project presents a brief overview on the performance of the tourism industry in the Mediterranean region in recent years. Egypt and Spain are taken as reference case studies, helping to illustrate the way followed by the tourism and hospitality industry since the beginning of the transition process. In the second chapter we propose a marketing mix model in order to improve the conditions of workers and efficiency of the hospitality industry in the transition process, testing the model for the Egyptian case. In the third chapter we provide evidence on changes taking place in the profile of tourists arriving to Spain as our case of analysis, and investigate how these changes have been affecting the level of expenditure and economic sustainability for the tourism sector from a microeconomic perspective.

CHAPTER 1

RECENT TRENDS OF THE TOURISM AND HOSPITALITY INDUSTRY: EVIDENCE FROM SOUTH AND NORTH MED COUNTRIES

1. Introduction

International tourism has become an outstanding global activity nowadays. According to the last report on "Tourism Highlights 2016" of the United Nations World Tourism Organization (UNWTO henceforth), the tourism industry accounted in 2015 for 9% of the world employment, 7% of world exports of goods and services, with an estimated economic impact of around 10% of world Gross Domestic Product (GDP) including all direct, indirect and induced effects of the industry. The Mediterranean (Med) region was the top world destination in 2015 with more than 250 million of international tourist arrivals and $200,000 million in receipts. The leading position of the region is explained by the presence in this territory of well-known north shore (France, Spain, Greece and Italy) and south shore destinations (Egypt, Turkey and Tunisia), occupying top positions in the world tourism ranking (UNWTO, 2016).

Despite being settled in a leading world tourism area, North of Africa and Middle East countries have been suffering a continuous drop in the number of international visitors since the beginning of the Arab Spring movements and the war state established in Syria. Growing instability in the region caused arrivals to drop in North of Africa (Algeria, Morocco, Sudan and Tunisia) from 19.6 million in 2010 to 18 million in 2015. Only Morocco has slightly grown since 2010, but Tunisia lost 2.5 million international visitors since that year, and Algeria lost 300,000 visitors out of 2 million. International tourism in Middle East countries also shows an impact, with international arrivals declining from 54.7 million in 2010 to 49.1 million in 2013, despite some slight recovery in 2015 with 53.3 million arrivals. Egypt, Jordan and Lebanon stay among the most harmed countries by the Arab Spring situation. Egypt has lost 5 million international visitors out of 14 million since 2010. Jordan started 2010 with 4.2 million visitors, now showing 3.8 million, while Lebanon lost 0.9 million visitors since 2010, receiving the visit of 1.3 million visitors in 2015 (UNWTO, 2016).

In this context of regional instability, a relocation process of traditional visitors has been taking place from the south to the north shores of the Mediterranean Sea. In the Southern European Mediterranean region, international arrivals have remarkably grown from 173 million people in 2010 to 225 million in 2015. In Spain, 52 million visitors in 2010 turned into 68 million in 2015, France grew from 77 to 84 million, Italy from 43 to 50 million, Greece from 15 to 23 million, and Turkey from 31 to 39 million. Altogether, the Southern European Mediterranean region has grown annually 5% in international arrivals in 2010-2015. Other fast growing regions in the world for these years include North-East Asia (with

China), North America, or the Caribbean region, all sharing annual rates of around 5%. The annual average rate for the world tourism market was of 3% in these years. Despite all these regions seem to be closer in terms of annual growth rates, in absolute terms they clearly differ. The Southern European Mediterranean region added 52 million of international arrivals in 2010-2015, North-East Asia 31 million, North America 27 million and The Caribbean 4.5 million (UNWTO, 2016).

Such impressive numbers provide an accurate image of the dynamism reached by the Mediterranean Southern European region in this period, as well as of the impact of the Arab Spring movements in the tourism industry in the North of Africa. Focusing on the transition process, the present chapter offers an overview of the recent trends arising in the tourism and hospitality industry along the entire Mediterranean region. Egypt and Spain are taken as reference case studies from both shores of the Mediterranean Sea.

2. Tourism and hospitality industry in Egypt: recent trends

The tourism industry in Egypt is considered as a leading sector, being responsible of 34% of the services exports and 11% of foreign currency entrances in 2015. In this year, tourism industry share of the GDP reached 11.5%, contributing 12.6% of direct and indirect employment, and representing 5.5% of the total investments in the service sector (figure 1).

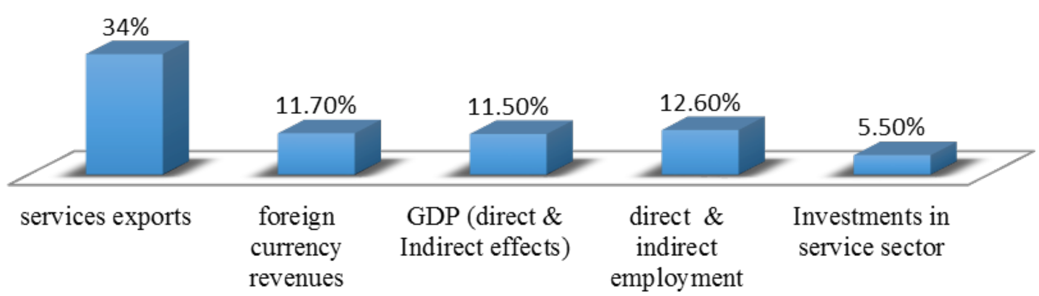


Figure 1: Contributions of the tourism industry in Egypt in 2015.

(From: Egyptian Ministry of Tourism, 2015).

The income receipts from tourism have declined severely over the period 2010-2014 mainly due to political instabilities, putting more pressure on the Egyptian economy and spreading economic uncertainty. These factors have actually resulted in a decline in the foreign currency entrances of 20.7% in 2014 (Central Bank of Egypt, 2015).

2.1. Impact on international tourist arrivals and receipts

Before the transition process, international arrivals have been growing from 8.6 million in 2005 to 14.7 million in 2010, then dropping to 9.3 million visitors in 2015, see figure (2). This decline was related to the growing insecurity situation faced by the country. For example, some travel warnings took place at several European countries regarding the visit of the Sinai region of the country (Migov, 2015). This situation spread through the tourism industry, leading to marketing efforts by decreasing prices directed to attract more customers.

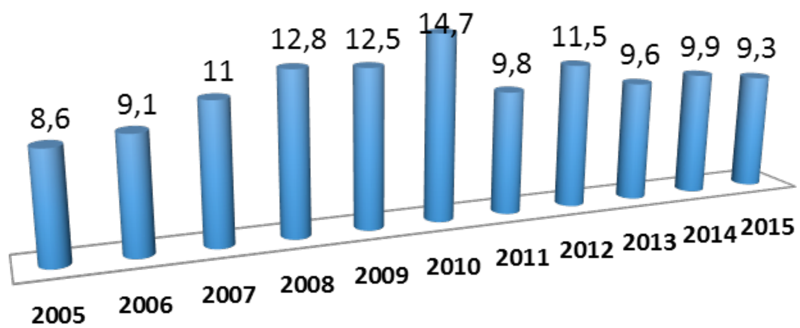


Figure 2: International tourist arrivals in Egypt 2005 – 2015 (in million people).

(From: Egyptian Ministry of Tourism, 2015).

International tourist receipts in Egypt have also decreased from $12,500 million in 2010 to $6,100 million in 2015 (figure 3). The consequent drop of revenues from the tourism industry has threatened investments in the sector, then affecting its sustainability. Many companies and organizations working in the tourism industry witnessed tougher financial conditions given the uncertain situation. Such state of things pushed many companies and organizations to shut down and lay off employees. According to the UNWTO, Egypt experienced a 68% decline in tourism revenues during the first nine months of 2016, compared to the same period in 2015. Inbound tourism also declined by 48%. The drop in the number of tourists in the last quarter of 2015 was of 28% given that Russia and the UK suspended direct flights. The continuous decline in the number of international tourist arrivals required collaborative efforts from government, public and tourist operators to create confidence in the security level.

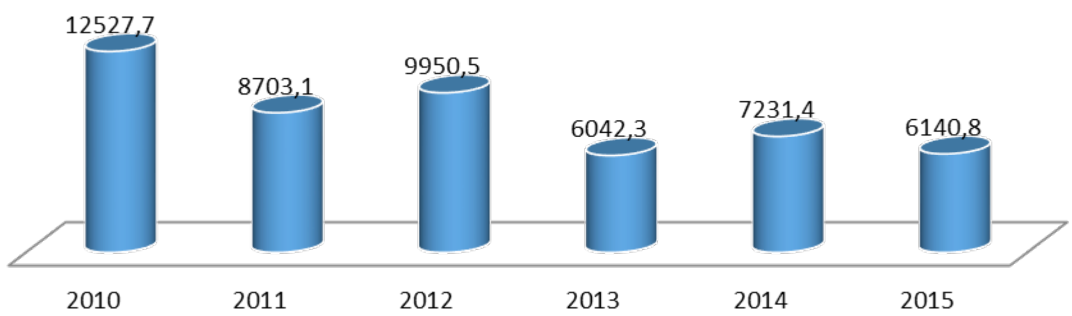


Figure 3: International tourist receipts in Egypt 2010-2015 (in million US dollars).

(From: Egyptian Ministry of Tourism, 2015).

2.2. Overnight stay and occupancy rates

The number of nights that tourists stayed in Egypt also declined to 84,000 nights in 2015 compared to 147,000 nights in 2010. Important drops came from Eastern European and Russian tourists. Middle Eastern tourists stayed the most in Egypt, with Saudi Arabian visitors accumulating 30% of number of nights in 2015. Western European tourists also declined, but still account for 30% of the nights sold by the hospitality industry in these years, with German visitors leading this ranking. African tourists in Egypt made up 11% of total nights, mainly from Sudan.

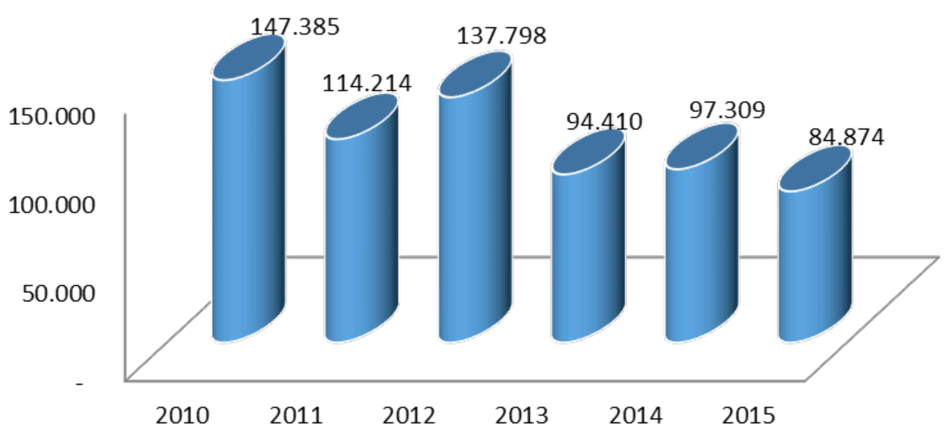


Figure 4: Total number of nights of the international tourists during 2010-2015.

(From: Ministry of Tourism, 2015).

This situation is reflected in a loss of positions of Egypt in the ranking of the Travel and Tourism Competiveness Index from World Economic Forum (TTCI), from the 64th place in 2009 to the 83rd place in 2015 (TTCI Report 2015 (Egypt); TTCR, 2011). This process has been affecting all tourist cities in the country, facing a significant decline in occupancy rates at hotel establishments. Nuweiba and Al Quseir in the Sinai and Red Sea area experienced the hardest hit with a decline of around 40% in their occupancy rates. Other renamed cities such as Cairo, Sharm El Sheikh and Alexandria have also shown drops of 35%, 34% and 12%, respectively, in years 2010-2011 (HVS Survey, 2012).

2.3 Impact on employment

The tourism sector in Egypt contributed in creating different types of jobs including formal, informal, and seasonal employment. Tourism sector shows 1.5 times the capacity of employment generation per unit of output in comparison with the whole industrial sector in the country, as tourism is an intensive employment activity (Tohamy & Swinseco, 2000). Despite official data on employment for the tourism sector is always underestimated, according to the WTTC the contribution of tourism to total employment in the country reached 15.5% in 2010 and decreased to 12.9% in 2015. From this, around 50%-60% of the employees in the tourism sector work in transportation services, while between 30%-35% are employed in the food and beverage industry (Ghoneim, 2011).

The impact of the recession on employment distribution can be observed in terms of the educational level of employees in the sector, see figure (5). Low qualified workers, as illiterates and those who can only read and write, doubled their relative share in the period 2010-2013. On the other hand, more qualified employees, including those with a university degree and intermediate workers loose ground in this period, as a result of the cuts in employment given the drop of demand, this being the collective with the higher wages in the tourism sector. During the period 2010-2013, the continuous political unrest has caused dramatic fall in the tourism employment reaching 83% for particular occupations (Central Bank of Egypt, 2014). This dramatic fall actually was seen as a direct result of downsizing, laid off labour and the shutdown of different hotels, restaurants and related services, with the corresponding loss in the quality service at establishments.

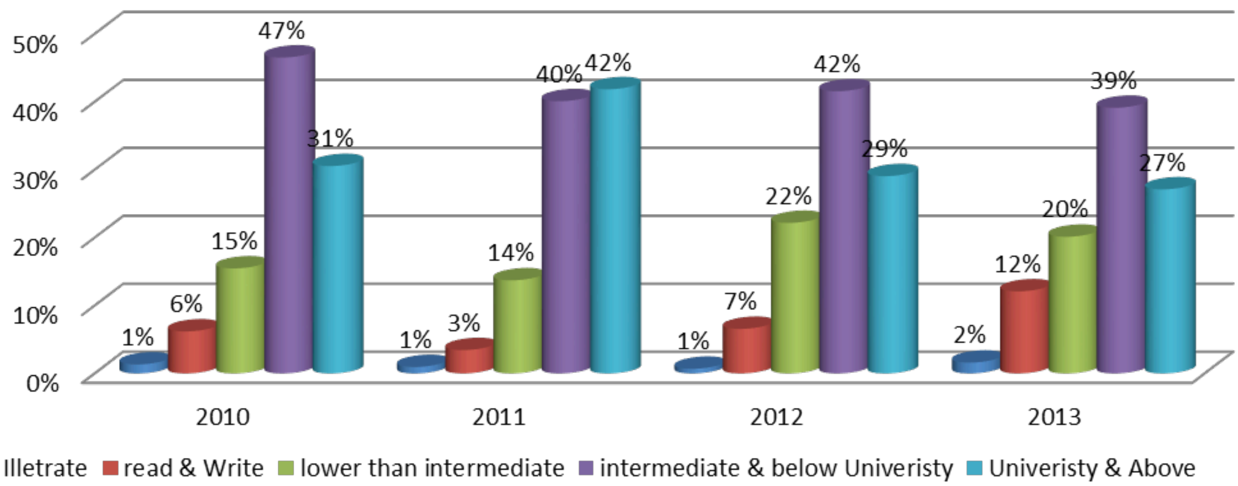


Figure 5: Distribution of employment in hotel industry according to educational level.

(From: Central Agency for Public Mobilization and Statistics, CAPMAS).

The decline in the performance of the tourism sector is also related to the maintenance of an insecurity situation for tourism, with a number of terrorist attacks to tourists taking place in this period. The tourist's confidence to travel depends on many aspects, majorly safety and competitive prices. While the absence of skilled workers in this sector decreased the opportunity to attract customers in high quality segments, prices have been going down in a competitive strategy that mostly harmed all companies in the sector and particularly affecting workers in the industry. Challenges for the future include increasing the qualification level of workers, and attracting foreign investments when stability is being retrieved at the country level.

2.4 Future challenges of the tourism and hospitality industry in Egypt

Regardless of security issues, Egypt has been improving some tourism competitiveness indicators in the last two years according to the Travel and Tourism Competeviness Index Report 2015 (TTCI Report 2015 (Egypt)). According to this report, the country is ranked 2nd place in terms of price competeviness, while in terms of cultural resources and business travel it is ranked in the 41st place out of 141 countries in the ranking. This report also shows that main challenges for the country in the pillar related to security and safety (136th), including business cost of terrorism (140th out of 141 countries in the list), of crime and violence in the country (135th), related to and index of terrorism incidence (133th), and that of reliability of policy services (110th). Other pillars were the country has to improve are those of international openness

(115th), ground and port infrastructure (103rd), human resources and labour market (103rd), and on the supply of natural resources/capital for tourism activities (100th).

Increasing safety measures and restoring the image of the country are pivotal issues in the recovery strategy of the tourism industry. It also requires developing a crisis management unit dependent on the Ministry of Tourism of Egypt able to deal with any crisis that could face the tourism sector in order to minimize losses, ensure tourists' safety and limit negative media perceptions. Implementing an international campaign to improve the image of the country abroad would be also helpful to restore confidence from international tourists. Secondly, it is important to focus on adopting an inclusive national strategy to enhance the tourism sector's competitiveness, this strategy creates channels for coordination and communication between all government agencies related to the activity of tourism in partnership with the private tourism sector to discuss its problems and develop solutions. The strategy should develop technological means in tourist activities such as money transactions, online booking and open the market that was controlled by the main tour operators creating barriers to enter the market. Increasing the country's competiveness also requires activating cooperation with neighboring destinations in the region, such as Jordan and Lebanon to implement joint marketing programs. The Ministry of Tourism should encourage the flow of tourists from these countries too, via shipments by facilitating their entrance and developing the quality of services.

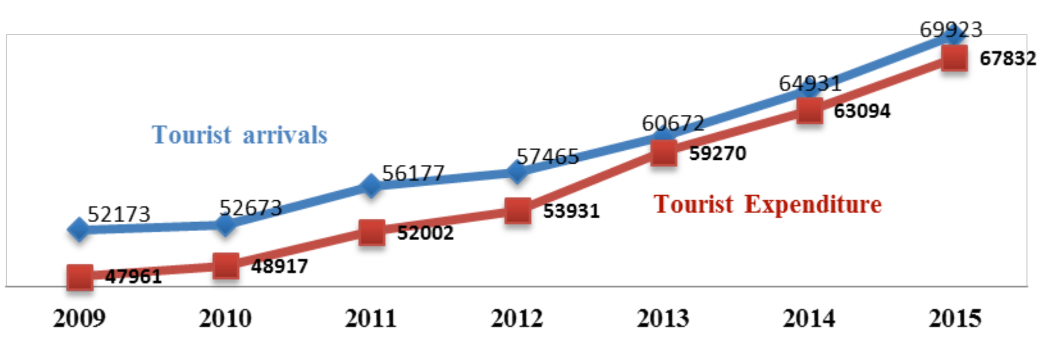
Thirdly, the government needs to attract investments in the infrastructure such as effective modes of transport including high-quality roads, railroads, ports, and air transport. Specially, electricity supplies that are free from interruptions and shortages should be guaranteed, creating solid and extensive telecommunication networks that allow a rapid and free flow of information. In addition, developing information and communication technologies (ICTs) can provide events and conferences´ tourism and maximize the use of that in marketing-purpose applications in the course of cooperation between the Ministry of Communications and Information Technology in order to expand the application of e-booking systems. Fourthly, the need to adopt the concept of corporate social responsibility and environmental certification to encourage green practices and programs to promote green tourism that depends on new energy sources is a global trend that should be progressively adopted in Egypt. As well, the Ministry of Tourism can create a fund for promoting green practices within the travel and tourism sector. Finally, a new marketing strategy based on services diversification, setting procedures to facilitate and diversify the means of entrance to the country through cruise businesses, ports and Nile trips would also be of great help.

After describing the situation of Egypt, as a sound example of the impact of Arab Spring and instability situation in the tourism sector for the south shore of the Mediterranean, in the remaining part of Chapter 1 we will focus on describing the situation taking place in the north shore of the Med region. Spain would be taken as a reference case study, this being one of the most benefited countries in terms of new arrivals in these years.

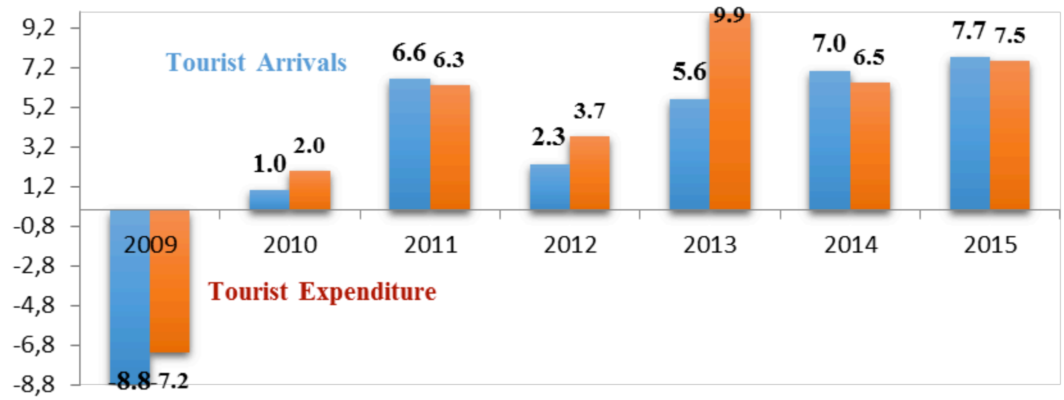
3. Tourism and hospitality industry in Spain: recent trends

3.1 General overview of the tourism sector in Spain 2010-2015

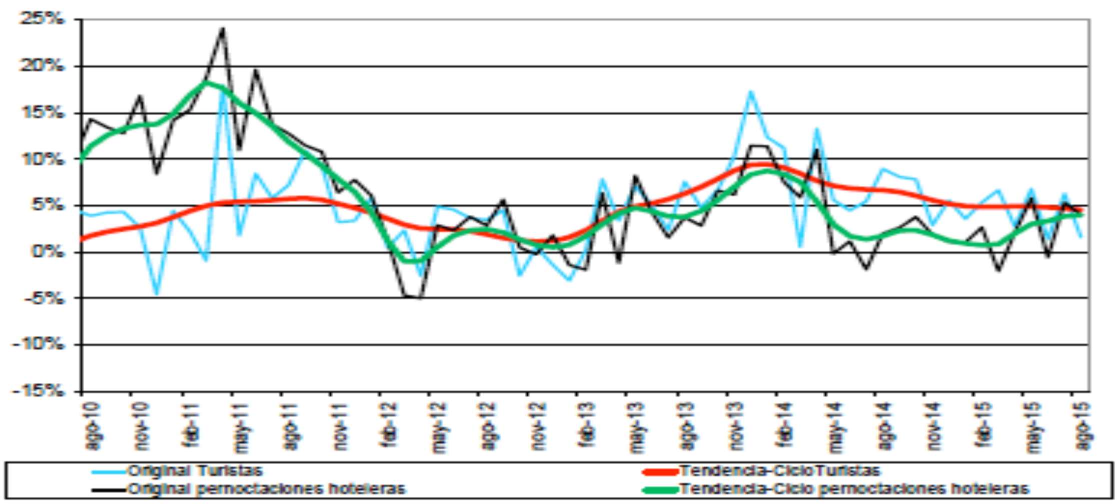
Spain is a leading destination in the world tourism market, with around 69 million of international inbound tourist flows and related spending of $6700 million in 2015, occupying the third position in the world ranking of international arrivals and tourism receipts (UNWTO, 2016). Figure 6 shows the remarkable trend followed by the inbound tourism in Spain in recent years. Departing from 52 million arrivals in 2010, and despite the evident impact of the global financial crisis on the national tourism industry, international arrivals reached 69 million international tourists in 2015 (figure 6.1). After the impact of the sudden contraction in 2009, arrivals have grown at an accumulative annual rate of 5.5% in 2010-2015. Receipts even grew at a higher rate of 6.5% in this period (figure 6.2). Particular years recorded impressive growth rates for arrivals and expenditure of around 7% and 9% per year as seen in figure 6.2. Figure 6.3 shows the evident impact in 2011 of the Arab Spring relocations on overnight stays in Spain, with quarterly rates reaching values of 20%-22% in February-March 2011 (green and black lines).



6.1) International tourist arrivals (in thousand people) and receipts (in million euros)



6.2) International tourist arrivals and receipts (in growth rates)



6.3) International arrivals and overnight stays (in growth rates)

Figure 6: International tourist arrivals, expenditure and overnight stays in Spain 2010-2015. (From: Institute of Tourism Studies-IET and Country Report 3rd quarter 2015, Turespaña).

By origin of the visitors in Spain, British tourists show the greatest share with 20% of total arrivals in 2015, followed by French tourists with 17% and German ones with 15%. Nordic tourists with 10% in 2015 have notably increased their presence in the country in recent years, coming from a 2% share in 2010. Other nationalities also show some relevance, including those coming from Italy (6%), Portugal (5%), and The Netherlands (5%) (Turespaña, various years). By destination, figure 7 shows the impact of the Arab Spring relocations in 2011 for the Canary Islands. This particular destination shows a 40%-50% (seasonally-adjusted) growth rate in international arrivals between February-May 2011 when

Spring movements arised in Egypt, Tunisia, and other countries in the region. This rate is shown to be above 10% in the whole period February-November 2011.

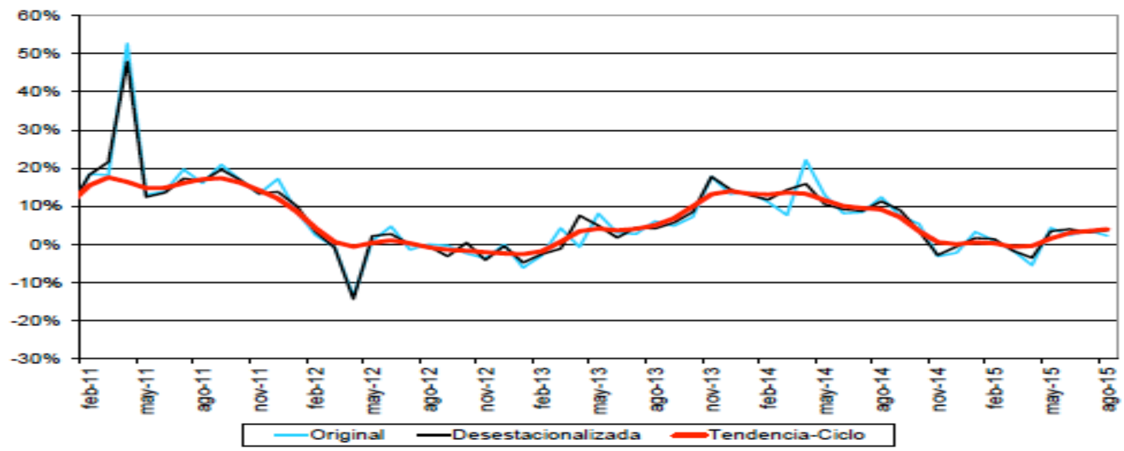


Figure 7: International arrivals in Canary Islands (in growth rates).

(From: Country Report 3rd Quarter 2015, Turespaña).

Expenditure of tourists in Spain is shown in figure 8. The year 2011 shows rates of growth of total expenditure of around 5% (green line), with a peak up to 20% in February-May 2011 (blue line), and rates of 10%-15% in August 2013-May 2014. Average tourist expenditure mainly grew above 5% rates in years 2012 and 2013 (yellow-red bars).

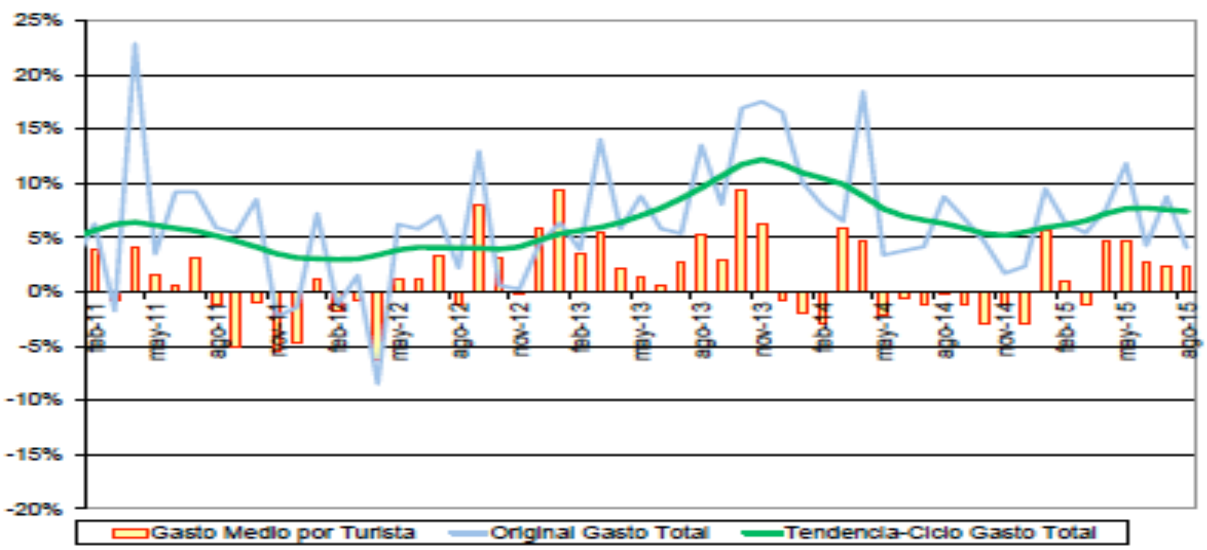


Figure 8: Total and average tourist expenditures in Spain.

(From: Country Report 3rd quarter 2015, Turespaña).

Figure 9 shows the profile of domestic hotel overnights in Spain in years 2011-2015. Contrary to international tourism, domestic tourism was affected by the hard crisis taking place in the Spanish economy along these years. As a general trend, we can see the decoupling processes of international and domestic tourism in Spain. While international tourism has been growing around 5% in years 2011-2013, domestic tourism was decreasing at negative rates of around -5% to -10%. Then, domestic tourism (in hotel overnights) turned to positive growth rates of around 5% since the end of year 2013 onwards, with a peak of +25% in May 2014.

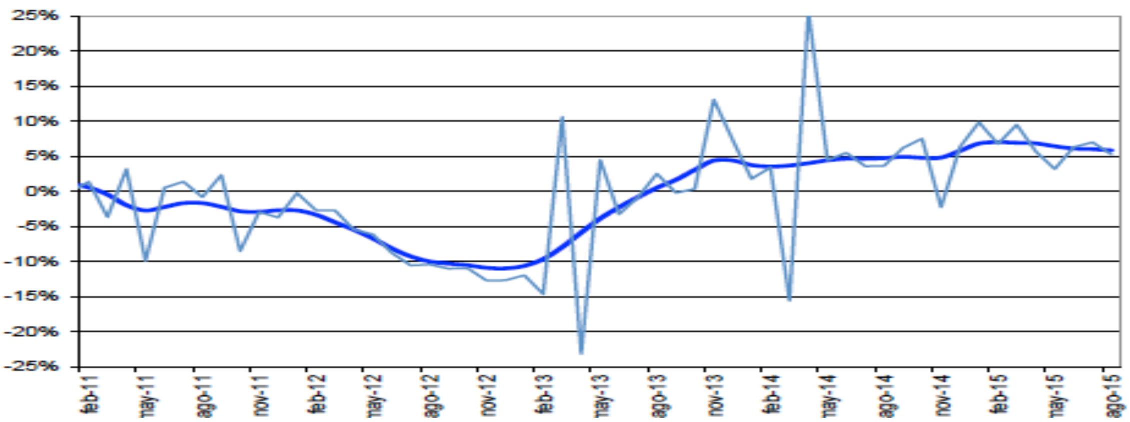


Figure 9: Domestic arrivals in hotel in Spain.

(From: Country Report 3rd quarter 2015, Turespaña).

In general we see a remarkable growth in international tourism arrivals and expenditures in Spain in 2011, along with the Spring revolutions taking place in southern Mediterranean countries. This situation extends until today, because of the regional instability still remaining in some of the North of Africa and the Middle East countries (Libyan and Syrian state of war, terrorist attacks in Egypt, Tunisia, Turkey). In this context, overnight stays were significantly growing in 2011, with an increase of the German and French tourist arrivals. Canary Islands, Catalonia and Valencia were the main destinations receiving relocated visitors. Expenditure also grew along these years, with salient annual rates in years 2011, 2013 and 2015. In contrast, domestic arrivals sharply decreased due to the budget restrictions faced by Spanish consumers, only recovering in 2014 and 2015 as shown in figure 9 (Turespaña, 2015).

Regarding the expenditure pattern, British, German, French and Nordic tourists represent once more the bulk of total spendings in Spain. Catalonia, Canary and Balearic Islands, Andalusia, Valencia and Madrid become the main destinations for international tourism. Most visitors employ hotels as type of accommodation, although expenditure patterns, per day or per trip, vary among those staying in houses, own or rented, and in hotels, according to their stay behaviour. Main spending groups of visitors are those of intermediate ages, between 25 and 64 years old, while younger and older tourists have longer stays, as they have more time available (EGATUR, various years).

3.2 The performance of the tourism and hospitality industry in Spain

In regards to the performance of the tourism and hospitality industry in Spain in recent years, it is interesting to note that, since the beginning of the recession, tourism activities have maintained momentum mainly due to robustness of the international demand. The industry also undertook a deep process of internal reconversion along the financial crisis particularly damaging the Spanish economy. The TTCI for 2015 positions Spain in the top of the ranking, with main competitiveness assets being those of infrastructures (2nd), natural and cultural resources (4th), business travels (1st), or Travel & Tourism policy and enabling conditions (8th), according to the TTCI 2015 Report of the World Economic Forum. Main weaknesses arise from the part of business environment (100th), price competitiveness (105th) or international openness (41st) (TTCI Report 2015 (Spain)).

In terms of the Balance of Payments, net tourism receipts were of €35,000 million in 2010, falling to €27,000 million in 2015 because of the outbound flows growth of Spaniards. In any case, they represented around 10%-11% of GDP in total (direct, indirect and induced effects), 25% of exports of goods, and 45% of services exports. These revenues have been historically helping to balance the negative position characterising net good exchanges in Spain, showing a deficit position of -40,000€ million in 2011 for example (National Accounts, INE, 2015, www.ine.es). In terms of employment, the tourism industry contributed 14% in 2015, with 2.5 million of workers, showing annual growth rates of 3% and 12% in 2014 and 2015, respectively. After a tough adjustment process of all the industrial branches in the tourism sector in years 2009-2013, this sector started to create net employment since the end of 2013. Tourism net employment creation was of 800,000 jobs in the past years of the economic boom in the country, 1997-2007, while along the hardest years of the crisis in 2008-2013 the employment destruction in net has been of 350,000 jobs.

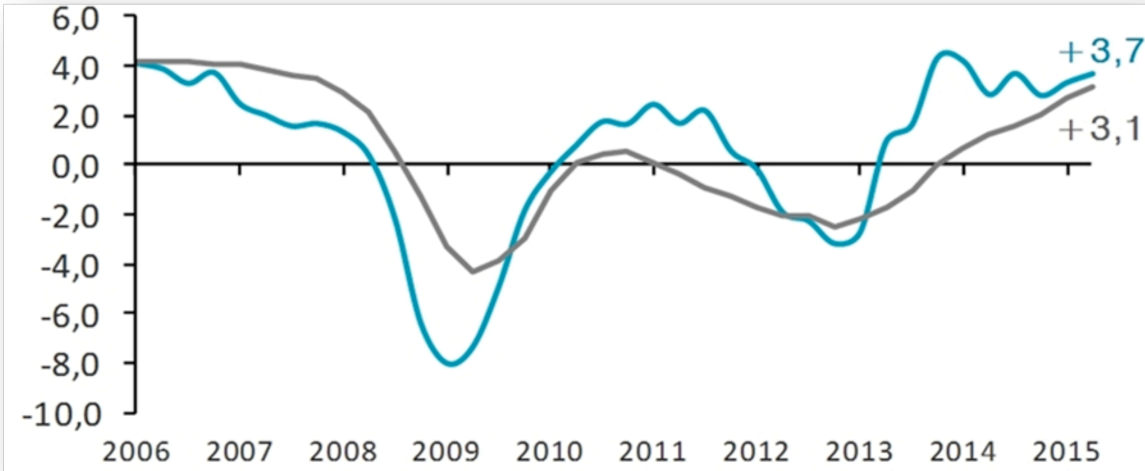


Figure 10: Evolution of GDP in Service sector (grey line) versus Tourism industry (blue line) in Spain (in rates of growth).

(From: National Accounts-INE, Spain).

The GDP of the tourism industry (blue line) showed in general growth rates above those of the GDP for whole service sector (grey line) since year 2010, as shown in figure 10. Two periods stay aside from this general trend, namely the shock of 2009 with the beginning of the international crisis, and the adjustment process of the domestic economy lead by the government in years 2012 and 2013. In general, annual growth has been remarkable in this period for tourism, with levels of 2%-2.5% in years 2010-2012, and of around 3.5%-4% at the end of the period in years 2014-2015. In this way, and given the tough crisis and hard adjustment process characterizing the Spanish economy after the 2009 shock, the contribution of the tourism sector has been pivotal, this being one of the few economic activities positively contributing to the aggregate GDP of the country (National Accounts, INE, 2015, www.ine.es).

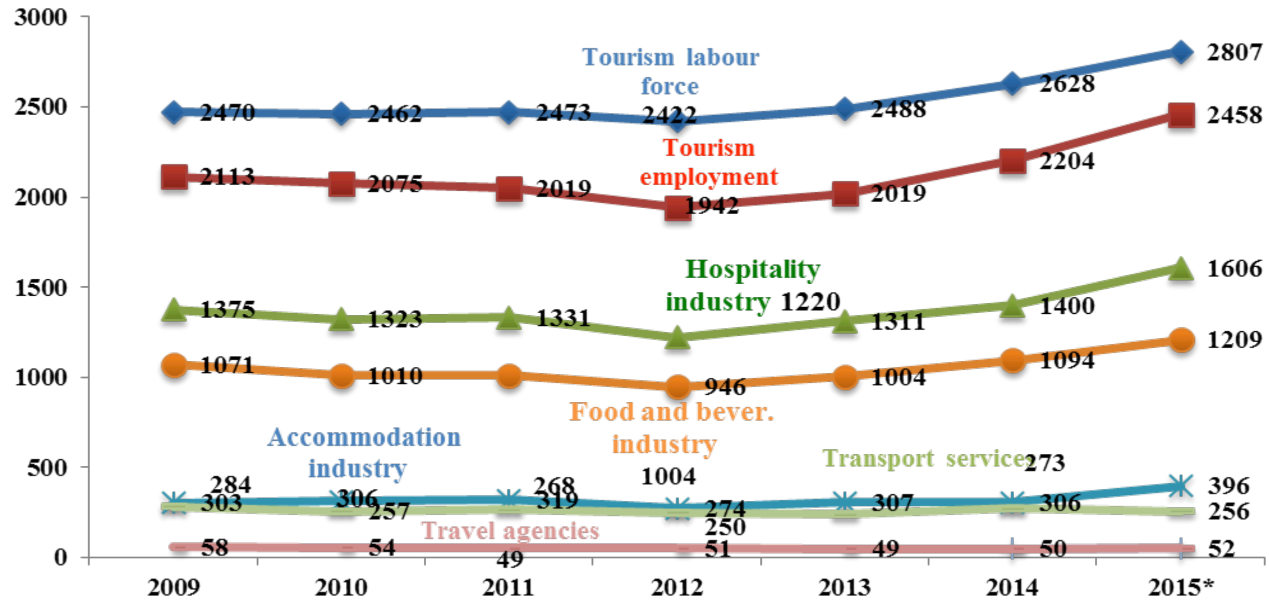


Figure 11: Employment in the tourism industry in Spain 2009-2015 (in thousand people).

(From: Institute of Statistics-INE, Labour Force Survey, EPA).

The evolution of employment in the tourism industry by branches in figure 11 shows a stagnated tourism labour force since 2009, only recovering in 2013-2014. The tourism employment decreased in 2010, 2011 and 2012 because of the tough crisis hitting the country, and its financial sector. Then we assist to a recovery of employment, first due to the growth in international arrivals, and then following the boost in domestic tourism flows in 2014 and 2015. At the end of the period, 2.46 million people were employed in the tourism sector in Spain, mostly in the hospitality branch (food and beverages plus accommodation segments), transport services and travel agencies. These two last branches have been suffering an important adjustment process during the crisis in Spain, as shown in figure 11. The rest of the tourism industry also faced a significant adjustment process given the profound economic crisis hitting the country, leading to excess supply situations.

In sum, the analysis of tourism industry in Spain points to two main trends along the period. First, we have seen a tough adjustment process in the tourism industry between 2009 and 2012, leading to sharp decline in employment and operations, and rising competition pressures along the industry that result in moderation of prices. Second, since year 2013, we see a recovery in the tourism activity, with significant growth rates in 2014 and particularly in 2015. Unemployment remained below the general rate for the economy, although in high levels of around 15%. Transport services and travel agencies received the highest impact along the crisis. However, and relying on a growing international tourism demand, we have seen that the contribution of the tourism's in the GDP to the Spanish economy has been vital in times of crisis. International tourism receipts have usefully helped to restructure the domestic tourism industry and have contributed to balance the Spanish current account.

4. Conclusions

Tourism is a pivotal industry in supporting economic growth and development at a global scale. The Mediterranean (Med) region is the leading world destination in terms of international tourist arrivals and receipts. Prospects for the future are bright for this area in the following two decades according to UNWTO forecasts. However, in recent years the stability of the region has changed quite significantly, given the episodes of the Arab Spring revolutions and war state in Syria. In this context, security issues emerged as a key factor in shaping the tourism flows inside the region. Significant decreases in the international visitors have been taking place at some well-established southern Med destinations such as Egypt or Tunisia, while we assist to significant increases in other northern Med destinations such as Spain, Greece or Italy.

The unstable situation of the southern MED shore, North African countries, clearly affected the performance of the tourism and hospitality industry in these years. Egypt dropped in the World Travel & Tourism Competiveness Index from position 64^{th} in 2009 to the 83^{rd} in 2015. Direct effects of these downturns included growing levels of unemployment, the deterioration of the working conditions of people, and poor levels of performance of the companies. Tourism sector indicators worsened considerably in these years, including important drops in international arrivals and receipts, overnight stays, and occupancy rates at hotels. Some origin markets ruled out this country as an available destination for their outgoing trips, as Russia and the UK, given continued terrorists attacks and instability situation. In this way, the restoration of a safe and secure context emerges as the first necessary condition to improve the state of the tourism industry in Egypt. Making this message to arrive into traditional source countries in Eastern and Western Europe also becomes a must to make Egypt back in the tourism map again. In terms of the performance of the industry some identified challenges include the need of improving the labour conditions of workers, re-hiring more qualified people fired along the crisis, and in general adapting managerial styles to the transition process. This would be one of the objectives of chapter 2 of the current research project. General issues also contemplate the need of restoring international openness of the country, particularly for the tourism industry, investing in better tourism infrastructures and taking care of the natural resources in search for a brighter future for the tourism industry.

In an opposite direction, in the case of Spain we have seen important growth effects since the beginning of the Arab Spring movements, partly due to relocation of EU visitors traditionally visiting southern MED destinations. Arrivals and expenditures grew remarkably from years 2010-2011 to date, despite the evident impact of the global financial crisis on the domestic demand. Spanish destinations were receiving a disproportionate number of people in the first months of 2011, particularly in the case of the Canary Islands and Catalonia regions. Remaining instability in the North of Africa and the Middle East has kept on attracting new tourists to Spain along these years, making 2014 and 2015 historical records for international inbound tourism. All these facts allowed the tourism industry to better face a process of reconversion along the tough adjustment years of 2010-2013. International tourism continue growing since 2010 to date, employment has been recovering since 2013, and operations have been improving thanks to the almost 70 million of international arrivals reaching the country in 2015. In times of exuberance some unbalances use to emerge at the microeconomic level. Important challenges include the need of improving country openness, price competitiveness and increasing attractiveness of the business environment at the country level. In chapter 3 we would be interested in getting deeper understanding of the changes occurring at the level of the tourism sector for selected Spanish destinations since the beginning of the Arab Spring movements. In particular we will analyze how the profile of visitors arriving to the country is being shaped during this period, as well as how these changes can impact the level of expenditure of tourists in the near future, and the economic sustainability of the tourism sector in general. In this way, these two research objectives would inform the following two chapters of the FEM 41-04 Research Project.

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CHAPTER 2
A NEW MARKETING MIX MODEL TO RESCUE THE HOSPITALITY INDUSTRY: EVIDENCE FROM EGYPT AFTER THE ARAB SPRING

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Abstract:

After January 25th 2011 Egypt witnessed political, economic and social instability leading to drastic consequences in the hospitality and tourism industry. Thus unstable situation reflected on the deteriorated occupancy percentages that led to declined profit margins, higher employee layoffs and degraded quality of product and services. The objectives of this research is to examine how the Egyptian hospitality properties manage this dilemma through their marketing practices, and to propose a new marketing mix model that adds new layers of depth to the traditional marketing mix model. A methodological framework was designed to help in the assessment process of management practices pertaining to marketing initiatives during times of crisis. Results indicated the presence of tactical elements that assembled the traditional marketing mix model in the investigated hotels. However, these elements are not effectively used and the interaction between them not appears very clear. Results also indicated that the new proposed model would help in providing a framework for the Egyptian hospitality industry to maintain their competitive position during crisis time and avoiding undesired situations for labour force and decline of companies´ revenues.

Keywords: Tourism, Hotel industry, Crisis management, Marketing mix, Transition process

JEL classification: M31, M100, J5, H19

1. <u>Introduction</u>

The tourism and hospitality industry is the most diverse and vibrant economic activities. It represents one of the largest market segments in Mediterranean (MED) countries (Thulemark et al, 2014). The industry was built on active products and service innovators and frequently set trends that developed different brands. The brands' popularities were developed so that customers could identify them with their particular values. The portfolio of this industry includes different hotels, companies, chain operators and small medium enterprises (SMEs).

In south MED social or political challenges arena had negative consequences on the tourism industry. The turmoil that occurred in Egypt, Libya, and Tunisia whether on the social or the political arena had negative cost on almost all aspects of the economy. The tourism sector in particular suffered huge losses in the years that followed the turbulence (El-Katiri, 2014). The unprecedented circumstances have driven the tourism sector to a continuous decline on the sector's profitability. The drop in returns drove hotels to adopt short tactical strategies that could help in at least reaching the breakeven point. Among the adopted practices many rely on discounting advertising campaigns in national newspapers, downsizing in the labor force, and cutting the cost of operation are amongst the adopted practices. Applying these practices didn't provide any clearly state fruitful results. Here appears the importance of this study. This study sheds light on, how embraced management practices in Egypt related to the employed marketing mix have led to maintain occupancy rates of hospitality properties at its safe boundaries.

This country's study will improve our understanding of the main issues characterizing the countries' losing and wining visitors along the transition process. The study is organized as follows: it starts by overview to the Egyptian hospitality industry, then the theoretical frame work of the hospitality industry in Egypt, followed by the research methodology and finally the results, discussion and policy recommendation.

2. <u>The Hospitality Industry in Egypt</u>

Tourism is considered one of the most important sources of income for Egypt, along with the Suez Canal revenues and remittances from Egyptians living abroad. However, this sector been hammered since the uprising and what is known as Arab Spring in 2011. The existing capacity of hotels was increasing from 132.1 to 223.1 thousand rooms during the period from 2002 till 2010 representing 69% growth rate in the same period. But after 2011 the existing capacity dropped by around 18.3% in comparison to 2010, and it continues to decrease between 2013 till 2014 by 7.6%, see figure (1).

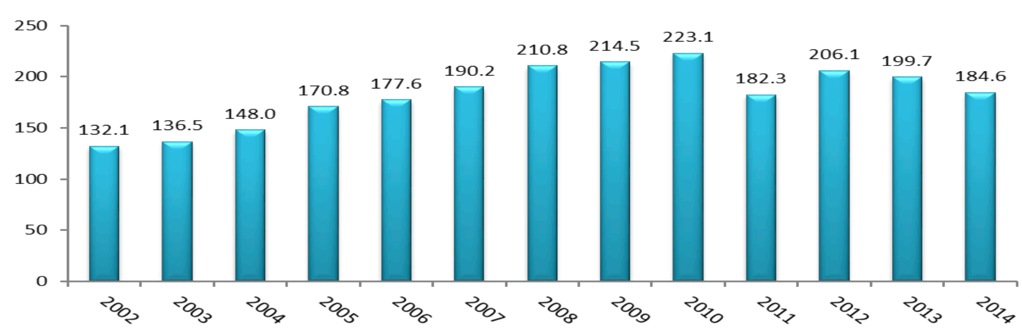

Fig. 1: Existing Hotel Capacity in Egypt during 2002 –2014 –Rooms in thousand rooms.

Source: Hotels Supervision Sector, MOT (Ministry of Tourism) - 2015

Hotel capacity is classified to different categories according to the ministry of tourism. Figure (2) shows theses categories of hotels according to their classification. According to MOT 2015 report, it can be noted that floating hotels represent 20% of the total hotel capacities, while hotel and tourist village rooms, on land, represent the other 80% of room capacity. While the three-star hotel category, both floating and land properties represent 26% of total hospitality property population. Moreover, the four-star category represent only 21 % and the five-star category fills 15 % of Egypt's room capacity (the five star properties are mostly run by international chains).

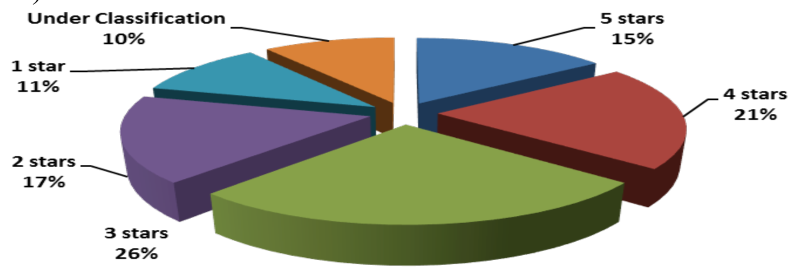

Fig. 2: Existing Hotels &Tourist Villages Capacity by Category 2015 (From: Hotels Supervision Sector, MOT (Ministry of Tourism)

The majority of hotels are based in the areas of the Red Sea and Saini and they represent 73.7 % of the total hospitality property capacity in Egypt, see table (1). Red sea and Sinai ranked the first in the number of the hotel capacity, followed by greater Cairo that represent 14.5% of the total hotels, while in Luxor and Aswan only 3.7%, see figure(3). This reflects that the reasons of the great ; loss according to the sites.

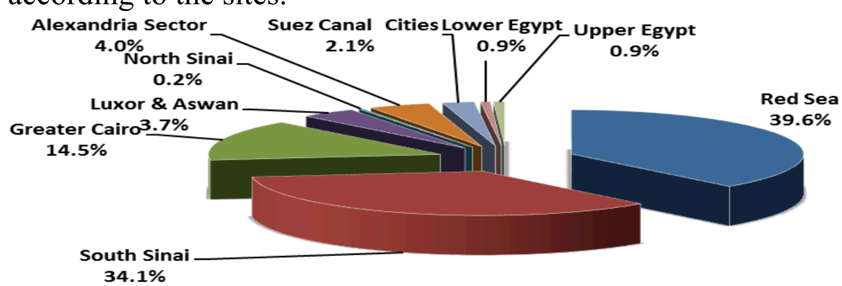

Fig. 3: Breakdown of Hotels & Tourist Villages Capacity in Main cities of Egypt in 2014 (From: Hotels Supervision Sector, Ministry of Tourism, 2015)

Further indicators concerning the average occupancy percentage of hotels in Egypt dropped to an average of 50% in 2013 precisely after the Arab Spring's political unrest. However, in 2014, the occupancy percentage of the Egyptian hotels increased to 55% particularly in the hotels of South Sinai while in Hurghada and some other Red Sea it increased to 67%. Figure (4) shows the occupancy of hotels in the major tourist cities in Egypt in 2013 and 2014.

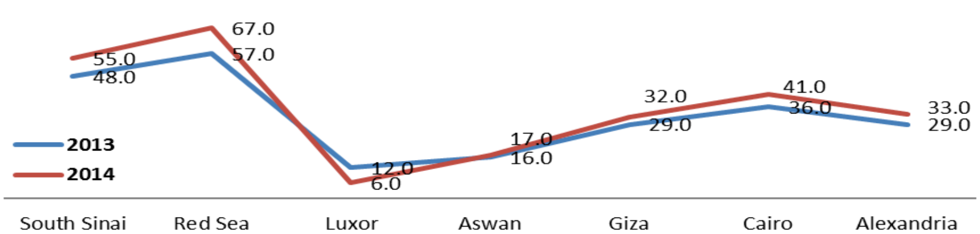

Fig. 4: Average Occupancy Percentage in Main Tourist Destinations for 5/4/3

Star hotels in 2013– 2014
(Source: Hotels Supervision Sector (Ministry of Tourism), 2015

In addition to the previous challenges, In November 2015, Egypt witnessed the Russian plane crash. This incident reflected on the dramatic drop in the occupancy percentages to scoring less than half of the percentages of 2014 and showed the need for planning a downturn pattern. Planning for crisis maximizes the opportunities to overcome the challenges and enables the business to come through crisis with minimum damages. Later, the Russian airplane crashed results in the re-location of tourists and threatening the industry's competitiveness. Here appears the need for scientific studies that stress on approaches of hospitality properties to redesign their strategies during crisis time especially in marketing their products and services and come up with a mix that can at least sustain business flow during hard times. Henderson (2007) argued that no hotel or company can resolve crisis but they can plan for managing tourism crisis to protect the industry, tourists and other stakeholders involved.

3. Theoretical Framework

3.1. The Marketing Mix in the Service Industry

In literature there are numerous writings that encourage managers to use marketing mix models to guide their decision making (Bucklin et al. 1998; Lilien1994; Lilien et al. 1992). The classical marketing mix model known as the 4Ps is the cornerstone of any marketing activity. The known form of the marketing mix was structured by McCarthy in the 1975, (McCarthy, 1975). It consists of price, product, place, and promotion. These four elements construct the tools of any marketing manager. Some studies discussing the use of the marketing mix highlighted the writings of Shapiro (2001) who raised the following questions as gateway to using the marketing mix. These questions are: Are the marketing-mix elements consistent with one another? In addition to being consistent, do the elements add up to a harmonious, integrated whole? Is each element being given its best leverage? Are the target market segments precisely and explicitly defined? Does the total program meet the needs of the target market segment? Does the marketing mix build on the organization's strengths and compensate for its weaknesses? Does the marketing mix create a distinctive competitive advantage? The questions are all about the integration between the four elements of the mix.

Several studies by Möller (2006), Popovic (2006) and Lauterborn (1990), have criticized the concept of traditional marketing mix with its 4P's in the face of its insufficiencies however; however it remains the base of the marketing mix. In 2006, Möller highlighted 3-4 key criticisms against the Marketing Mix framework listing the following points: The Mix does not consider customer behaviour but is internally oriented, the Mix regards customers as passive; it does not allow interaction and cannot capture relationships, the Mix is void of theoretical content; it works primarily as a simplistic device focusing the attention of management. Finally, the Mix does not offer help for personification of marketing activities.Later, in 2008, Fakeideas found that: The mix does not take into consideration the unique elements of services marketing. Product is stated in the singular but most companies do not sell a product in isolation. Marketers sell product lines, or brands, all interconnected in the mind of the consumer. The mix does not mention relationship building, which has become a major marketing focus, or the experiences that consumers buy.

The traditional marketing mix (4Ps) was also criticised for ignoring the impacts of the external environment on marketing decisions. Kotler (1993) indirectly supports this idea stating that external and uncontrollable environmental factors are very important factors of the marketing strategies. Forces of external environment are always uncontrollable. Moreover, there might be differences between production and service that should be taken into consideration. For example, Services have four major characteristics that affect the design of marketing programs: intangibility, inseparability, perishability, and variability (Zeithaml et al, 1985). These characteristics led to the creation of an expanded marketing mix for all services represents in the 7 Ps (the original 4 plus physical evidence, people, and process), thus hospitality marketing mix is thought to be more relevant for hospitality services firms, tourism organizations, and other travel-related firms, (Bojanic, 2008).

The physical evidence is about a theme or a characteristic that distinguish the product and make it sellable. The people element of the marketing mix includes all the staff of the service organization that interacts with prospective customers/guests. The final added element of process deals with all processes within the organization. In other words, the existing high level of interaction between the process of services and the nature of services has affected the traditional concept of marketing mix by expanding the service area through adding elements. Processes (procedures, mechanisms and flow of activities by which services are delivered to customers), physical evidence (implies to an environment that facilitates service transactions or affects the perception, and those are ambient conditions, spatial layout, signs and symbols, etc.), people (referring to all personnel involved in service processes, where on one side are employees and on the other are service consumers as co-producers and other consumers, as people who can influence the overall perception).

Even though the 7Ps model has gained general acceptance in the service industry, it did gain general application. Rafiq and Ahmed (1995) claimed that the 7Ps model is unnecessarily complicated and some elements can be impeded in the 4Ps model. Kent and Brown (2006), argued about the consensus of the consequent Ps and using them by the practitioners in the service industry. It should be noted that the 7Ps model is more comprehensive, more detailed and more refined.

Further criticism to the service marketing mix model is its unawareness of the use of technological sophistication that can be a very strong tool in today’s market. A further point is the lack of the element of partnership. This is about considering the parties/stakeholders co-operating and is all about brands operate together to reach new customers through mutually beneficial campaigns. Marketers agree that there is a real change within the service industry towards a more connected, strategic use of partnership marketing as a new effective tool in the marketing mix.

3.2 Drawbacks of the traditional Marketing Mix (4P’s and 7P’s) and the need for developing new Marketing Mix

There is a gap in literature pertaining to the use of marketing mix models in crisis time. Crisis can be in many shapes and forms. Economic shocks are a typical crisis that faces the hospitality industry. Consumer spending on hotel accommodation is directly correlated with the GDP performance, thus, economic recessions typically have the most widespread and protracted outcomes of all demand shocks on the hotel sector. There can be a short-term lag in the industry's entering recession, due to fixed contracts and pre-bookings, but there is likewise typically a delay in recovery. As corporate and leisure consumers remain cautious until a convincing economic recovery is well under way. Historical trends across multiple regions reflect a consistent pattern in recession. Increased price sensitivity triggered a decline in demand, occupancy levels fall and hoteliers discount prices to try to secure bookings. Recovery is also demand-led, with occupancy levels typically rising close to previous peaks before hoteliers can implement price increases.

Recessions can leave the hotel industry vulnerable to further disruption from secondary shocks, as demonstrated by the impacts of the Arab Spring, (Crotti, R., & Misrahi, T., 2015). In Europe, the Euro zone crisis had a similar but less severe impact on the European hotels' performance. European hotels occupancy levels enjoyed recovery patterns through 2011 (Leonidou et. al., 2015). On the other side, the US market continued to improve through 2012, recovery in the European market stalled until 2013. An economic downturn is one of the most challenging demand shocks from an operational and investment perspective, as it typically has a protracted impact on revenues and capital expenditure (Crotti, R., & Misrahi, T., 2015).

Political Shocks is another types of crisis that have a severe impact on the hotel performance. The effect of political shocks on the Greek hotel market for example is a prominent example. Athens was at the heart of the 2008, but the riots and the anti-austerity movement led to the drop in the occupancy rate and affects the Greek hotel market. In Egypt, it has been more than five years since 2011, not only occupancy levels fall more than 30% in Cairo, but the resorts in Sharm El Sheikh and Hurghada also suffered, dropping dramatically by 39%, Simon et al. (2015). Conversely, the United Arab Emirate (UAE) benefited from the redirected demand as it was regarded as a “safe” destination and occupancy increased by 8% in 2011. Here comes the role of marketing experts and strategists. There must be a model that guides hospitality properties during crisis times, models that embrace the concepts of place marketing and place promotion.

“Place Marketing” and “Place Promotion” are the leading fields of knowledge used by marketers and researchers to restore the positive image for places in the tourism industry. The field of restoring site images were presented in Avraham & Ketter, (2008). The promotion of places remains a challenging task especially unsecure one. Nielsen (2001) argued that “promoting a destination in normal circumstances is a difficult task, but promoting a destination that faces tourism challenges whether from negative press or from infrastructure damage caused by natural disasters or man-made disasters is an altogether more arduous task”.

Recently, Govers and Go (2009) believe that added a new term which is “Place Branding”. The term refers to “building brand equity in relation to nations, region or a country identity”. The academic literature contains analyses of many case studies of countries and tourist destinations that have sought to re-brand themselves by creating and promoting cultural attraction. Parnell and Hatem (1999) pointed out that the Egyptian culture is a blend of pharaonic, Arab and Middle Eastern that has an influence to attract tourists. Few researchers examined the cultures’ impacts upon management practices in the Middle Eastern countries. Ritchie (2009), Tarlow (2005) and Coombs and Holladay (2010) provided insight on how to re-establish image and set strategies during crises. Moreover, Ritchie (2009) showed that only few researchers considered the role of stakeholder relationship management before, during and after tourism crises. Later, McDonald et al. (2010) mention two major determinants of Stakeholders’ reactions to a company crisis: "the company’s crisis communication and the crisis cause."

This study is aiming to cover the gap in the literature pertaining to the Marketing mix model that can be used in crisis times. It is always argued that during crisis, hospitality properties are required to focus on the needs and demands of tourists were they are affected by the results of crisis. Pearson and Clair (1998) showed that organizations, building alliances, achieving coordination and sharing accurate information with employee inside the organization concerning any limitation can ease the shock and help in better managing the crisis. Stakeholders can benefit from early detection of warning signals, effective containment of damage and positive effects on corporate reputation.

4. Methodology

Overall previous literature reviews in this area imply that there is a gap in the literature pertaining to a missing linkage between the different layers of the marketing mix construct when implemented in the hospitality industry. In addition, it was noted that there is a gap in the literature regarding the way non-customers can be converted into customers in crisis time. Reviewing literature helped in formulating the research questions and identifies the existing gap in the literature. It was crucial to examine first, how different employees, both in the marketing and non-marking departments in hospitality properties under investigations would assess management practices during crisis times; how the current marketing initiatives would help in revitalize the property and bring new customers to the premises. Then, it was crucial to test the proposed model from a statistical and empirical point of view.

4.1. List of Objectives:

a. To examine how Egyptian hospitality properties are facing low occupancy percentages and cope with national economic instability through their current marketing practices.
b. To propose a new marketing mix model that adds new layers of depth to the traditional marketing mix model while maintaining its simplicity.

4.2. List of Hypotheses:

a. Poor management practices during crisis time has a detrimental impact on employee morale in the hospitality industry.
b. Robust employee awareness of marketing initiatives positively impact on the effectiveness of the currently used marketing mix.
c. The existence of documented guidelines on the implementation of the marketing effort supports marketing initiatives during crisis time.
d. The currently used marketing mix construct yields desirable outcome.
e. The proposed model can overcome customers' concerns during crisis time.
f. The proposed constructs suits the needs of marketing practitioners during crisis times.

4.3. Data Collection Instruments:

Primary data were collected using two types of structured questionnaires. The reason for designing two separate forms was due to the fact that there were some questions that were expected to be answered only by marketing specialist. They were highly specialised and there was a doubt that managers or employees from other departments can provide reliable information. However, the implementation of the marketing initiatives is carried out by all guest contact employees and the marketing plan is disseminated across all departments. Therefore, it was found necessary to target managers and guest contact employees from other departments.

The first questionnaire was directed to marketing managers, marketing executives and marketing employees. It was composed of six clusters of questions that cover the following areas:

- The components of the currently used marketing mix in hotels under investigation.
- The appropriateness of the proposed model and the way it was constructed.
- The effectiveness of the used marketing mix construct during crisis times.
- The presence of documented guidelines to help in the implementation of marketing initiatives based on the currently used marketing construct.
- The suitability of the different layers of the proposed model to the needs of marketing practitioners in crisis times.
- Marketing managers, executives and employees' initiatives to redirect marketing efforts during crisis time.

4.3.a. <u>Marketing Managers, Executives and Employee Questionnaire:</u>

Dependant Variable	**Independent Variable**	**Explanation**
Marketing managers, executives & employees' initiatives to redirect marketing efforts during crisis times.	The presence of documented guidelines to help in the implementation of marketing initiatives based on the currently used marketing construct.	The impact of the presence of documented guidelines to guide the implementation of the marketing effort during crisis times.
The effectiveness of the used marketing mix construct during crisis times	The components of the currently used marketing mix in hotels under investigation.	It is necessary to test the outcome of the currently used marketing mix as a result of the currently used marketing mix constructs.
The suitability of different layers of the proposed model according to the needs of marketing practitioners in the time of crisis	The appropriateness of the proposed model and the way it was constructed.	The appropriateness of the proposed constructs to the needs of the marketing practitioners during crisis times.

The second questionnaire was directed to other managers, executives, and employees from different hierarchical layers on the investigated hotels' organisation charts. The questionnaire had another six clusters of questions covering the following areas:

- Employee level of awareness of the used marketing initiatives during crisis time.
- The effectiveness of the currently used marketing initiatives during crisis time.
- Noticeable management practices regarding the utilization of available resource during crisis time.
- Employee major concerns, morale and behavioural patterns during crisis times.
- Customers major concerns from employee point of view during crisis time.
- Employee viewpoints in the components of the proposed marketing mix construct.

The following table shows the dependent and independent variables in each layer of the questionnaires:

4.3.b. <u>Non-Marketing Managers, Executives and Employee Questionnaire:</u>

Dependant Variable	Independent Variable	Explanation

Employee major concerns, morale and behavioural patterns during crisis time	Noticeable management practices regarding the utilisation of available resource during crisis time	It is necessary to examine the impact of management practices on employee behaviour and morale.
The effectiveness of the currently used marketing initiatives during crisis time.	Employee level of awareness of the used marketing initiatives during crisis time.	It is necessary to examine the impact of the level of employee awareness of marketing initiatives on the effectiveness of the currently used mix.
Customers major concerns from employee point of view during crisis time	Employee viewpoints in the components of the proposed marketing mix construct.	This relationship explores how the proposed model would overcome customers concern's from non-marketing employees' view.

4.4. Sample Size

The sample was selected from 45 four and five-star hotels in Greater Cairo (4 four-star hotels, and 13 five-star hotels), Alexandria (1 four-star hotel and 4 five-star hotels), Sharm El Sheikh (Two four-star hotels and 8 five-star hotels), Hurghada (2 four-star hotels and 8 five-star hotels), and Aswan (1 four-star hotel and 2 five-star hotels). Hotels totally declined exposing their names in the study. The hotels were selected from the international chains operating in Egypt.

In this study only ten hotels from the four-star category, and thirty five hotels from the five-star category were participating as a selected sample. Three stages clustering sample is a non-probability sampling method that is based on: first selecting 6 governorates from the 27 Egyptian governorates with the most important tourist areas and the core attraction places. Second selecting samples from hotels that represent the number of international chains in the selected governorates. Third, randomly distribute the questionnaire forms to the minimum number of employees who represent each hotel. In this case 20 forms were distributed to the three hierarchical levels (senior, middle, and junior staff). Also, this sampling technique reduces cost and time in preparing the sample. 80 forms were distributed to employees of the marketing department in the hotels under investigation. However, 72 valid filled in questionnaire forms were received from the following hierarchical levels: 37 marketing managers; 25 marketing executives and 10 junior staff.

With regard to the second form, it was expected to distribute 20 questionnaire forms in each hotel for senior, middle and junior staff in non-marketing positions. 900 questionnaire forms were distributed in the 45 hotels. However, only 687 valid filled in questionnaire were received. In total, 759 valid questionnaires were returned out of 980 sent forms. Therefore, the response rate is 77.45 % which is statistically acceptable for data analysis. Data obtained was analysed by using the Statistical Package for Social Sciences (SPSS). Combinations of different techniques were used including: reliability and intrinsic validity and logistic regression model.

4.5 The Proposed Marketing Mix Model:

The proposed model has two folds both internal and external. The internal constructs consist of (Programming, Physical evidence, Policy, Process, People, Promotion, Place, Price, and Product), while the external constructs consist of (Purse string, Partnership, Policy, People, Perception, and Promotion), we will find that there is an overlap in the people, process, and promotion as they are considered as internal and external in the same time, see figure (5).

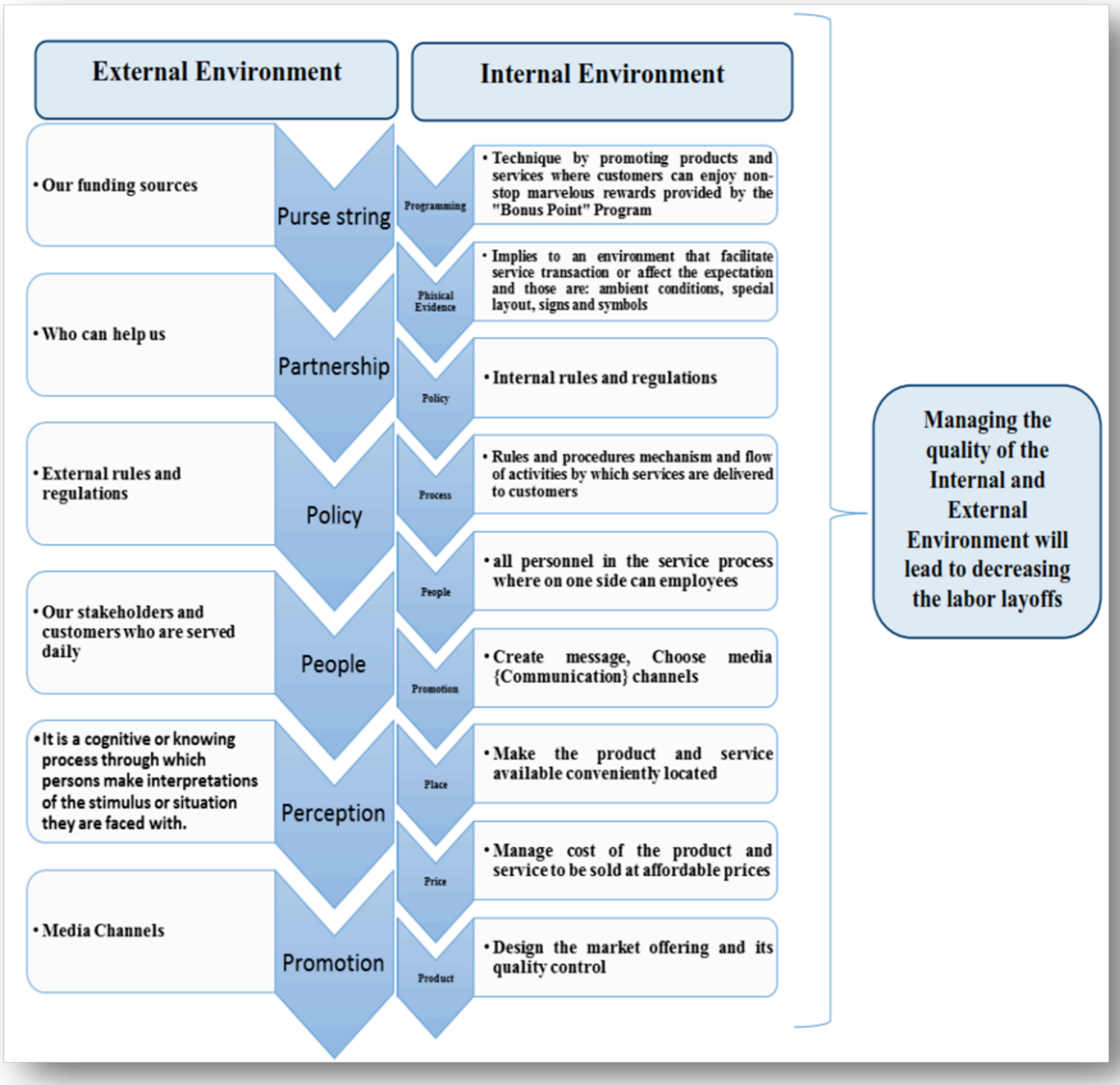

Figure 5: The proposed Marketing Mix model

The overall objective is to provide hospitality managers with new analytical and comprehensive tool to help them overcome the current socio-political and economic challenges and to overcome crisis time. The proposed marketing mix model is visually represented in figure (6). The model was designed using the views and opinions of hospitality properties' decision makers, professionals, professors from different fields, and state senior officers (Ex-Minister of Tourism, the Ex-Head of Media Production City), as well as travel agencies' executives.

Figure 5: The Proposed Marketing Mix Model

Figure 6: The Proposed Marketing Mix Components

4.5.1 <u>Description of the Proposed Model:</u>

Physical products have usually used a 4Ps model; the services sector on the other hand uses a 7Ps approach in order to fulfill the needs of the customers: product, price, place, promotion, people, physical evidences and processes.

The product is what is actually traded. It is a bundle of complex benefits that satisfy customer needs. While there is distinction in this debate, customers seldom pay for the services that they receive put ultimately the degrees of satisfaction that they have. For this reason, the service must be correctly developed and adapted to meet the needs and wants of the customers.

The price element of the services marketing mix is dominated by what is being charged for the fees that are required to enroll at the service industry. The pricing element not only affects the revenues that a service industry derives from its enrolment, but also affects customer's perceptions of the quality. Hence, the pricing element is critical to the day to day operation of many service business.

Place is the distribution channel techniques that the service business adopts to provide the facilities to its market in a manner that meets, if not exceeds, customer expectations. Access to service business and support materials like web page are increasing and becoming accessible through virtual leisure media, like several search engines such as booking.com and trviago.com. Electronic business opportunities have also developed through the post, email, the web, video and teleconferencing for B2B and B2C services.

Promotion includes all the tackles that service business can use to proposal the market with information on its market offerings: advertising, direct marketing, publicity, public relations, personal selling, sales promotional efforts and interactive channels. When one considers the wide variety of customers with which a service business needs to communicate, the use of integrated marketing communications tools is the best way to be effective as different features are used for different customers.

The people component of the marketing mix includes all the staff of the service business that interacts with prospective customers and indeed once they are enrolled as customers of the service business. These could be both staff, and support staff. On the administrative support front, significant input to the delivery of services both at the front line and what behind the scenes is provided, which does influence customer perceptions of service quality. Lin (1999) claims that the most significant component is choosing people for positions at a service industry.

Physical evidence and processes are the newest additions to the marketing mix for service industry. Physical evidence is the tangible component of the service offering. That allow tangibilizing the intangible product. A variety of tangible features are assessed by the target market of a service business, ranging from the materials to the appearance of the buildings and facilities provided. While **processes** are all the directorial and routine functions of the service business: from the handling of enquiries to guests check in, check out and the attached procedures. Unlike tangible products, a service involves payment prior to "consumption", a possession does not take place and closer interaction with providers, which is, not exist with the tangible product. During the period that the guest is enjoying his accommodation, processes need to be set in motion to ensure that the guest has the best service. While this might seem quite explicitly, there are numerous of other processes that need to be implemented alongside (with the accounting system, accommodation, food and beverage, reserving activities, laundry, order taking and many others) to ensure the highest level of customer satisfaction.

Programming is a marketing decision, especially for service provider as it is also expected to influence service business choice because of the timing customer spend to finish all his requirements and of course affect the customer decision making process especially by the way of creating targeted benefits for the customers. Special programming can address such preferences and draw in additional customers.

Partnership consider the parties that co-operate and is all about brands operate together to reach new customers through mutually beneficial campaigns. Marketers agree that there is a real change within the service industry towards a more connected, strategic use of partnership marketing as a new effective tool in the marketing mix. Using partnership marketing in the context of a service industry where consumers and technology are constantly evolving. Respondents suggest the growth of partnership marketing as part of a more integrated marketing strategy is due to a number of changes in the business environment as it is all concerned about customers need and how to delight their needs.

Perception of the customers may differ for the same product or service. A customer perception of the marketing offering deviate from what the service provider intended to offer. This may cause serious problems in today's economy. Globalization allow everyone to expose to more various information than before. If the customer's perception of marketing offering is an unfavorable one, it doubtless will not get another opportunity to make a better impression. Thus, competition is getting more and more intensive. Therefore, perception is consider the key value for attracting customer by re-acting and pro-acting to their need in away better than the competitor.

Purse string is a funding for the product and service offered by the service industry, its development and its sustainability in the long run. Promoting, influencing, and presenting results that fit in with the interests of the supporting parties to gain customer retention and loyalty.

Policy reflects inclusion and involvement of the policy makers. Including the importance of information dissemination in the overall organizational goal; to support the internal and external customers and protect employees' of being maltreated by the employers and to be committed to labor laws.

4.5.2 Guidelines for new market mix implementation:

Therefore, the appropriate way to enhance the service industry is to implement the new marketing mix model with its proposed 12Ps constructs by the marketers in the marketing department to achieve its ultimate goal especially during crisis time. The next guidelines are a good starting point for the service business by delivering:

- Benchmark or developing a stable standard for measuring, by understanding the actual performance of the service industry and then compare the actual performance with a standard, finally taking action to correct deviations or inadequate standards.
- Validate and analyze the model to understand and measure the key drivers with a close link between the analysis and the business model with its strategy.
- Be fixable as marketers are not and cannot be based on simplistic principles to be applied in all situations. There is no one universally applicable set of principles or rules by which to manage the service organizations. Service organizations are individually different, face different situations, and require different ways of managing. Therefore, controlled experiments give better results.
- Put both the brand and the revenues in the back of your mind to build brand equity, customer retention, and long-term relation with the customers and increasing sales.
- Look over the economies of scale by concentrating on the competitive advantages and the unique selling proposition to differentiate the marketing offering and answer the question why the customer buy from your product and service and ignore the competitors product or

service. Therefore, service business must capture the opportunities from the external environment to improve the ROI while keeping the overall marketing budget constant.

- Build a "test and learn" culture in all service organizations departments by encourage and support a continuous feedback, and on people who cooperate in pursuit of the organizational goal.

Marketing budgets should be viewed as a portfolio of investments, each of which has different growth potential and resource requirements. Proven return on investment (ROI) techniques can help marketers make the best trade-offs by identifying the right data to track, the best model to use, and the right comparisons to make. Applied consistently, the tools will help keep the proposed marketing mix with its 12Ps in balance.

4.6 Data Analysis:

The Factor Analysis as a technique was employed to the answers of respondents pertaining the construct. Confirmatory Factor Analysis was used to verify the proposed model construction and operationalization. In this case, the scale was specified upfront as appears above in figure (5) and (6) and it was known that a certain subset of the scale represents an independent dimension within this scale. For example, it is known that the questions pertaining to "noticeable management practices regarding the utilization of available resource during crisis time: are: forced employee downsizing, lower number of employee training and development programmes, lower employee benefits, lower quality of food and beverage items, and lower prices, undesirable market segments. If there is a need to build a regression model that predicts the influence of the previous elements on an outcome variable, in this case "employee major concerns and behavioral patterns during crisis times" we would start to model a confirmatory factor analysis of the questionnaire items that load onto the above highlighted elements and then regress onto an outcome variable.

An exploratory factor analysis was also employed. The data collection instruments of this study consist of a lot of questions that represent 12 clusters (variables). Exploratory Factor Analysis attempted to bring inter-correlated variables together under more general, underlying variables. More specifically, the goal of this type of factor analysis is to reduce the dimensionality of the original space and to give an interpretation to the new space, spanned by a reduced number of new dimensions which are supposed to underlie the old ones.

5. Results and Discussion

Descriptive analysis was used initially in order to show the frequency and percent of the details of the target sample under study. Table (2) shows the frequency of the respondents, table (3) lists the frequency of the hotels that replied in the sample, table (4) provides the frequency of the hotel size in the sample, table (5) shows the location of the hotels that was covered and table (6) lists the type of guests.

The objective of this research study is to suggest a new marketing mix model that could be used in crisis times. The model is introducing new layers of depth to the traditional marketing mix model, which target only product, people, place and promotion. The model is opening new thinking channels that urge managers to deal with a crisis as an opportunity to generate more customers to hospitality properties. The employed data collection instrument had few questions that aim at exploring and evaluating the current situation within the hospitality industry in Egypt. That was to evaluate the current practices during crisis times.

In times of crisis, either economic recession or terrorism, some companies may fail to sustain their presence in the market place or they are forced to temporarily or permanently close down. This has happened and still happening in the cities of Hurghada and Sharm El Sheikh especially after the political unrest of January 25th, 2011. That was not just the case, in November 2015, there was the Russian airplane crash which dramatically affected occupancy percentage and hindered international inbounds from coming to Egypt. Having said that, some hotels may rise again, if they can seize all the new opportunities that this very period carries with it (for example, the weakness of competitors). A prominent example in the travel and Tourism industry is the low cost airliner JetBlue which considers, according to Kotler (2009), periods of crisis to be the best for their business. In fact, it is in these conditions that the company sees a gain in market share, since its competitors are weakening. In times of economic uncertainty, some firms achieve better performance. The previous implies untraditional way of thinking and creative management practices during crisis time.

Part A- Examining the Impact of Management Practices on Employee Morale during Crisis Time:

Examining the impact of management practices on employee behaviour and moral during crisis times revealed the following: most managers agreed that the following are amongst the most common practices during crisis time: Poor anticipation of crisis to come. The absence of a plan or a management practice that anticipate the worst to come and put alternative plans is a major poor management practice. Most hotels start to eliminate training and development programme budget from the labour expenses. This severe reduction in promotion and publicity expenses, in addition to, cutting off communication expenses with the public was from the main practices to overcome the consequences of the down turn. Furthermore, cutting employee benefits is one of the common practices in the Egyptian hospitality industry. Lowering quality of food and beverage products by using cheaper ingredients is another noted practice. Finally, the use of labour layoff to encounter the extreme loss of business is amongst the practices of the investigated hotels. The above elements were agreed upon by the respondents.

On the other hand, answers of respondents indicated that employee morale and behaviour are affected dramatically by some of the above noted practices. Answers indicated that employees are always tensed and this affects the way they handle customers. Employees fear that they can be made redundant at any given time. The feeling of insecurity affects the delivery of quality product and services. Reduced productivity is amongst the output of employee concerns. It was thought that employee fear of being laid off plays can be considered a detrimental factor in keeping productivity standards high. The statistical analysis proved this assumption the opposite.

Results of measuring the Goodness of Fit of the (SEM) model represented in table (7) showed the following: All the goodness of fit measures of the model indicated that all alternatives were at acceptable limits especially GFI, NFI, RFI, IFI.TLI, and CFI were close to one. The above elements were used in the SEM as they represented 75% from the total variation of dependent variable. Customer's affective commitment, the rest percent due to either the random error in the regression model or other Independent Variables excluded from the regression model. These results clarifies that there is an adequate convergent validity and all the goodness of fit tests of the model showed significant results and an impact of the current practices on employee behavior and moral.

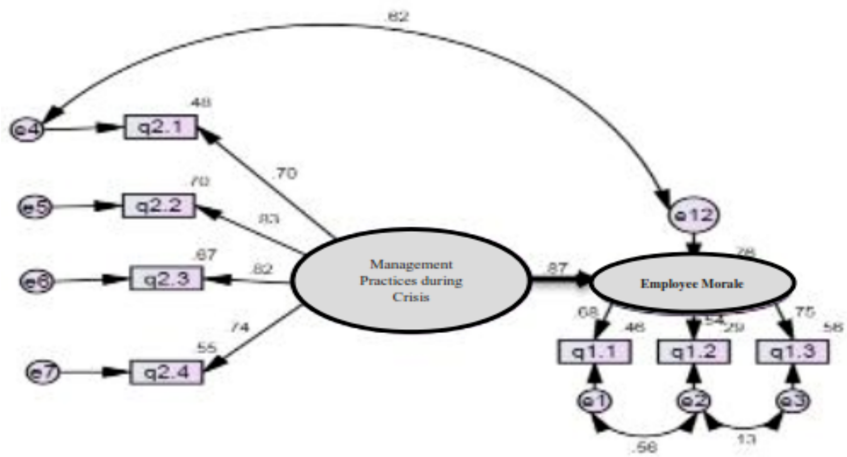

Figure (7) Path Analysis for the Relationship between Management Practices during Crisis Times and Employee Morale and Behaviour

The path diagram of the measurement model appearing in Figure (7), showed that management practices such as the elimination of training and development programme budget from the labour expenses; the severe reduction in promotion and publicity expenses; cutting employee benefits; lowering quality of food and beverage products by using cheaper ingredients; intolerance of employee mistakes; aggression in disciplinary procedures; and the use of labour layoff to encounter the extreme loss of business are the factors that affect employee morale and behaviour. Having said that, the measured variables in table (8) are the only variables that showed a significant relationship with the latent constructs, other measured variables like lowering quality of food and beverage, intolerance of employee mistakes, and aggression in disciplinary procedures, the existence of plan to face crisis were excluded because of insignificance. Each of the measured variables is represented by a square. The “E” represents the errors.

Part B- The Impact of the Level of Employee Awareness of Marketing Initiatives on the Effectiveness of the Currently Used Marketing Mix:

Effective marketing starts with a well-informed marketing strategy. A good marketing strategy helps to define the hotel’s vision, mission and business goals, and outlines the steps the hotel needs to take to achieve these goals. The marketing strategy affects the way the hotel runs the entire business, so it should be planned and developed in consultation with all stakeholders. Moreover, all planned activities should be disseminated among all employees.

The marketing department of every hotel want to increase the product and service awareness and of course do so in a way that positively impacts the bottom line who is the customers. What many hoteliers especially marketers do not realize is that their most vibrant and powerful loyal brand campaigners are right within the premises. Employees are number one element who can make a difference in branding the products and services of the hotel. Therefore, it was found necessary to examine level of employee awareness of marketing initiatives on the effectiveness of the currently used marketing mix.

With regard to the effectiveness of the used marketing mix, descriptive analysis of respondents’ answers indicated that the used marketing initiatives with regard to keeping the same delivered menu food and beverage items, the availability of the same layouts without partial or total close down; keeping the same prices of food and beverage items; offering discounted room rates; the move towards all inclusive packages; advertising the discounted prices using the social media and cheaper means have resulted in maintaining at least the break even points in most of the investigated hotels. However, initiatives failed in other hotels to maintain the break even points and those hotels are suffering from loss.

With regard to employee level of awareness pertaining to management marketing initiatives, most respondents agreed that they are fully aware with what's going on in the hotel and regular debriefing is conducted to update employees in all departments with the current hotel situation and what should be done and what will be done in different contexts. However, most respondents' answers indicated that they are not exposed to the details of the process. They are only told what to do as guest contact employees.

The impact of the level of awareness of employees on the effectiveness of marketing initiatives is significant. In other words, there are significant positive linear relationships between employee level of awareness and the constructs of effective marketing mix during crisis time at a level less that (0.001). Results of measuring the Goodness of Fit of the (SEM) model represented in table (9) showed the following: All the goodness of fit measures of the model indicate that all indicators at acceptable limits or greater than cut-off values, especially GFI, NFI, RFI, IFI.TLI, and CFI close to one. The fit measures indicate the goodness of fit of this construct and its ability to measure the effect of employee level of awareness on the effectiveness of marketing initiatives and the used marketing mix.

Figure (8) Path Analysis for the Relationship between Employee Awareness and the Effectiveness of Marketing Initiatives both internally and externally

Figure (8) is path diagrams of the measurement model the above variables, considering increased employee level of awareness is an effective tool in the implementation of marketing initiatives both internally and externally. It was highlighted above that the success of the marketing plan totally depends on the absorption and conception of marketing initiatives and tactics by employees first. Those are the ones who will implement the action plan. This is done through regular debriefing about food and beverage items changes, discounts on the room rate prices, the introduction of sale packages, the introduction of new market segments, the keeping or closing down of different outlets, the marketing campaigns and their venues. All the measured variables in table (10) showed significant relationship with the latent constructs, nothing was excluded. Each of the measured variables is represented by a square. The "E" represents the errors.

Part C- The Impact of the Presence of Documented Guidelines on the Implementation of the Marketing Effort during Crisis Times.

It was found necessary to validate the results of the previous variables which measure the impact of employee level of awareness on the implementation of marketing initiatives. Therefore, there was need to check whether the awareness process would follow documented guidelines that help all employees within the investigated hotels to carry out their marketing roles effectively.

The implementation of any strategy whether in marketing or any other discipline requires the presence of step-by step guidelines as they constitute the 'how to' component of changing current practices into new ones. However, most initiatives for change do not yield their expected outcomes because they are often inconsistently labelled and poorly described. As a result, they are misunderstood or interpreted. Things become more sophisticated and sometimes complicated in crisis times. Therefore, the presences of those guidelines are critical for marketing managers, executives and employees to re-direct marketing efforts to the right path. It should be noted also that the presence of documented guidelines should not only take the forms of regular memorandums but should also be inserted in the system's standard operating procedures during crisis times.

Results indicated that there are documented guidelines that guide the implementation of the marketing initiatives in crisis times and respondents indicated that they are effective and helpful. The path diagram of the measurement model appearing in Figure (9) shows the relationship between the documented memorandums and system's SOPs (Standard Operating Procedures). From the proposed model, the measured variables in table (11) are the only variables that showed a significant relationship with the latent constructs, other measured variables like internal flyers, hand-outs, meeting logs and diaries were excluded for insignificance. Each of the measured variables is represented by a square. The "E" represents the errors.

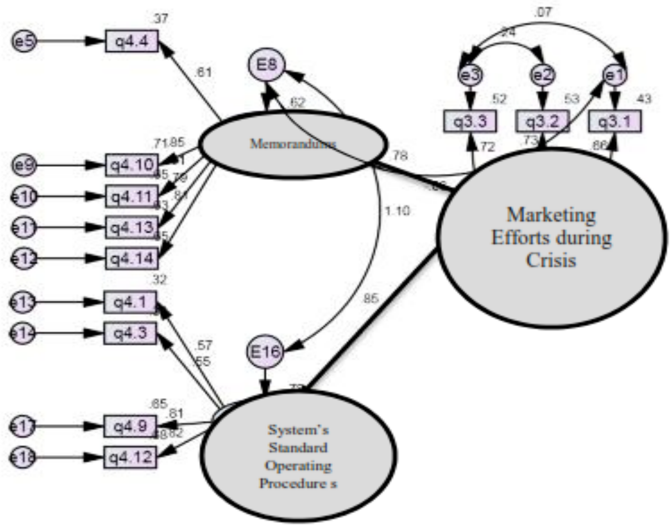

Figure (9) Path analysis for the impact of the presence of documented guidelines on the effective implementation of marketing efforts during crisis times

Part D- The Effectiveness of the Currently Used Marketing Mix Construct in Yielding Desirable Outcome:

In part B of the analysis, the effectiveness of the currently used marketing mix was tested from non-marketing managers, executives and employees' point of views. However, it was found crucial to know the opinions of marketing professionals in this context; those marketing personnel who design the practices and ask others to implement.

Results indicated that marketing managers and employees in the investigated hotels validated the results obtained in part B of the analysis. Most of respondents indicated the presence of objectives and action plans to reach marketing desired outcome. The objectives of the marketing plan covers different aspects of the traditional marketing mix model. During crisis times, extra emphasis were placed on communicating steps of implementation to all staff especially guest contact employees. Extra emphases were also placed on top management support through impeding the implementation plan into the SOPs of the hotel. Special care was given to the aspect of resources. It is known that limited resources are one of the main characteristic of crisis times. However, if the hotel does not have the resources to carry out the plan then needless to say implementation will be compromised. A good plan is developed with a good understanding of financial background.

Respondents' answers indicated that initiatives pertaining to keeping menu items as is, finding alternatives to expensive ingredients, increased friendliness and attentiveness of staff members when dealing with guests. Discounted room rates and the reliance on social media as a contingency plan are amongst the elements that most respondents have highlighted in the distributed questionnaire.

Figure (10) is a path diagram of the measurement of the relationship between the current effort of marketing personnel and the final yield. The currently used marketing mix model designed with its two dimensions (traditional practices and crisis practices) had a significant positive impact on the final output in the form of increased occupancy percentage.

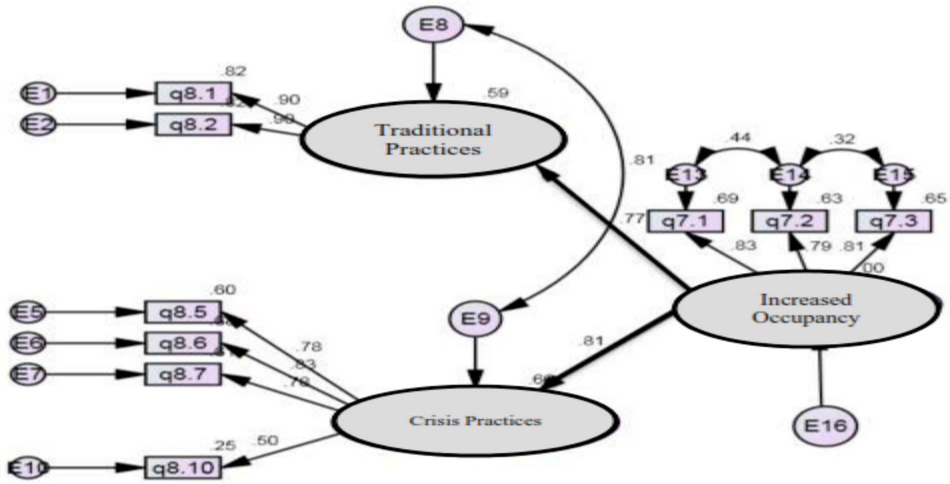

Figure (10) Path Analysis for the Impact of the Traditional and Crisis time Marketing Initiatives and the final yield (Occupancy Percentage)

Having said the above and looked at the highlighted figures and regression tables of the confirmatory factor analysis, one can still have doubts regarding the effectiveness of the marketing mix on the generated profit and occupancy percentages. There is improvement but not dramatic and still there is a room for more improvement. The central bank of Egypt's (2015) figures regarding hotel sector performance indicated that Cairo hotels experienced a noticed bouncing in terms of "average daily rate per room" and in "revenue per available room", and "occupancy rate". The regional comparison led to the fact that Egyptian hotels offered low prices during the period.

According to the Ministry of Tourism data derived from the Central Bank of Egypt's report (2015), the average occupancy rate at hotels in Egypt was 37.6 percent during Quarter 4 of 2014/2015, up from 32.2 percent a year earlier, indicating an improvement in the sector. Major cities, headed by Sharm El Sheikh, Hurghada, Alexandria, and Luxor registered the largest rise in hotel occupancy rates, and to a less extent, came Cairo, while Aswan has the same occupancy rate compared to Quarter 4 of 2013/2014.

Another point is that an increase in the occupancy percentage of hotels or the increase in the number of tourists arriving to a certain hotel does not necessarily mean an increase in the average room rate in these hotels.

Part E- The Ability of the proposed model to overcome customers' concern's from non-marketing employees' point of view:

This part explores the extent to which non-marketing respondents have accepted the components of the proposed marketing mix model and agreed to its constructs. It should be noted that the proposed marketing mix goes beyond the traditional marketing mix covering the four Ps. It also goes beyond the 7Ps model which is known as the Service Marketing Mix. The Model takes care of the characteristics that distinguish the hospitality industry and adds new layers of depth to the old models. Services have unique characteristics. Those are intangibility, heterogeneity, inseparability and perish-ability. The model caters to those characteristics. Respondents showed that the model would help in bringing in new customers during tourism setback by targeting new segments and turn the non-buyers of rooms and hotel services into buyers. The proposals of introducing new menu items that would cater for middle class citizens who are price conscious would be one of the resolutions. Another dimension is the use of technological sophistication to promote the hotels in many ways, shapes and forms.

This consumer-orientation model is accepted by the employees of the investigated hotels. The model suggested using consumers input in designing new services. This technique has proved successful in Marriott International. Marriott Hotels followed this approach in developing their Courtyard and Residence Inns hotels. For example, the Courtyard concept is supposed to attract business travellers and transient customers who do not really like staying at hotels (Wind et al, 1992; Hart, 1986).

Figure (11) is a path diagram of the ability of the proposed marketing mix model with its two dimensions (internal and external) to overcome customers' concerns from employee's point of views. From the proposed model, the measured variables in table (12) are the only variables that showed a significant relationship with the latent constructs; others measured variables were excluded for insignificance. Each of the measured variables is represented by a square.

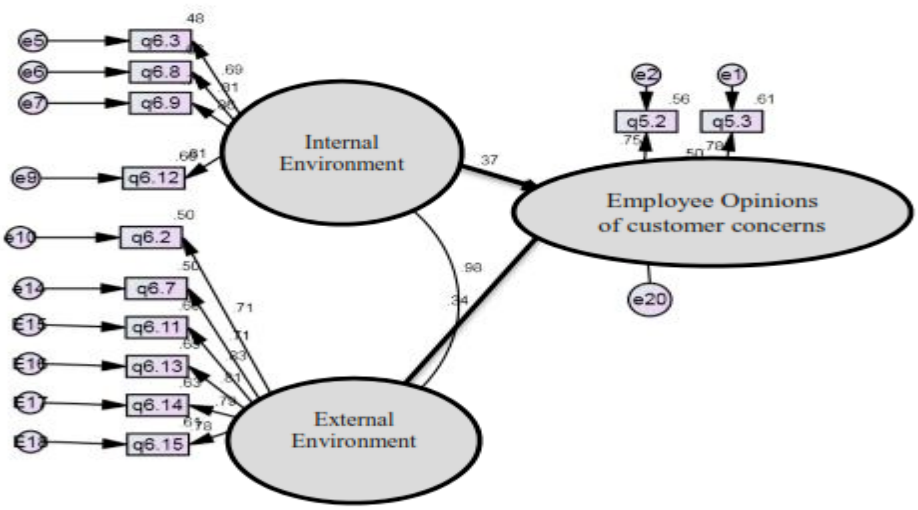

Figure (11) path Analysis for the ability of the proposed model to overcome customers' concerns from non-marketing employees point of view

Part F- The Appropriateness of the Proposed Constructs to the Needs of the Marketing Practitioners During Crisis Times:

Results indicated that marketing employees can use the proposed model to set objectives, conduct a SWOT analysis and undertake competitive analysis. It's a practical framework to evaluate an existing business and work through appropriate approaches whilst evaluating the mix element during crisis times.

The model catered for the following points:

- The way the hotel can develop new products and services based on the input of consumers.
- The way the hotel can change their pricing strategies based on a change in the menu and the services delivered.

- The way new channels are open for customers to examine the offered products and service (technology).
- The way new media channels can be opened to substitute the paid media.
- The way guests can be reassured that the hotel is still providing the same quality and level of services.
- The way the hotel employs and trains its workforce to adapt to the new crisis times.
- The way hotels can partner up to purchase or to offer guest services to cater for a larger segment in the market.

Figure (12) is a path diagram of the proposed marketing mix suitability for marketing employees in hotels under investigations. The model with its two levels both internal and external is appropriate for the Egyptian hospitality industry by its pricing strategy, appropriate places, and promotions, people's satisfaction, process of service, hospitality industry partnership, physical evidence, purse strings, and programming (the use of sophisticated technology to promote hotels' products and services to the targeted guests). From the proposed model, the measured variables in table (13) are the only variables that showed a significant relationship with the latent constructs; others measured variables were excluded for insignificance.

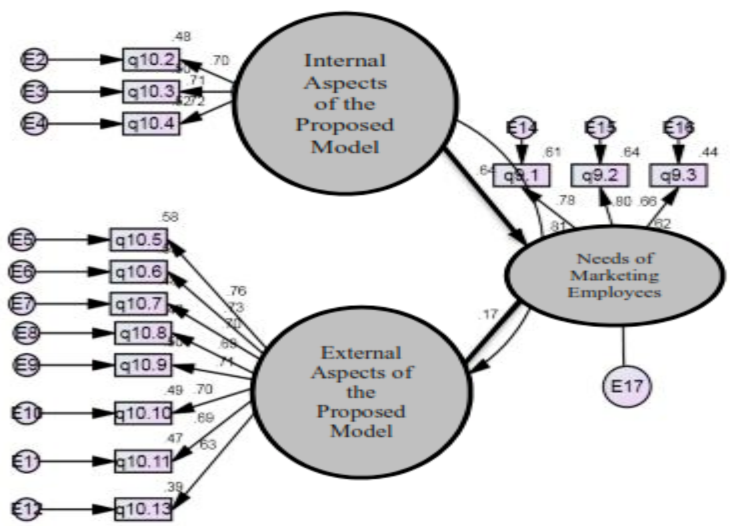

Figure (12) Path Analysis for the appropriateness of the proposed model to the needs of marketing employees in Hotels

Summary for the Path Analysis Results:

This research study used a technique called Path Analysis which is a data analysis technique that quantifies the relative contributions of variables to the variation in a focal variable once a certain network of interrelated variables has been specified (Lynch and Walsh 1998). These contributions are direct or indirect mediated through other variables. It should be noted that path analysis is not intended to measure the causes of effects but rather to help clarify the causal models that researchers formulate on the basis of their knowledge and theoretical considerations. For example, one might find a high positive correlation between the number of employee leavers in a hospitality property and the number of regular customers not returning to the same hotel. Does this mean that the number of employee leaving the hotel somehow correlated to the number of regular customers leaving the same hotel? This turns out to be a spurious correlation. The community involved is hotel management practices. Employees might have bad behavioural pattern that affect customers staying or leaving because of management practices. Thus, there is a common cause: management practices that have a dramatic impact.

In this study, a list of hypotheses were formulated and there was a need to prove those and exclude other insignificant measured variables. The conceptual starting point for the technique of path analysis is an additive regression model that connects the dependent variable with measured independent variable. For example, the path diagram of the measurement model appearing in Figure (7) showed that management practices affect employee morale and behaviour. Both independent and dependent variables were measures through set of questions and the relationship is identified through the statistical technique.

Conclusion

The MED countries are going through challenging situations during the transition process that that requires an effective crisis management strategy to enhance the tourism and hospitality industry. The proposed new marketing mix model is tested and verified through the research methodology, which is supported with the literature review and the empirical study. The model validates the five objectives and showed firstly, significant positive linear relationships between the impact of management practices and the constructs of employee morale. Secondly, the relation between the level of employee awareness of marketing initiatives and the constructs of the effectiveness of the currently used marketing mix. Thirdly, the relation between the existence of documented guidelines and the implementation of the marketing effort - especially during crisis time. Fourthly, the relation between the effectiveness of the currently used marketing mix (construct) and the desirable outcome. Fifthly, between the ability of the proposed model and how to overcome customers' concern's from non-marketing employees' point of view. Finally, the relation between the appropriateness of the proposed constructs and the need of marketing practitioners during crisis. This validates that the sixth research objectives for all of the influential measures.

Recommendations

This study contributes to the existing literature through providing a comprehensive marketing mix model that can be used during crisis time in the Egyptian hospitality industry. This industry has been suffering from serious problems since January 25th, 2011 political unrest. The following recommendations were compiled based on the conducted study:

- It is necessary that senior management of hospitality properties in Egypt employ sophisticated measures that raise employee level of motivation. This could be done through employing a mix of traditional and contemporary motivation theories. A trend that are currently used in multinational organizations is the use of a total reward system.
- It is assumed that employees would not engage in a practice they do not have the full perspective of, or don't understand. Thus, the full involvement of employees in marketing activities cannot be anticipated without making them aware of their role in the process. Adding to that, involving employees creates a sense of belongings to the property and acts as a motivational tool. Moreover, increasing awareness would not be

effective unless there are documented materials that act as reference point to those involved in the implementation process.

- During crisis there is a need to employ creative and innovative thinking by creating new ideas and activities that turn non-customers into customers either local or international. At the international level, hosting events and competitions van be a resolution. That would restore the image of the country and regain tourist trust. Working on new market segments can also increase the possibility of getting new types of tourists to the country. At the national level, encouraging local tourists can keep the business going and eliminate the possibility of closing down. Setting programmes for local youth during vacations can increase their awareness and keep hospitality properties running.
- During the unstable periods, there is a need to enhance quality of service in order to maintain the regular local customers. Consequently, there is a need to accelerate the application of new rules and regulations that have been formulated to work according to international standards. These rules and regulations have been postponed several times because of the Arab Spring.
- The proposed marketing mix model requires using new variables such as the collaboration of different stakeholders. Collaborative work between different interested bodies in one unified project can facilitate lots of activities and can ease up the severity of the damage caused by lost business.

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Appendix

Table (1) Breakdown of Hotels & Tourist Villages Capacity by Category and Main Governorates

Category Governorate	Units	Rooms	Beds
Great Cairo	124	26038	52076
Alexandria	37	3897	7794
Aswan	14	1994	3988
Red Sea	236	60157	120314
South Sinai	241	61222	122444
Total	652	153308	306616

Source: Hotels Supervision Sector (Ministry of Tourism), 2015

Table (2) Title of the respondents

	Frequency	Percent
Executive	76	10.0
Manager	222	29.2
Supervisor	147	19.4
General staff	314	41.4
Total	759	100.0

Table (3) Types of the hotels

		Frequency	Percent
Valid	Five stars hotel	583	76.8
	Four stars hotel	176	23.2
	Total	759	100.0

Table (4) Hotel size

		Frequency	Percent
Valid	51 – 150 employee	16	2.1
	151 – 250 employee	251	33.1
	251 – 300 employee	220	29.0
	more than 301 employee	272	35.8
	Total	759	100.0

Table (5) Hotel location

		Frequency	Percent
Valid	Cairo	443	58.4
	Alexandria	118	15.5
	Aswan	30	4.0
	Hurghada	97	12.8
	Sharm El Sheikh	71	9.4
	Total	759	100.0

Table (6) Type of guests

		Frequency	Percent
Valid	Tourists	131	17.3
	Both corporate guests and tourists	628	82.7

Total	759	100.0

Table (7): The Goodness of Fit Indices in the SEM

Chi-Square	32.886
Degree of Freedom	10
Level of Significance	.000
Normed Chi-Square	3.289
Root Mean Square Residual (RMR)	.019
Goodness of Fit Index (GFI)	.988
Adjusted Goodness of Fit Index (AGFI)	.967
Normed Fit Index (NFI)	.988
Relative Fit Index (RFI)	.975
Incremental Fit Index (IFI)	.992
Tucker Lewis Index (TLI)	.982
Comparative Fit Index (CFI)	.992
Root Mean Square Residual Approximation (RMSEA)	.055
R2= =75.80%	

Table (8): Regression weights according to Maximum Likelihood Estimates

Path			Standardized estimate	Unstandardized estimate	S.E.	C.R.	P
Employee behaviour and Morale	<---	Management Practices during crisis	.871	.809	.045	17.787	0.001***
q2.1	<---	Management Practices during crisis	.696	1.000			
q1.3	<---	Employee behaviour and Morale	.747	1.160	.066	17.602	0.001***
q1.2	<---	Employee behaviour and Morale	.538	.741	.039	18.835	0.001***
q1.1	<---	Employee behaviour and Morale	.678	1.000			
q2.3	<---	Management Practices during crisis	.820	1.165	.059	19.712	0.001***
q2.2	<---	Management Practices during crisis	.834	1.175	.059	19.932	0.001***
q2.4	<---	Management Practices during crisis	.741	1.059	.058	18.164	0.001***

* Significant at level less than (0.05), ** Significant at level less than (0.01), *** Significant at level less than (0.001).

Table (9): The Goodness of Fit Indices in the SEM

Chi-Square	1791.880
Degree of Freedom	198
Level of Significance	.000
Normed Chi-Square	9.050
Root Mean Square Residual (RMR)	.051
Goodness of Fit Index (GFI)	.823
Adjusted Goodness of Fit Index (AGFI)	.774
Normed Fit Index (NFI)	.863
Relative Fit Index (RFI)	.840
Incremental Fit Index (IFI)	.876
Tucker Lewis Index (TLI)	.855
Comparative Fit Index (CFI)	.876
Root Mean Square Residual Approximation (RMSEA)	.103
R2= =88.30%, R2= =56.70%	

Table (10): Regression weights according to Maximum Likelihood Estimates

Path			Standardized estimate	Unstandardized estimate	S.E.	C.R.	P
Effective Marketing Initiatives	<---	Employee Awareness	.753	.858	.045	19.130	0.001***
Effective Marketing Initiatives	<---	Employee Awareness	.940	.795	.045	17.637	0.001***
q12.11	<---	Employee Awareness	.785	1.000			
q12.10	<---	Employee Awareness	.774	.931	.034	27.199	0.001***
q12.9	<---	Employee Awareness	.800	1.015	.041	24.533	0.001***
q12.8	<---	Employee Awareness	.813	1.085	.043	25.065	0.001***
q12.7	<---	Employee Awareness	.834	1.115	.043	25.937	0.001***
q12.6	<---	Employee Awareness	.836	1.118	.043	25.988	0.001***
q12.5	<---	Employee Awareness	.863	1.162	.043	27.123	0.001***
q12.4	<---	Employee Awareness	.797	1.114	.046	24.435	0.001***
q12.3	<---	Employee Awareness	.711	.905	.043	21.149	0.001***
q12.2	<---	Employee Awareness	.559	.742	.047	15.934	0.001***
q12.1	<---	Employee Awareness	.655	.841	.044	19.145	0.001***
q11.4	<---	Awareness of the macro plan	.819	.884	.033	26.629	0.001***
q11.5	<---	Awareness of the macro plan	.849	.983	.035	28.128	0.001***
q11.6	<---	Awareness of the macro plan	.790	.879	.035	25.292	0.001***
q11.7	<---	Awareness of the macro plan	.813	.972	.037	26.353	0.001***
q11.14	<---	Awareness of the macro plan	.575	.695	.041	16.780	0.001***
q11.3	<---	Awareness of the micro plan	.643	1.000			
q11.8	<---	Awareness of the micro plan	.588	.966	.069	13.978	0.001***
q11.12	<---	Awareness of the micro plan	.594	.994	.069	14.365	0.001***
q11.15	<---	Awareness of the micro plan	.724	1.151	.068	16.912	0.001***

q11.16	<---	Awareness of the micro plan	.652	1.030	.067	15.488	0.001***

Table (11): Regression weights according to Maximum Likelihood Estimates

Path			Standardized estimate	Un-standardized estimate	S.E.	C.R.	P
Memorandum	<---	Implementation	.851	.723	.063	11.567	0.001***
System's SOPs	<---	Implementation	.785	.680	.059	11.454	0.001***
q3.3	<---	Implementation	.721	1.091	.074	14.808	0.001***
q3.2	<---	Implementation	.729	1.062	.073	14.460	0.001***
q3.1	<---	Implementation	.658	1.000			
q4.14	<---	Memorandum	.805	1.313	.073	17.872	0.001***
q4.13	<---	Memorandum	.795	1.206	.068	17.715	0.001***
q4.11	<---	Memorandum	.809	1.192	.066	17.935	0.001***
q4.10	<---	Memorandum	.845	1.333	.072	18.467	0.001***
q4.4	<---	Memorandum	.612	1.000			0.001***
q4.12	<---	System's SOPs	.823	1.324	.078	16.877	0.001***
q4.9	<---	System's SOPs	.809	1.373	.082	16.707	0.001***
q4.3	<---	System's SOPs	.550	.960	.074	12.920	
q4.1	<---	People	.567	1.000			0.001***

Table (12): Regression Weights According to Maximum Likelihood Estimates

Path			Standardized estimate	Unstandardized estimate	S.E.	C.R.	P
External Environment	<---	Opinions of Customer Concerns	.337	.381	.091	4.186	0.001***
Internal Environment	<---	Opinions of Customer Concerns	.374	.442	.111	3.982	0.001***
External Environment	<---	q5.2	.751	.933	.059	15.871	0.001***
Internal Environment	<---	q5.3	.779	1.000			0.001***
Internal Environment	<---	q6.12	.810	1.160	.055	20.908	
Internal Environment	<---	q6.9	.860	1.244	.056	22.089	0.001***
Internal Environment	<---	q6.8	.810	1.214	.058	20.890	0.001***
Internal Environment	<---	q6.3	.693	1.000			0.001***
External Environment	<---	q6.7	.709	.926	.049	18.878	0.001***
External Environment	<---	q6.2	.708	1.000			0.001***
External Environment	<---	q6.11	.831	1.139	.052	22.070	0.001***
External Environment	<---	q6.13	.806	1.049	.049	21.424	0.001***
External Environment	<---	q6.14	.795	.980	.046	21.122	
External Environment	<---	q6.15	.778	1.000	.048	20.699	0.001***

* Significant at level less than (0.05), ** Significant at level less than (0.01), *** Significant at level less than (0.001).

Table (13): Regression weights according to Maximum Likelihood Estimates

Path			Standardized estimate	Unstandardized estimate	S.E.	C.R.
Internal Aspects of the proposed marketing mix	<---	The Needs of Marketing employees	.771	.827	.044	18.896
External Aspects of the Proposed marketing mix	<---	The Needs of Marketing employees	.811	.693	.039	17.642
q8.2	<---	Internal Aspects of the proposed marketing mix	.904	.950	.027	35.791
q8.1	<---	Internal Aspects of the proposed marketing mix	.904	1.000		
q8.10	<---	External Aspects of the Proposed marketing mix	.504	.855	.062	13.738
q8.7	<---	External Aspects of the Proposed marketing mix	.783	.899	.040	22.611
q8.6	<---	External Aspects of the Proposed marketing mix	.827	.718	.030	24.124
q8.5	<---	External Aspects of the Proposed marketing mix	.775	1.000		
q7.2	<---	External Aspects of the Proposed marketing mix	.794	.911	.033	27.842
q7.3	<---	External Aspects of the Proposed marketing mix	.807	.860	.040	21.475
q7.1	<---	External Aspects of the Proposed marketing mix	.829	1.000		

* Significant at level less than (0.05)
** Significant at level less than (0.01)
*** Significant at level less than (0.001)
All the mentioned Paths are at a P level with values 0.001***

CHAPTER 3
INTERNATIONAL TOURISM IN SPAIN SINCE THE ARAB SPRING MOVEMENTS: A REVIEW FROM THE PERSPECTIVE OF ECONOMIC COMPETITIVENESS AND SUSTAINABILITY OF DESTINATIONS

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1. Introduction

A number of important socio-political events have been occurring in the Mediterranean (Med) region in recent years. Those include the Spring revolution movements started December 2010 in Tunisia and January 2011 in Egypt, the Syrian war, the terrorist attacks in Egypt, Tunisia, France, and Turkey, or the Libyan question, for remarking these ones being more present in the media (Galal & Reiffers, 2014 (coords.); Schraeder, 2012; Tyner & Rice, 2012; Spindel, 2011). Security questions have become the core issue in the region. In this context, the impact on the tourism sector has been remarkable, resulting in first place in important drops in the number of visitors arriving to the south shore of the Mediterranean (Al Battat & Som, 2014; Saeid et al., 2012).[1] Tunisia lost 1.2 million international visitors in 2011 and 2 million people in 2015, Morocco stagnated around 10 million visitors since 2013, Algeria has lost 25% of international arrivals in 2015, making around 300,000 visitors since 2010, while drops in Egypt account for 5 million of international visitors since 2010, from 14 million in 2010 to 9 million in 2015 (World Tourism Organization (UNWTO), 2016). By contrast, in the north shore of the MED region international arrivals have been remarkably growing, at some extent because of the relocation process resulting from southern destinations (Al Battat & Som, 2014; Saeid et al., 2012).[2]

[1] On the impact of regional instability on MED tourism flows see for example http://www.huffingtonpost.com/dr-ioannis-kent/mediterranean-tourism-hig_b_8884616.html .

[2] In the case of Spain see for example http://www.hosteltur.com/tag/primavera-arabe and http://www.exceltur.org/wp-content/uploads/2015/04/ABR.15.008.pdf

Official statistics show that Greece increased international arrivals from 15 million in 2010 to 23.5 million in 2015, despite being in the midst of an acute economic crisis. Croatia did it from 9 to 12.6 million, Turkey from 31 to 39.5 million, Italy from 43.6 to 50.7 million and Spain from 52.6 to 68.2 million. The whole Southern Europe Mediterranean region, as it is defined by UNWTO[3], has grown from 173 million of international arrivals in 2010 to 225 million in 2015 (UNWTO, 2016).

In this context, international arrivals to Southern European Mediterranean region grew 5% per year in the period 2010-2015, compared to other fast growing regions in the world like the whole Asia (6%), North-Asia including China, North America, or The Caribbean region sharing the same 5% level per year, or the whole world arrivals that grew 3% in these years. Although annual rates of arrivals appear to be similar for all these geographical areas, we can see that they highly differ in absolute terms, given that Southern European Mediterranean region attracted new 52 million international tourists in 2010-2015, while North-East Asia did it for 31 million, North America for 27 million, or The Caribbean for 4.5 million (UNWTO, 2016). These numbers provide an accurate measure of the dynamism reached by the Southern European Mediterranean region in this period, partly due to the relocation effects of tourists traditionally travelling to other destinations in the North of Africa, such as Egypt or Tunisia (see footnotes 1 and 2). In fact, the average growth rate of arrivals accelerated since 2011 for the Southern Med European destinations, which departed from annual rates of 3% in the period 2000-2007 (UNWTO, 2008).

As we have seen, and despite the current instability situation, the Mediterranean region still represents the most visited destination in the world, making up 19% of global tourist arrivals (UNWTO 2016). Inside the region, Spain shows a leading position as a safe and competitive destination (TTCI 2015). The very same year of 2011 when Arab Spring movements initiated, particular Spanish destinations, i.e. the Canary Islands, were receiving a disproportionate number of tourists. Exceltur, one of the leading private entrepreneurial associations in the tourism industry in Spain, estimates in 12 million the number of relocated tourists in Spain since the beginning of the Arab Spring in 2011. Exceltur states that around one-third of total European tourists traditionally visiting southern destinations has been relocated by international tour-

[3] See UNWTO "glossary of terms" for the definition of main variables in the tourism industry: http://cf.cdn.unwto.org/sites/all/files/Glossary-of-terms.pdf

operators towards Spain in these years.[4] Remaining instability in the region even reinforced the inbound flow of tourists in Spain, making the years 2014 and 2015 historical records for international arrivals with 65 and 68 million of entrances respectively (FRONTUR 2016). This context has helped the tourism sector to better face its own process of reconversion, taking place along the tough years of the economic crisis hitting the Spanish economy. Expenditure and arrivals have sharply grown since 2010, tourism employment recovered since 2013, and firms´ turnover improved as a result of the outstanding international tourism growth (BALANTUR, various years; COYUNTUR, various years).

However, as the recent financial crisis has been soundly noting, times of exuberance could bring important imbalances for the future (Ortega & Peñalosa, 2012). In this context, the present paper seeks to analyse the impact of the booming process occurring in Spanish tourism destinations since the beginning of the Arab Spring, with a focus on the economic side of this process. In particular we are interested in addressing two main issues: First, and relying on survey data of international tourists in Spain for 2010-2014, we will analyse the changes taking place in the profile of tourists arriving to four main country destinations. Second, we will run expenditure functions for these destinations in order to estimate the main factors explaining spending decisions of tourists. Both analyses will help us to get deeper knowledge on the changes occurring in international tourism arriving to Spain in this period, and how these could be affecting the economic sustainability of destinations for the near future.

After this introduction, the rest of the paper is as follows: In Section 2 we describe recent trends in Spain for tourism sector. In section 3, and building on survey data, we analyse changes taking place in the profile of international tourist arriving to the country. In section 4 we estimate a model of tourist expenditure for Spain. Section 5 discusses results of the investigation, while section 6 concludes and states some policy issues.

2. General trends of international tourists arriving to Spain since the Arab Spring movements

[4] See http://www.hosteltur.com/118538_15-millones-turistas-prestados-llegaron-espana-verano.html and http://www.exceltur.org/wp-content/uploads/2015/04/ABR.15.008.pdf .

According to official statistics[5], the structure of international visitors in Spain by origin country in years 2010-2015 shows the predominance of EU citizens, mainly from the United Kingdom (20%), France (17%) and Germany (15%). Nordic tourists with 10% of the total inbound flows have notably increased their presence along these years, while other relevant visitors come from Italy (6%), Portugal (5%), and The Netherlands (5%). At the level of destinations, the impact of Arab Spring in Spain appears to be important in 2011 for Canary Islands. This particular destination recorded quarterly (seasonally-adjusted) growth rates of international arrivals of 40%-50% between February and August of 2011. International arrivals have also grown for the regions of Madrid and Catalonia. Catalonia in the Mediterranean coast of Spain shows rates of around 5% to 13% in the period of analysis, while Madrid experienced remarkable growth rates of 10% in 2012 and 2014.

Expenditure of international tourists in Spain have been showing rates of growth of 5% in years 2010 and 2011, reaching levels of 20% between February and May 2011, and 10%-15% from August 2013 to May 2014. As a general trend in Spain, we see that international and domestic tourism have followed diverging paths in these years. While international tourist arrivals have been growing remarkably since 2010, domestic travelers have been noting the impact of the crisis, not recovering positive growth until the end of 2013 or beginning of 2014. The progress of tourist expenditure also differs for seaside and urban destinations in these years. Madrid experienced an important adjustment of the tourism industry along the years of economic crisis. Canary and Balearic Islands adjusted the supply side of the market to the new economic conditions too, but benefited majorly from international tourism demand growth (INE-EOH, various years; INE-EPA, various years). Catalonia has grown the most inside the Spanish tourist market, with new 4 million people since 2010, showing historical records of 17 million visits in year 2015 (Valls et al., 2013).

In general, since the beginning of the Arab Spring movements in 2010-2011, we observe a remarkable growth of tourism inbound flows in Spain, with Canary Islands and Catalonia being

[5] All data in this section comes from BALANTUR, COYUNTUR and EGATUR, the main publications offered by the Spanish Tourism Institute (IET) of the Ministry of Tourism, showing the state of the tourism industry in Spain on a yearly or quarterly basis. All data is publicly available on-line at: http://estadisticas.tourspain.es/es-ES/turismobase/Paginas/default.aspx . For a more formal review of this period in Spain, the interested reader is referred to Chapter 1 of the Project.

the main destinations presumably receiving the bulk of relocating visitors (see footnotes 1 and 2). Expenditure also grew along these years, with sound rates in 2011, 2013 and 2015.

3. Changes in the profile of international tourists in Spain since the Arab Spring movements

This section builds on the information provided by a large survey data set for international tourists reaching Spain in years 2010 and 2014. Data comes from the Institute of Tourism Studies (IET) from the Ministry of Tourism of Spain. The data set includes information gathered by the IET at the moment of departure of international tourists. It comprises monthly data, and collects information for more than 100,000 tourists per year. The survey, named EGATUR (Tourism Expenditure Survey), is designed to provide data on expenditure of tourists, including detailed information on the profile of visitors, the type of activities pursued while in vacations, and a number of trip characteristics.[6] In this study we will focus on data of four main destinations of Spain, including the two Islands, Balearic and Canary Islands, and the two most advanced regions in the country, Catalonia and Madrid. The first group makes up the most visited single seaside, sun and sand, destinations in the country, receiving approximately 11 million tourists per year and region in 2015 (9.2 million in Balearic Islands and 8.6 million in Canary Islands in 2010). The second group includes the two main cities in the country, Madrid, the capital, and Barcelona, a booming destination in the last years. Catalonia received 17 million of international tourists in 2015 (13.1 million in 2010), while Madrid made it for 5 million visitors (4.6 million in 2010). These four destinations represent around 65% of total inbound international tourism in Spain in 2015 (FRONTUR, 2016).

Along this section we are interested in understanding the changes occurring in the profile of visitors reaching the country between years 2010 and 2014. The year 2010 stay right before the initial Arab Spring movements, while 2014 is a year when social contestation movements and related events were yet quite present in the MED region and their effect on tourism was yet notorious. The analysis of data by origin country of visitors in table 1 shows that European arrivals make the bulk of international flows in Spain. Relative share of traditional tourists from

[6] For details on questionnaire, please consult: http://estadisticas.tourspain.es/en-EN/estadisticas/egatur/metodologia/referencia%20metodolgica/Technical%20Sheet.pdf

EU (European Union) show that British (18%), German (16%), French (11%) and Italian (8%) tourists continue to be the most important in Spain, although they have slightly reduced relative positions in total arrivals in these years. Although all these EU-based tourists have continued growing these years in absolute numbers, their dynamism has been below those of other new visitors which increased from 7.1 million people in 2010 to 11.5 million in 2014. As shown by survey and official data, outstanding new source countries include those of northern and rest of Europe (24%), MENA countries (4.2%), and North America (3.8%) (BALANTUR, various years).

Data on tourist relocations is scarce, but it is obvious that a number of EU tourists traditionally visiting the North of Africa changed their destination towards southern European countries when instability started in the Med region. Relocation flows are then assumed to be arriving to Spain since 2011 (see footnote 4), with the country receiving new 17 million visitors between years 2010-2015, 9 million of which were going to our four selected destinations. French and Italian tourists traditionally visiting Tunisia turned towards Spain after the instability still present in the country. Terrorist episodes in this country include the attack at the Bardo Museum in March 2015, where more than 20 tourists died, or the one at the seaside Susa hotel in June 2015 where more than 40 international tourists were killed. German tourists also relocated towards the Canary Islands for example after the attacks in January 2016 in Istanbul, Turkey. South Korean and Mexican people also suffered attacks in Sinai and Western Desert in Egypt in 2014 and 2015, as well as other European tourists from the north and the east of the continent.

Regarding changes identified on tourist profiles in table 2, we see an increase in the relative share of younger tourists of 25 to 44 years old, those with tertiary studies, and with middle-income levels. Important relative increases in these particular types of tourists let us presume the presence in these collectives of relocated visitors. Trip characteristics in table 3 show the progression of visitors travelling for leisure and engaging in food & gastronomy, cultural, sun and sand activities and other leisure purposes. In terms of company while in vacations, international tourists in Spain use to travel alone or in couple, with the former group gaining relative positions along these years. We also observe an increase in first-time visitors, and average length of stay has slightly increased up to 7.8 nights per visitor in this period. All these changes would be also at least in part due to new arrivals resulting in relocations of EU and new visitors, given that around 6-8 million of trip relocations took place between 2010 and 2014 according to official estimates.[7] First-time visitors, cultural and food & gastronomy visitors and tourists coming alone could be reasonably thought to be part of these relocated tourists, according to relative shifts in visitors shown by table 3 for this period.

In terms of accommodation, sample data shows the increasing role of rent apartments and the use of houses of friends and relatives, while 5-star hotels are the only type of hotels increasing their share in this period. Regarding the use of Internet in tourism, this has been generalised for all type of purposes, including travel and accommodations booking, and general tourism information.

Information on tourist behaviour in table 4 shows an increase in the relative number of very satisfied visitors as well. Security and safety conditions in Spain, and first-order tourism infrastructures as pointed out by TTCI Index, would surely underlie the attraction and trip satisfaction levels shown by new tourists, some of them relocated from previous destinations with lower levels of stability and security in the North of Africa and Middle East regions. Table 4 also shows that total expenditure at destination, net from travel cost and in constant 2010 euros, increased from 904 to 1047 euros per average trip, and daily average expenditure at destination moves from 121 to 134 euros in these years. Average travel fees seems to be small compared to expenditure at destination, reflecting the predominance of European visitors and the generalisation of the low-cost airlines.

Regarding data on tourism activities in Spain, we see the prominence of cultural visits and events for both seaside and urban tourists. Nightlife, excursions, thematic parks and gastronomy appear as relevant activities of tourists too. Culture has undoubtedly grown as a key activity of tourists in these years, also increasing the visits to friends and relatives in times of budget restrictions. In terms of season of the visits, summer and springtime continue to be the preferred season for international tourists in Spain, but autumn season have been scaling positions. Canary Islands shows lower seasonality issues, given the subtropical climate characterising this destination. Balearic Islands clearly show the seasonal pattern of a seaside Mediterranean destination. Catalonia accumulates the bulk of the visits from January to May given the dominant urban nature of the destination, as well as Madrid, the capital of the country.

[7] See http://www.exceltur.org/wp-content/uploads/2015/04/ABR.15.008.pdf .

4. Estimating the dynamics of tourist expenditure in Spain

After studying the changing profile of international tourists, in this section we focus on the analysis of their expenditure pattern. Tourism has become a global industry in the last decades, with positive and negative impacts at destinations. In the economic side tourism provides new income, jobs and investments for the local and regional economies (Dwyer et al., 2004). Some negative effects include congestion problems, standardisation of the local culture, environmental degradation, and other issues affecting the life of residents (Andereck et al., 2005). In this section we seek to discern how the notable increase in inbound tourism flows in Spain has been affecting the performance of tourism destinations in terms of their economic competitiveness and sustainability. Pioneer authors started to measure competiveness of destinations by employing broad quantitative indicators on arrivals, bed-nights, revenues, or global/regional market share. Competitiveness was firstly defined as, “the ability of a destination to maintain its market position and share and/or to improve upon them through time” (D'Harteserre, 2000:23). However, as Ritchie and Crouch (2000:5) properly noted, “Competitiveness is illusory without sustainability. To be competitive, a destination's tourism development must be sustainable, not just economically and ecologically, but socially, culturally, and politically as well.” As a result, these authors define destination competitiveness as, “The ability to increase tourism expenditure, to increasingly attract visitors, while providing them with satisfying, memorable experiences, and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations” (Ritchie and Crouch, 2003:2). This definition is also in line with the original contribution of Buhalis (2000), who identifies four main objectives for competitive destinations: enhance the long-term prosperity of local people, maximize visitors' satisfaction, maximize profitability of local businesses and generate multiplier effects, and optimize tourism impacts.

The nature of survey data we employ in this study does not allow to cover all specific aspects affecting sustainability and competitiveness of destinations. As central measure in the analysis we will focus on the economic impact of tourism in Spanish destinations as we have data on the expenditure pattern of tourists, and the factors influencing this process (Stoddard et al., 2012). In first place we will run an expenditure equation in order to identify what changes occurring in the Spanish market would be helping to increase the economic competitiveness and sustainability of destinations. Additionally, we will add other group of variables in the analysis directly related to the economic sustainability of destinations, such as the seasonality of demand, the pattern of accommodation characterising destinations, or the level of income of visitors (Torres-Delgado & Palomeque, 2014). A few references to social and cultural sustainability dimensions would be also included in the investigation, as they can enrich the analysis (Cucullelli & Goffi, 2015).

In sum, the present paper would address the following testable hypothesis:

General Hypothesis of the research: “Expenditure pattern of tourists is increasing the economic sustainability and competitiveness of destinations in Spain since the Arab Spring movements”. This general hypothesis would be tested according to four sub-hypotheses:

H1: Tourist expenditure is driven by the socio-demographic profile of the visitor.

H2: Tourist expenditure is driven by the trip characteristics of the visitor.

H3: Determinants of tourist expenditure differ among Spanish destinations.

H4: Changes in the profiles of tourists have increased economic revenues at Spanish destinations since the Arab Spring movements.

4.1 Modelling tourist expenditure

An important literature exists analysing the determinants of tourism expenditure at a micro-level with survey data. Researchers use to model total trip tourism expenditure (per person, per group or per day) employing a number of independent variables. Recent review studies include those of Wang and Davidson (2010), Marcussen (2011) and Sainaghi (2012). Brida and Scuderi (2013) also provide an extensive review of the methods and results in the tourist expenditure literature. Main findings show that models use to include data on tourist socio-demographic characteristics and trip-related features of the holiday stay, plus other control variables capturing destination characteristics. The traditional estimation method applied in the research is the OLS regression framework, although current developments point to the need of employing more robust methods accounting for bias in this original procedure, and better suited for the particular nature of data in any particular investigation.

In this paper, the modelling strategy includes estimating expenditure equations to identify the role of key covariates driving expenditure at Spanish destinations, and potential changes arising between years 2010 and 2014. The dependent variable in the model would be the daily expenditure at destination computed as the total expenditure at destination over the length of stay for each tourist in the sample. We rule out travel cost in order to make results more comparable between short and long distance tourists reaching Spain. This type of dependent variable shows both non-negative and non-integer values. In dealing with these features of the data distribution, and as a novelty, we will employ a Poisson Pseudo-Maximum-Likelihood (PPML) estimation method. Following Santos-Silva and Tenreyro (2006) this type of estimators allow to control for the presence of zeros (if needed), avoiding the typical bias of OLS estimators in the presence of heteroskedasticity for log-linearised models, also providing consistent estimates, and increasing efficiency regarding OLS and NLS estimators. PPML estimators also appear to be robust to measurement errors in the dependent variable, so there is a number of benefits to gain with this estimation procedure. In particular the expenditure equation would take the form of:

$$y_i = \exp(x_i\beta) + \varepsilon_i,$$

$$with\, y_i \geq 0 \;and\; E[\varepsilon_i|x] = 0$$

being estimated by the PPML procedure with STATA 14 software. Another advantage of the PPML estimator is that it can be applied to typical Poisson data distributions, where overdispersion should be controlled for, but also working in presence of overdispersion problems, as stated by Santos-Silva and Tenreyro (2006).

Regarding the explanatory variables of the expenditure model we include the following ones:

Profile of the tourist

Origin of the tourist: accounting for geographical areas such as the European Union (EU), North of Europe, Middle East and North America. Some detail is included for traditional visitors of Spain, such as German, French, Italian and British tourists.

Company of the tourist while in vacations: including tourists coming alone, in couple, with family, or friends.

Age of the tourist: including intervals of 15-24 years old, 25-44 years, 45-65 years, and more than 65 years old.

Gender: male or female.

Studies: including primary, secondary and tertiary level of studies.

Income level: including high-income (more than 80,000 euros per year), middle income (between 80,000 and 18,000 euros per year) and low income (less than 18,000 euros per year).

Trip characteristics

Purpose of the visit: including leisure, business, personal (visiting friends and relatives-VFR), sun and sand, and first-time visitors.

Activities pursued in vacations: sport events, gastronomy (food-related activities), culture.

Accommodation type: hotel 5 stars, hotel 4-3 stars, rent apartment, own house (second-home).

Season of the visit: all four seasons of the year.

Overall trip satisfaction: in a likert scale 0-10, with 10 being the highest level of trip satisfaction.

Use of the Internet: for travel tickets, for booking accommodation services.

Region of the visit: including Canary Islands, Balearic Islands, Catalonia and Madrid.

All data comes from the survey EGATUR of IET, Spain. Results are presented for years 2010 and 2014. The defined category of reference in the sample, in order to avoid perfect collinearity, is that of “a tourist coming from the Rest of the World, with the couple, of about 45-65 years old, male, with tertiary level of studies, low income level, coming for leisure, to a hotel of 4-3 stars, in the summertime season, with low to mid level of trip satisfaction (0-8 likert scale)”, and visiting the Canary Islands in the joint-destinations equation. Table 5 includes results of the expenditure model for the joint four regions in Spain. As we can see, the joint model is quite significant with number of observations around 55,000 to 70,000 questionnaires, and R-squared coefficients between 0.44 and 0.39. Individual significance of the covariates in the model is also high, with values of 99% or higher. Results for the year 2010 show that the most important covariates explaining levels of daily expenditure per international visitor are those of the origin of the tourist, purpose of the visit, income level, and accommodation type (table 5 and figure 1). Elasticities show positive values up to 0.47 for Middle East visitors or 0.42 for business visitors regarding expenditure. In general, tourists significantly increasing expenditure per day are those coming from new and distant destinations, such as North America (USA, Canada, Mexico), and Middle East countries (Saudi Arabia, Qatar, UAE). Category of reference in this covariate is that of the “Rest of the World”, so negative coefficients would be pointing to countries of origin that reduce the daily spending regarding this category. In particular this is the situation of traditional EU visitors, mainly French, British, German and Italian, while tourists from north of Europe and rest of the Europe would be showing higher levels of expenditure regarding these traditional EU visitors. Results for 2014 show that after the Arab Spring movements, Middle East and Italian tourists decreased expenditure per day considerably, while British visitors slightly increased it.

Continuing with results of table 5, other variables leading expenditure of tourists are those of the purpose of the visit. Business tourists spend much more on average than leisure ones, which acts as the category of reference, while tourists visiting friends and relatives and pursuing sun-and-sand activities spend so much less, as shown in figure 1. By accommodation type, visitors in 5 star hotels spend much more per day, while those in second-homes spend so much less. High and middle income visitors spend so much more than low income ones, as well as people traveling alone or with friends in comparison with those coming with family or in couple. Tertiary educated visitors, and middle-aged (45-65 years old) are another higher spending group, as well as visitors engaged in culture, sports, food & gastronomy and coming for the first time to the destination. All three destinations but the Canary Islands show positive (destination) fixed effects on expenditure in these years.

In general, between 2010 and 2014, table 5 shows that daily spending has been reduced more significantly for people with middle-income, business trips, and using the Internet for buying travel tickets. However, a number of variables have increased the elasticity of spending in 2014, namely British tourists, high income visitors, VFR, sun-and-sand and food & gastronomy tourists, people in rent apartments or even in second-homes, and those employing the Internet for booking accommodation, all them in comparison with the reference category.

When we move to results at the level of destinations in table 6 we can see differences between single destinations in terms of coefficients in the model. In Canary Islands we see much higher impact on expenditure levels of high income and business visitors, as well as for sports events, food & gastronomy tourists, and visitors in 5 star hotels. By the contrary, coefficients are shown to be more negative for VFR and second-home tourists in this destination. In the case of Balearic Islands, particular values of the coefficients arise for first visitors, sport and food-related activities and visitors in 5 star hotels. Catalonia shows particular positive values for people traveling alone, with tertiary studies, high income level, coming for culture and accommodated in 5 star hotels, while negative values for sun-and-sand tourists. Finally, Madrid outstands because of middle income and cultural tourists in positive terms, and younger and older aged visitors and those with primary level of studies in negative terms.

Regarding changes appearing in 2014 in comparison with results of 2010, Canary Islands show that factor increasing expenditure are those of company while on vacations, income, purpose of the visit, and accommodation type. For Balearic Islands, we see the prominence of variables related to the company (alone, friends), age (older visitors), income level, purpose of the visit (business vs VFR), and accommodation (5 star hotels, and own house). In 2014 Catalonia shows higher estimated values for coefficients of variables related to high income tourists, French visitors, and the decrease of values for Italian, younger tourists (15-24 years old) and people not coming in the summertime period. Madrid also shows an increase in values for coefficients of the following covariates in 2014: British and German tourists, older aged, with high income levels, for sports and food & gastronomy activities, and coming to their second-home residence. As a result, in general terms, we can see that hypotheses 1 to 3 could not be rejected by empirical findings, with some specific profiles of tourists clearly driving and increasing expenditure levels at Spanish destinations (H1). The same result can be observed for particular trip characteristics of tourists (H2). Moreover, as stated in H3, determinants of tourist expenditure appear to vary among Spanish destinations, although all them would be sharing common trends regarding the main factors diving tourist expenditure. The empirical plausibility of H4 would be discussed in the following section.

5. Discussion of results

Table 7 summarises the main findings of the expenditure equations. We present results both for the joint case of Spanish destinations and for each single destination, showing which variables are responsible of increasing or decreasing the level of expenditure per visitor and day of stay. In general, results show the important role played by the origin of the tourist in driving expenditure, with new visitors from more distant countries helping to increase expenditure at Spanish destinations. Middle East visitors, or those coming from North America increase expenditure too, as well as new visitors from the North and the Rest of Europe compared to traditional EU visitors. In regards to company while traveling, people coming alone and with friends are shown to increase the level of expenditure, while those coming with the family decrease it. Both tails of the age distribution, younger and older tourists, decrease expenditure, while visitors with tertiary studies, high level of income and coming for business trips increase it. Purpose of the visit is also important, with VFR tourists and sun and sand decreasing expenditure, and first visitors increasing it. Food & gastronomy and cultural activities clearly favour an increasing level of expenditure. Accommodation is another important factor in driving expenditure, with 5 star hotels increasing spendings, and second-home and rent apartments decreasing it. Summertime is the high season in terms of expenditure, while highly satisfied tourists increase expenditure levels. The use of the Internet favours expenditure when employed to book accommodation, and decreases when used to buy travel tickets.

The idiosyncrasy of the four Spanish destinations is also shown in table 7. In this way, seaside destinations, Canary and Balearic Islands, show higher values of coefficients for factors such as those of high income tourists, food & gastronomy visitors, people coming with friends, and very satisfied tourists, while factors negatively affecting expenditure here are those of VFR and sun and sand visitors. More urban destination like Madrid and Catalonia show particular positive values of coefficients for visitors from the North of Europe, coming alone, with tertiary studies, for food-related and other cultural activities, and very satisfied tourists, who use to employ the Internet for booking accommodations.

Once identified the main factors leading expenditure at destinations, we refer again to main trends observed in the four Spanish destinations in tables 1-4 in order to see if all these new flows of international visitors would have been helping to increase revenues at destinations or by the contrary the have been reducing expenditures in years 2010-2014, what refers to H4 in the model. As shown by these tables, northern European visitors were increasing in Spain so much rapidly that EU traditional visitors, as well as those from North America and the rest of the world, all them increasing expenditure levels. By trip purpose, VFR visitors increased, reducing expenditure in this way, and cultural and food & gastronomy visitors increased, driving expenditure up in this way. People traveling alone has been growing, while those with friends reduced counterbalancing increases in expenditure levels. First visitors grew in these years, and nights of stay slightly increase too, raising the level of expenditure. Middle-aged tourists increased as well as those with tertiary level of studies, also rising expenditure. High income visitors slightly reduced, but middle-income increased considerably, pushing up spending level. Very satisfied tourists grew in these years rising expenditures too. All these trends appear to support H4 from a microeconomic point of view, based on survey data analysis.

In general, results of the investigation have shown a number of trends emerging for international tourism in Spain since the beginning of the Arab Spring. In first place, new source countries have been appearing in the Spanish market, leading to a reduction in the economic dependence on traditional markets and pushing up spendings, implying a positive impact on the economic sustainability of Spanish destinations (Torres-Delgado & Palomeque, 2014). The increases in the number of visitors traveling alone and with tertiary level of studies present two main implications. First, from the business side it accounts for new segments of demand, both being higher spenders at urban destinations. Second, and given the particularities of this type of visitors, it can result in rising levels of social sustainability for destinations (Artal-Tur and Villena-Navarro, 2016). The growth of mid income visitors should improve the economic sustainability of destinations too, given the positive relationship between income and spending (Thrane & Farstad, 2011).

By types of accommodation chosen by tourists, trends show an increase in visits to houses of friends and relatives VFR in times of crisis. Rent apartments have been growing in relevance as a new type of accommodation, given the on-line resources and sharing economy emerging in recent years. In this way, both types of accommodation would result in lower levels of expenditure at destination in comparison with tourists in hotels, reducing the economic sustainability of the destination (Marrocu et al., 2015). However, tourists in 5-star hotels have been growing in Balearic Islands, leading to an opposite result. Further, the use of the Internet in preparing the trip would be increasing expenditure for the accommodation choice, but decreasing in the travel tickets case. In general, the positioning of destinations on the Internet and Social

Networks help to increase the competitiveness of destinations, as shown by the TTCI Report (WEFTT, 2015). Moreover, the use of new technologies could also help to improve satisfaction and expenditure of tourists at destinations. In this way, despite tourists could be saving part of the budget in some vacational items when booking by the internet, i.e. in lodging and travelling tickets, they can employ this extra-budget in making higher spendings in other concepts while on holidays, as shown by literature (Eugenio-Martin & Inchausti-Sintes, 2016).

Tourists declaring the highest level of satisfaction have also increased at Spanish destinations, with an effect on growing tourism income, economic competitiveness and social sustainability of destinations (Lee & Hsie, 2016; Torres-Delgado & Palomeque, 2014). Cultural activities have become the preferred ones by tourists in their leisure time at Spanish destinations, this being a European trend too. Nightlife, food & gastronomy and sports also represent growing activities in Spain, fostering the expenditure level. All these facts bring the attention towards the importance of culture for the future of European and Spanish destination competitiveness. It results in new investments in cultural infrastructures and events with positive effects for the residents themselves, also bringing increasing levels of cultural and social sustainability for destinations (Artal-Tur and Villena-Navarro, 2016). Finally, seasonality still remains important at Spanish Mediterranean destinations for the spring and summertime, while urban destinations show lower frequency of visits along the winter months. Both issues open new avenues for tourism planning for the high and the low seasons of the year, always in line with a sustainable focus. In general, we cannot reject H4, with new profiles and trip activities of visitors in Spain since the beginning of the Arab Spring increasing total expenditure at destinations, as shown by official statistics too. Micro-level modelling in this investigation has in fact helped to identify which are the most relevant segments of demand to be focused on in order to continue fostering the economic sustainability of destinations.

6. Conclusions

The Arab Spring and other events occurring in the Mediterranean region since 2011 resulted in the relocation of tourists across the region. Countries in the south shore of the Mediterranean were losing an important number of arrivals since 2011, while northern shore destinations received an increasing number of people. Spain emerged as one of the most benefited countries in this process, mainly because of the tourism and travel competitiveness shown by the country, resulting in around 12 million new trips relocated since 2011 according to official estimates. In this paper we have investigated the economic impact of this boost of international arrivals in the country in light of the economic sustainability and competitiveness of destinations. In doing so, we have built on a large survey data for years 2010 and 2014, as a way to capture how the characteristics of tourists have been reshaping in these years, and how they could be affecting the economic revenues of main destinations in the country.

Regarding the economic dimension, some important results have emerged. The first one relates to the increase in revenues linked to a certain profiles of tourists and trip characteristics. Arrivals from non-traditional destinations identified in the investigation have been spending higher amounts in the country. Middle-aged visitors, with middle-income level have spent more at urban destinations, and first-time visitors and more educated ones have done it elsewhere too, all them increasing their presence in Spain. New trip features have also increased revenue levels for residents and the tourism industry, including people travelling alone or with friends. Other trends in tourism would be also helping to increase spending, including the opportunities linked to the use of the Internet in preparing vacations, and traveling out of the summertime, for example for tourists visiting Catalonia. People engaged in cultural and food-related activities have been also growing along these years. Growth of all these activities enlarges the cultural and social dimension of destinations, also increasing economic revenues, reinforcing in this way the destination competitiveness. By providing positive effects for residents, which benefit from a growing supply of cultural activities and infrastructures, social and cultural sustainability of destinations becomes expanded too (Richards, 2014).[8] In general, positive outcomes for economic sustainability and competitiveness appear to be identified in Spain along these years, some of this coming from relocation effects derived from the Arab Spring movements. The environmental side has not been addressed by this study given the lack of data on the issue, although the boom in arrivals of these years claim for a careful planning of this dimension at the level of the destinations.

[8] Gastronomy activities also become to be approached by the literature as a representation of the tangible and intangible cultural heritage of a region or locality (Melgar, 2013).

However, notable challenges have been also raised by results of the investigation. One of the most important is that referring to the capacity of destinations to increase spending of traditional EU visitors, given that they continue to represent around half of the global international tourism demand in Spain. Given that North African destinations show higher price competitiveness, pressures for downsizing of tourism prices in Spain have resulted in lower average trip spendings at some destinations. Such an issue points to the need of attracting more high-income tourists from overseas, i.e. Chinese visitors, as they constitute a desired target, but have slightly reduced their presence in Spain during these years. These two key points show the necessity of continuing with the reconversion of the Spanish tourism model, mainly for seaside mature destinations.

Together with all these trends, new groups of tourists have been identified in Spain, linked to new business opportunities. These include female tourists mainly arriving to Balearic Islands and Madrid, and the opportunities linked to cultural activities, that could in fact reinforce the sustainability of destinations. Highly satisfied tourists have notably grown in both islands and Catalonia, denoting an important level of competitiveness of Spanish destinations.

Massive entrances in Catalonia have resulted in important congestion problems in the city of Barcelona, clearly affecting the performance of the destination. The impact on residents has become important, in terms of congestion issues affecting life in certain neighbourhoods and leading to real estate price bubbles (Valls et al., 2013). Canary Islands have also shown some delay in the renovation of tourism supply and hospitality facilities, and in the seaside mature model itself, issues that the boom period has kept more or less hidden, and that should be faced sooner than later. Madrid has been embarked in the reconversion of the industry, given the sharp decline in business and domestic tourism taking place in the years of crisis. In this sense, culture has been emerging as one of the key attractions in the city. Balearic Islands continue with the renovation process of its mature seaside model, with good results for emerging quality products complementing the sun-and-sand offer, mainly those of rural-inland-quality-nature tourism and those of sports and gastronomy tourism, however seasonality still continues to be a challenge for the future of all destinations.

In terms of the near future and according to instability in the Mediterranean region, we don´t expect sharp changes in the current situation in the very short run horizon. Syria and maybe

Libya, who are facing violence and conflict pressures, will clearly have a long-term period before stabilisation starts. In contrast, Tunisia and Egypt who started their transition some years ago, and are gaining stability and security, would be expected to improve their situation in a shorter time lapse. Safety and security conditions would still take some time to be fully recovered along the region, at least in what concerns to the tourism industry business, as the Western media not uses to distinguish among the individual countries´ situation in their daily news. Growth of international arrivals from Asia and North America towards European destinations will continue in the future, with the European Mediterranean region maintaining high levels of competitiveness. Efforts in this direction have been also emerging in Tunisia and Egypt, regarding the necessity of bringing international tourists back to these relevant destinations that could help with their revenues to the transition processes taking place there.

Relevant opportunities emerge according to the findings of the study, showing specific profiles of visitors and trip-related characteristics in Spain that should be targeted in order to increase the level of expenditure at destinations. Taking profit from the business opportunities linked to people travelling alone and highly educated visitors has been also recognised for the future, in line with developments of the world tourism industry. All these issues require specific policies at tourism destinations, as well as important efforts in marketing and targeting these visitors when defining new tourism products. Culture should become the cornerstone of European tourism in the near future, and the main piece where mature destinations have to rely to in order to renovate their offer. Creative tourism, local-tourists interactions, valuing of the local heritage, gastronomy, ancient folklore, art crafts street markets, etc, are all key pieces for the future of destinations. Building on that issues all would result in an enrichment of the social and cultural dimensions of destinations, increasing the positive returns of tourism towards residents, and in this way receiving their support for tourism development at their localities.

In terms of the EU and Neighbourhood Policies, priorities become clear. Promoting the stability along the Mediterranean region should be the first mandate. Instability is easy to spread through borders, as the French, Italian and German cases have been showing last wintertime. Ties are important all along the Med communities and we cannot isolate the suffering of the people inside the frontiers of a single country, as the refugees remind us every day. Tourism is a powerful industry all along the region, with a great capacity in promoting the inclusive development of nations and regions. Females, young people, less qualified workforce, all are collectives with higher presence in the tourism industry. Main policy guidelines transcend the results of the investigation, and claim for a shared process of stabilisation in the Med region employing political, economic and social measures for reaching such a pivotal goal. In terms of sectoral policies for the southern EU countries, measures should be directed to improve the quality of destinations from a sustainability focus, increasing the technical and financial support to revitalise declining places, and limiting the undesired effects linked to crowded destinations. Promotion of the EU and Mediterranean image overseas is another policy recommendation to continue attracting long-distance high-spenders visitors. Finally, all efforts directed to improve communications and accessibility all along the EU space, would help to improve flows of tourists all across the Union from south to north and vice versa, preserving the continent as a dynamic destination in the world.

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Table 1: Tourist arrivals in Spain (in percentage of the total sample)

	4 regions	
Country of origin	2010	2014
France	11	11
Italy	9	8
UK	23	18
Germany	17	16
Rest_of_EU	17	15
North of Europe	5	9
Middle East countries	2	1
North America	2	3.5
Rest of the World	14	18.5
Total	**100**	**100**

Table 2: Tourist Profiles

	4 regions	
	2010	2014
Age		
age1524	10	10
age2544	49	53
age4564	32	30
age_more65	9	7
Gender		
female	44	43
male	56	57
Level of studies		
primary	4	3
secondary	33	26
tertiary	63	71
Income level		
high_income	31	28
middle_income	61	68
low_income	8	4

Table 3: Trip Characteristics

	4 regions	
	2010	2014
Trip purpose*		
business	13	12
visiting friends & relatives (VFR)	10	15
food & gastronomy	28	39
cultural activities	52	65
sun & sand	49	48
leisure_other	13	14
Company		
alone	28	33
couple	40	36
family	13	14
friends	19	10
Previous visits		
first_visit	19	21
visits_2-5	28	29
visits_6-10	17	16
visits_more than 10	36	34
nights of stay	7.5	7.8

(*): Each tourist uses to pursue more than one single trip prupose

Table 4: Some tourist behaviour

	4 regions	
	2010	2014
Overall level of satisfaction of tourists		
very_satisfied_9	28	28
very_satisfied_10	18	21
very_satisfied_9 & 10	46	49
Trip Expenditure (in 2010 euros)		
total per trip	904	1047
daily	120	134
travel fee	157	171

Table 5: Expenditure model for joint 4 destinations in Spain

			4 regions 2010		4 regions 2014	
	Category of reference:	**variable:**	coeff.	p-value	coeff.	p-value
Tourist Profile	**Origin of the tourist: (Rest of the World)**	France	-0.2100	0.000	-0.2297	0.000
		Italy	-0.1786	0.000	-0.2669	0.000
		UK	-0.2562	0.000	-0.1967	0.000
		Germany	-0.2087	0.000	-0.1905	0.000
		rest_of_EU	-0.1377	0.000	-0.1637	0.000
		North_Europe	-0.0241	0.124	-0.0311	0.001
		Middle East	0.4720	0.000	0.1546	0.000
		North America	0.1335	0.000	0.1527	0.000
	Company: (couple)	alone	0.2129	0.000	0.2339	0.000
		family	-0.1860	0.000	-0.1840	0.000
		friends	0.1626	0.000	0.1512	0.000
	Age: (45-65 years old)	age1524	-0.1702	0.000	-0.1713	0.000
		age2544	-0.0355	0.000	-0.0039	0.487
		age_more65	-0.1772	0.000	-0.1995	0.000
	Gender (male)	female	-0.0422	0.000	-0.0665	0.000
	Studies: (tertiary educ)	primary	-0.2170	0.000	-0.1710	0.000
		secondary	-0.0743	0.000	-0.0668	0.000
	Income level: (low-income)	high_income	0.2017	0.000	0.2795	0.000
		middle_income	0.1568	0.000	0.1004	0.000
Trip characteristics	**Purpose of the visit (leisure)**	business	0.4211	0.000	0.3319	0.000
		VFR	-0.4320	0.000	-0.3511	0.000
		sun&sand	-0.3417	0.000	-0.2530	0.000
		first_visit	0.0413	0.000	0.0665	0.000
	Activities:	sports	0.1066	0.000	0.0669	0.000
		food&gastronomy	0.0256	0.008	0.1357	0.000
		cultural_activities	0.1009	0.000	0.0702	0.000
	Accommodation type: (hotel 4-3 stars)	hotel_5stars	0.3383	0.000	0.3211	0.000
		rent_aptm	-0.0124	0.221	0.0654	0.000
		own_house	-0.3237	0.000	-0.2728	0.000
	Season of visit: (SUMMER time)	WINTER_TIME	0.0181	0.031	-0.0250	0.000
		SPRING_TIME	-0.0154	0.058	-0.0174	0.006
		FALL_TIME	-0.0276	0.002	-0.0083	0.225
	Overall Trip Satisfaction: (Mid and low satisfied)	very_satisfied	0.1073	0.000	0.0821	0.000
	Use of the Internet:	internet for travel tickets	-0.1264	0.000	-0.2019	0.000
		internet for booking accomodation	0.1253	0.000	0.1978	0.000
Regional fixed effects	**Region of the visit: (Canary Islands)**	Catalonia	0.1309	0.000	0.1124	0.000
		Madrid	0.0832	0.000	0.1033	0.000
		Balearic Islands	0.0642	0.000	0.0565	0.000
		constant	5.2362	0.000	5.1803	0.000
		N	54920		69852	
		R-Squared	0.4486		0.3942	
		Log-Likelihood	-1516186		-1737317	
		AIC	3032448		3474710	
		BIC	3032787		3475058	

Note: All regressions with robust standard errors. VIF test show no multicollinearity problems.

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Figure 1: Expenditure model for joint 4 destinations in Spain 2010-2014

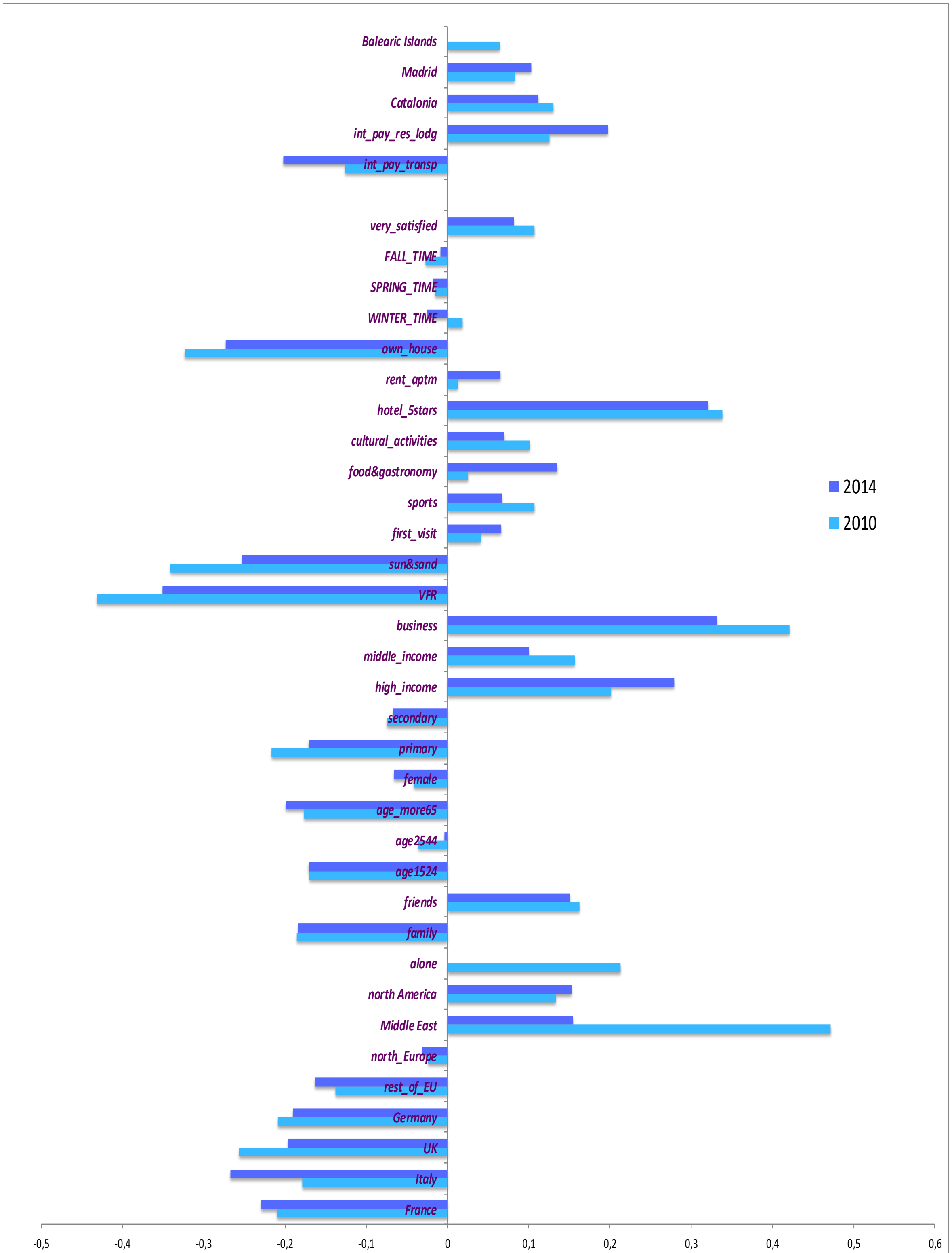

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Table 6: Expenditure model for single destinations in Spain 2010-2014

			Canary Islands				Balearic Islands				Catalonia				Madrid			
			2010		2014		2010		2014		2010		2014		2010		2014	
	Category of reference:	variable:	coeff.	p-value	coeff.	p-value	coeff.	p-value	coeff.	p-value	coeff.	p-value	coeff.	p-value	coeff.	p-value	coeff.	p-value
Tourist Profile	**Origin of the tourist:**	France	-0.0553	0.132	-0.0940	0.000	-0.0972	0.003	-0.1113	0.000	-0.2211	0.000	-0.1241	0.000	-0.0818	0.002	-0.1080	0.000
	(Rest of the World)	Italy	-0.1504	0.000	-0.1798	0.000	-0.1581	0.000	-0.1871	0.000	-0.1673	0.000	-0.2383	0.000	-0.1840	0.000	-0.2392	0.000
		United Kingdom	-0.2171	0.000	-0.1583	0.000	-0.1436	0.000	-0.0893	0.000	-0.1536	0.000	-0.1298	0.000	-0.2903	0.000	-0.1304	0.000
		Germany	-0.1670	0.000	-0.1529	0.000	-0.0863	0.000	-0.1161	0.000	-0.1486	0.000	-0.1838	0.000	-0.1493	0.000	-0.0361	0.079
		rest of EU	-0.0982	0.000	-0.0652	0.000	-0.0323	0.000	-0.0165	0.000	-0.0786	0.000	-0.1763	0.000	-0.1419	0.000	-0.1126	0.000
		North of Europe	-0.0133	0.000	0.0127	0.000	0.0161	0.000	0.1120	0.000	0.1328	0.000	0.0956	0.000	0.1137	0.000	0.1284	0.000
		Middle East	-0.3822	0.000	-0.1557	0.000	-0.1821	0.000	0.1135	0.000	0.1241	0.000	0.1721	0.000	0.1902	0.000	0.1371	0.000
		North America	-0.1122	0.000	0.1183	0.000	0.0763	0.000	0.1231	0.000	0.1208	0.000	0.2130	0.000	0.0892	0.000	0.1229	0.000
	Company: (couple)	alone	0.1427	0.000	0.1815	0.000	0.1811	0.000	0.2359	0.000	0.2839	0.000	0.2439	0.000	0.2026	0.000	0.2076	0.000
		family	-0.1319	0.000	-0.1235	0.000	-0.1787	0.000	-0.1768	0.000	-0.1605	0.000	-0.1466	0.000	-0.1164	0.001	-0.1125	0.000
		friends	0.1026	0.000	0.1278	0.000	0.1475	0.000	0.1966	0.000	0.1037	0.000	0.0963	0.000	0.1310	0.000	0.1148	0.000
	Age: (45-65 years old)	age_1524 years old	-0.0740	0.000	-0.0733	0.000	-0.0912	0.000	-0.1084	0.000	-0.1048	0.000	-0.1757	0.000	-0.2527	0.000	-0.2740	0.000
		age_2544	0.0057	0.535	0.0116	0.178	-0.0046	0.741	0.0126	0.236	-0.0041	0.782	-0.0062	0.588	-0.0423	0.002	-0.0417	0.001
		age_more than 65 years old	-0.0841	0.000	-0.1474	0.000	-0.1177	0.000	-0.1629	0.000	-0.2054	0.000	-0.2127	0.000	-0.2046	0.000	-0.1555	0.001
	Gender (male)	female	-0.0223	0.000	-0.0584	0.000	-0.0284	0.000	-0.0516	0.000	-0.0724	0.000	-0.0319	0.000	-0.0149	0.000	-0.0291	0.013
	Studies: (tertiary educ)	primary	0.0007	0.976	-0.0525	0.003	-0.0176	0.629	-0.0489	0.011	-0.2203	0.000	-0.2774	0.000	-0.3581	0.004	-0.2687	0.030
		secondary	-0.0083	0.365	-0.0256	0.003	-0.0068	0.577	-0.0116	0.268	-0.0852	0.000	-0.1380	0.000	-0.0986	0.000	0.0239	0.093
	Income level:	high_income	0.2012	0.000	0.2191	0.000	0.3466	0.000	0.2948	0.000	0.1251	0.000	0.2640	0.000	0.1394	0.000	0.1967	0.000
	(low-income)	middle income	0.0784	0.000	0.0872	0.000	0.0918	0.000	0.0721	0.000	0.0759	0.000	0.1116	0.000	0.1351	0.000	0.05074	0.005
Trip characteristics	**Purpose of the visit**	business	0.3886	0.000	0.2376	0.000	0.4334	0.000	0.2460	0.000	0.3565	0.000	0.3277	0.000	0.2955	0.000	0.2032	0.000
	(leisure)	Visit to VFR	-0.3339	0.000	-0.2176	0.000	-0.3813	0.000	-0.2765	0.000	-0.2327	0.000	-0.1890	0.000	-0.1269	0.000	-0.1281	0.000
		sun & sand	-0.1816	0.000	-0.1373	0.000	-0.1105	0.000	-0.0802	0.000	-0.2000	0.000	-0.2671	0.000	0.1060	0.016	-0.1000	0.028
		first visit	0.0217	0.067	0.0898	0.000	0.0452	0.003	0.0276	0.043	0.0156	0.342	0.0674	0.000	-0.0008	0.959	-0.0360	0.006
	Activities:	sport events	0.1361	0.010	0.0827	0.148	0.0301	0.618	-0.0994	0.056	0.1242	0.000	0.0891	0.000	0.0469	0.126	0.0905	0.000
		food&gastronomy	0.1267	0.000	0.1685	0.000	0.1212	0.000	0.1030	0.001	0.0351	0.116	0.0449	0.033	0.0201	0.039	0.1254	0.000
		culture	0.0464	0.000	0.0114	0.135	0.0690	0.000	0.0206	0.032	0.1581	0.000	0.1349	0.000	0.2118	0.000	0.0898	0.000
	Accommodation type:	hotel_5*	0.2019	0.000	0.2346	0.000	0.1264	0.000	0.1762	0.000	0.3051	0.000	0.2331	0.000	0.2520	0.000	0.2697	0.000
	(hotel 4-3 stars)	rent_apartment	-0.0265	0.037	0.0274	0.052	-0.0797	0.015	-0.0508	0.021	-0.0795	0.014	-0.0708	0.012	-0.1538	0.005	-0.1131	0.001
		own_house	-0.1826	0.000	-0.2778	0.000	-0.1789	0.000	-0.1683	0.000	-0.2390	0.000	-0.2653	0.000	-0.0185	0.781	0.0868	0.042
	Season of visit:	WINTER time	0.0399	0.000	-0.0250	0.023	-0.05293	0.018	-0.0715	0.000	0.1565	0.000	0.0451	0.000	-0.0456	0.006	-0.0514	0.000
	(SUMMER time)	SPRING time	-0.0019	0.860	-0.0101	0.387	-0.0844	0.000	-0.0753	0.000	0.0901	0.000	0.0176	0.158	-0.0168	0.345	-0.0236	0.080
		FALL time	0.0021	0.843	-0.0331	0.003	-0.0633	0.002	-0.0686	0.000	0.0635	0.004	0.0262	0.061	-0.0323	0.058	-0.0072	0.617
	Overall Trip Satisfaction:	Very_Satisfied	0.0829	0.000	0.0938	0.000	0.1291	0.000	0.1419	0.000	0.1591	0.000	0.1292	0.000	0.0821	0.000	0.0723	0.000
	(Mid and low satisfied)																	
	Use of the Internet:	internet for travel tickets	-0.1206	0.000	-0.2108	0.000	-0.1322	0.000	-0.0826	0.000	-0.0456	0.056	-0.0150	0.482	-0.1042	0.000	-0.0964	0.000
		internet for booking accommod.	0.1158	0.000	0.1987	0.000	0.1025	0.000	0.0635	0.000	0.1218	0.000	0.1567	0.000	0.0305	0.148	0.1209	0.000
		constant	4.7999	0.000	4.8931	0.000	4981481	0.000	4914084	0.000	4778382	0.000	4879094	0.000	5080621	0.000	4863847	0.000
		N	17838		18594		12410		16132		13494		21879		11178		13406	
		R-Squared	0.2407		0.2888		0.3239		0.2516		0.4112		0.4081		0.5165		0.5479	
		Log-Likelihood	-242966		-283282		-264092		-314164		-448275		-631207		-394733		-340461	
		AIC	486041		566680		528294		628446		896662		1262535		789584		681043	
		BIC	486461		567134		528703		628900		897083		1263015		790016		681493	

Note: All regressions with robust standard errors. VIF test show no multicollinearity problems.

Table 7: Summarising the effects of covariates in expenditure functions for Spanish destinations 2010-2014

			Factors leading tourist expenditure				
			4 regions Spain	Canary Islands	Balearic Islands	Catalonia	Madrid
Tourist Profile	**Origin of the tourist:**	European traditional visitors	-	-	-	--	--
		North of Europe	+	+	+	++	++
		Middle East	++	--	+	+	+
		North America	+	+	+	+	+
	Company:	alone	+	+	+	++	+
		family	-	-	-	-	-
		friends	+	+	++	+	+
	Age:	Younger tourists (15-24 years)	--	-	-	--	--
		Older tourists (+65 years old)	--	-	-	--	--
	Studies:	Tertiary studies	++	+	+	++	++
	Income level:	high income	+	++	++	+	+
Trip characteristics	**Purpose of the visit**	business trips	++	+	+	+	+
		VFR	--	--	--	-	-
		sun and sand	--	-	--	--	-
		first visit	+	+	+	+	-
	Activities:	Sport events	+	+	+	+	+
		food & gastronomy	+	++	+	+	++
		Cultural activities	+	+	+	++	++
	Accommodation type:	5 star hotel	++	++	+	++	++
		rent apartment	+	-	-	-	-
		second-home (own house)	--	-	-	--	--
	Season of visit:	summer seasonality	+	+	+	+	+
		winter-spring seasonality	-	-	-	+	-
	Overall Trip Satisfaction:	Very satisfied tourist (9-10 likert scale)	+	+	++	++	+
	Use of the Internet:	Use of Internet for travel tickets	-	--	-	-	-
		Use of Internet for booking accommodation	+	++	+	++	++

+ (-) sign means this factor contributes to increase (decrease) the level of tourism expenditure at destination.