



BALEARIC ISLANDS REGIONAL CONTEXT SURVEY

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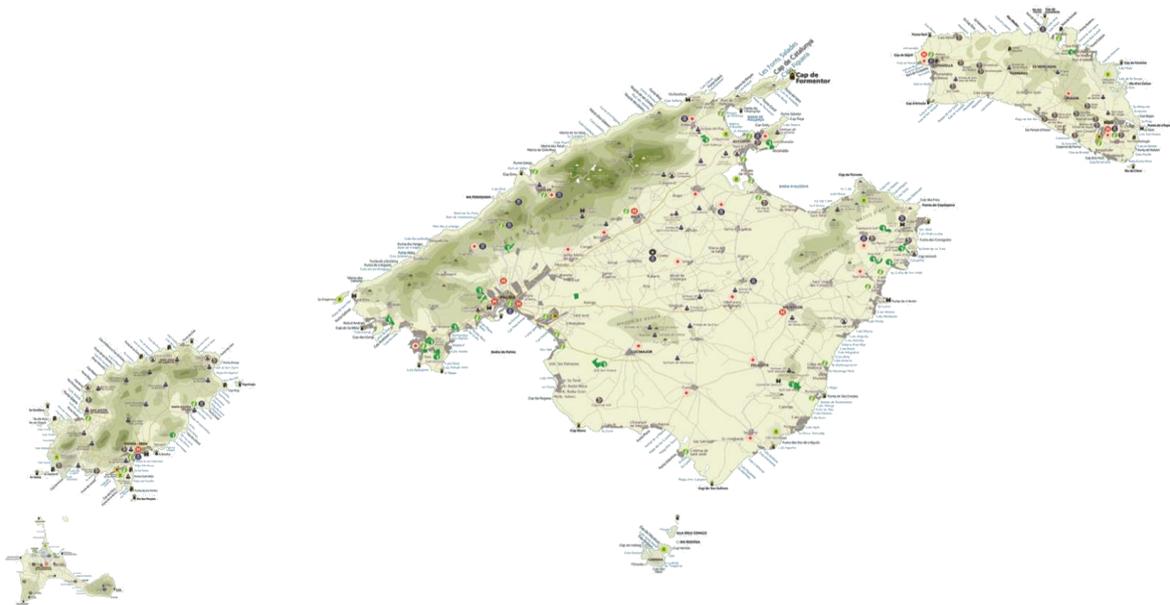
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1. INTRODUCTION



The Balearic Islands is a region located on the western Mediterranean Sea, near the eastern coast of the Iberian Peninsula. The four largest islands –Mallorca, Menorca, Eivissa (Ibiza) and Formentera– cover a surface of 5.014 km² and 1.239,9 km of coast, representing a wide variety of landscapes.

The highest mountain is located in Mallorca. With 1,432 m altitude, *Puig Major* in the *Serra de Tramuntana*, is a protected natural area that in 2011 was declared UNESCO World Heritage. The minimum distance separating Mallorca from Menorca is 35 km, and Ibiza is 75 km far from Valencia by sea. The islands enjoy a mild climate with an annual average of 2,850 hours of sunshine and an average annual temperature of 18°C.

There are 3 UNESCO declarations, one on each island related to natural biodiversity and culture: *Serra de Tramuntana* in Mallorca, Menorca Biosphere Reserve and Ibiza World Heritage Site. Population in 2016 was of 1,107,220 people, and the main cities are: Palma de Mallorca (the capital), Calvià, Ibiza, Manacor, Santa Eulària, Marratxí, Lluçmajor and Inca.

Main **international airports** are: Son Sant Joan in Palma de Mallorca, Mahón in Menorca and Es Codolar in Ibiza. Access to the island of Formentera is only possible by ferry boat. Approximately 75% of the air traffic is concentrated in Palma airport, followed by Eivissa-Ibiza and Mahón. There are 7 ports with regular sea lines: Palma, Alcudia, Mahón, Ciutadella, Eivissa-Ibiza, Sant Antoni de Portmany and La Savina (Formentera) that hosted around 597,773 passengers.

2. SOCIOECONOMIC SITUATION

The **Balearic Islands are one of the main tourism regions in Europe**, and tourism has been the structural economic activity of urban growth and financial development since the 1950s.

Spain is one of the world's tourist destinations, ranking third in terms of international tourist arrivals in 2016 (75 millions of tourists, FRONTUR/INE, 2016). The Balearic Islands are central to the Spanish tourism economy, being the second-largest Spanish tourism region in terms of international visitors (15 million international tourists annually, IET-FRONTUR 2016) and the largest in terms of tourist accommodation (IET, 2016). Of all the tourists who visit Spain, about a quarter of the total comes to the Balearic Islands, or in other words: **one tourist out of 5 who visits Spain, chooses the Balearic Islands**.

The insularity and space constraints are peculiarities of the region that mark in a special way the economy. Balearic Islands are small territories and are also islands. This results in a pressure on a territory that has grown significantly in recent years, leading to major challenges for the management of the sustainability of the territory. Some of these challenges are: the need for adequate planning of transport infrastructures, environmental management -in terms of waste management and additional pollution generated by population growth-, the creation of adequate services to the new demands of the increase in population -such as energy production and water supply- and the concentration of tourists during the summer season -between May and October-. (Source: RIS3)

2.1. TABLE OF MAIN SOCIOECONOMIC AND TOURISM MAGNITUDES

Indicator	Balearic Islands
Population (2016)	1.107.220
PIB pm (Base 2010)	28.461 M€
Employed people in the tourist sector (2015)	139.100
Unemployed for less than one year in the tourist sector (2015)	23.400
Tourism enterprises (2016)	16.727
Tourists (2016)	15.372.128
Tourist expenditure (2016)	13.006 M€
Overnight stays (2016)	95.725.178
Average tourist expenditure per day (2016)	136,0 €
Average daily Hotel rate (2016)	92,6€
Revenue per available Hotel room (RevPAR, 2016)	75,5€
Passenger arrivals by air (2016)	18.363.889
Passenger arrivals by sea (2016)	3.216.316

(Source: IBESTAT, Balearic Islands Statistical Institute- Balearic Islands Government)

3. BALEARIC ISLANDS TOURISM SYSTEM

Tourism has been the "main industry" and still is the main engine of growth in the Balearic Islands economy. All the estimates suggest that it will continue playing an important role in the next decades. Tourism activities account for more than 44.2% of regional GDP in the Balearic Islands and generate more than 30.8% of total direct employment on the islands (employing currently more than 130.000 people), that is three out of ten jobs. In addition, it should be noted that tourism has an indirect impact on other types of sectors: services, agriculture, construction, etc. altogether representing more than 85% of the Balearic GDP.

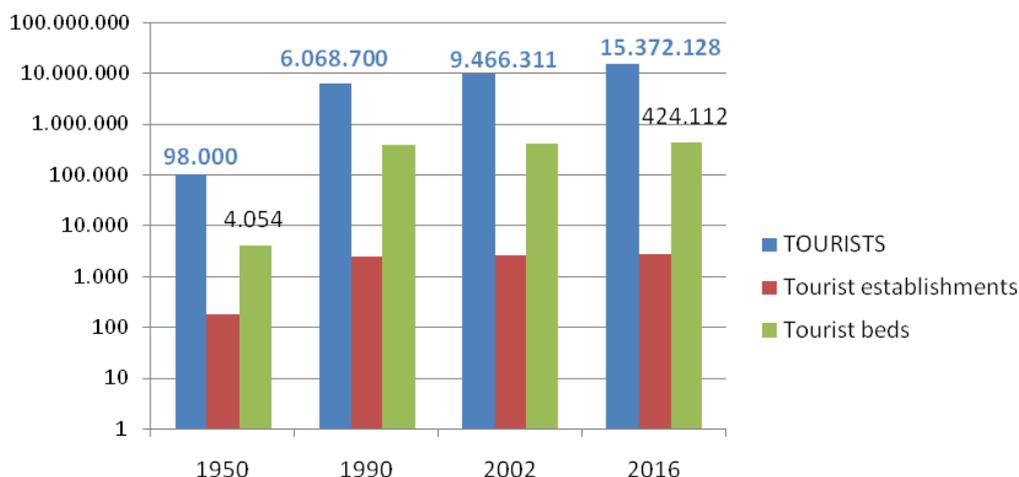
This powerful tourism system counts on more than 16,000 companies, moves more than 13,000 M€ a year and more than 15 million tourists, 80% of which are international (mainly from Germany, UK, Italy, France, Nordic countries and Benelux).

One of the singularities of tourism in the Balearic Islands is not only the number of visitors and the singularity of the products and the environments, but also that **our islands have been the cradle of a worldwide business fabric and knowledge in tourism**, which has not only grown and consolidated as a global reference, but has expanded also business in many world countries.

Balearic Islands tourism is a particular combination of overseas tour operator, airline and island transport with local hotel management to produce large numbers of holidays for large numbers of people at good cost and with good quality of services. As long as the number of tourists continued to rise year-on-year considerable profits became available for reinvesting. So the high expertise and know how of the Balearic Islands was, together with the surpluses and the tourist model exported to overseas destinations, particularly to the Caribbean and Latin America.

Four large Mallorcan hotel corporations control, today, more than 594 hotels worldwide with more than 200.000 rooms. These top rank hotel chains of international scope (which expanded activities into new coastal resorts worldwide, particularly in the Caribbean) were born in the Balearic Islands and still maintain headquarters here: Meliá Hotels International, Barceló Hotel Group, RIU Hotels & Resorts and Iberostar Hotels & Resorts.

A total amount of 15.372.128 tourists visited the Balearic Islands in 2016 (IBESTAT- Balearic Islands Statistical Institute). From those, 2.378.806 are Spanish (domestic tourists coming mainly from Cataluña, Madrid, valencia) and 12.993.323 are foreign: 4.580.098 German, 3.689.120 British, 886.325 from Benelux, 814.966 from the Nordic countries, 689.535 Italian, 627.525 French and the rest from other nationalities. The majority of them arrived by plane, while only around 4% used maritime transport.



Mallorca is the most visited island with more than 10 million tourists each year; Ibiza-Formentera receive 3 million and Minorca 1,4 million tourists. Currently there are 728 hotels in the Balearic Islands with a total amount of 205.547 beds (three quarters of this offer is located in Mallorca). If we add to those, other types of tourist accommodation (apartments, hostels, guest houses, agro-tourism, campsites, holiday villages, etc.), in 2015 there were 2.759 accommodation establishments with a total amount of 424.663 beds.

The newcomer “sharing economy” with big companies in size and scale like Airbnb and other firms, the entrance in the market of new commercializing agents, the free-unregulated explosion of private homes directly rented to tourists, provide many advantages and lower prices for consumers, but on the other side, are having severe consequences for our hospitality and tourism sector. As the economic power of these technology-driven firms grows, there is a growing need to regulate this new market on every possible front.

3.1. VISITOR PROFILE

The visitor profile of the Balearic Islands corresponds to a person aged between 25 and 64 years old, who bought a package holiday in Germany or Great Britain (2 visitors out of 3 are repeat visitors), staying in 3-4 star hotels in an average length stay of 8 days, with family & friends for leisure and holiday purposes and spending by average 912€ per person per holiday (110€ per day).

Six visitors out of 10 arrange their travel through tour operators, between 2 and 6 months before arrival. One in four, buys the holiday package with less than a month in advance. 36.5% is travelling to the Balearic Islands with friends, 26.9% as part of an adult couple, and 24.6% with family (with or without children).

Balearic Islands’ offer of tourism services includes a variety of natural attractions combined with a good leisure proposal offering proximity, accessibility, tourist reception capacity, security, and good quality of complementary services and optimal health services.

The current tourism model in the Balearic Islands is Sun and Beach mass tourism, although **for the last 10 years there were being developed several emerging niche products** (some of them already consolidated) as golf, family tourism, rural and agro-tourism, cruises, nautical tourism, cycling, trekking, Spa&Wellness, among others.

New strategic products to be developed are: cultural tourism, Bird watching, ethnographic, ecotourism, industrial, shopping, weddings, elite, wine and oil tourism, gastronomy, active tourism, MICE, GLBT (gay, lesbian, bisexual and transsexual), city breaks, archaeological tourism and language-idiomatic tourism.

3.2. TOURIST SATISFACTION

Tourist satisfaction is considered one of the prime variables to sustain competitive business in the tourism industry because it affects the choice of destination. In this regards, **visitors to Balearic Islands give, on average, a satisfaction mark of 8.6 out of 10.**

Balearic Islands are both, the **most valued**, and the **most recommended tourist destination** in regards to its competitors: Canary islands (8.3), Italy (8.2), Spain (7.8), Portugal (7.8), Greece (7.5) (source: EGATUR- IET 2014).

Main motivations to visit balearic Islands are -by order of importance-: climate, beaches, landscapes, tranquility, local lifestyle, local cuisine, quality of accommodation and easy access to the destination, good price, and security are the main motivations.

3.3. TRENDS AND COMPETITORS

As for trends, as stated in the regional policy instrument *Plan Integral de Turismo de las Islas Baleares 2015-2025*, the sustainability of tourism (social, economic and environment) is today more important than ever. But as UNWTO argues it is also important for the future to keep track and get adapted to the changing consumer: more experienced and demanding customers, demographic change (ageing, migration and diversification of family structure), changing values and lifestyles, from service economy to experience economy, etc.



In the geopolitical sphere, it should be noted that the image of the Balearic Islands is perceived as a "shelter place" for European tourism by the effects of the "Arab spring" (social revolts in Tunisia and Egypt) but also by the social, economic and political instability

of some North Africa and Middle East destinations whose tourism activity has been negatively affected in the recent years.

The **Balearic Islands were pioneer in the development of the modern mass tourism**, however today, other parts of Spain and many other areas of the Mediterranean offer competition for its once assured markets.

This competition from the geographical expansion of Mediterranean destinations was in itself not a problem so long as three conditions were fulfilled over time: the continuous growth of the European leisure market via social and economic advancement (i.e. more disposable income and increased leisure or non-working time), secondly demographic growth and thirdly, Balearic Islands' tourism structures were strong enough to respond positively in order to **retain market share**.

Looking at the most visited destinations in the last 3 years by our tourists, we know that direct competitors of Balearic Islands are (by order of importance):

- Spain (Catalonia, Canary Islands, Andalusia, and Valencia),
- the Southern Mediterranean (Italy, France, Greece, Croatia, Turkey, Tunisia)
- the Northern Europe (Germany, UK, Benelux, Austria)
- the Caribbean (Caribbean zone, Mexico)

3.4. RESIDENTS PERCEPTIONS ON TOURISM

A survey carried out by the Balearic Islands Tourist Board on 2017 shows that 60% of interviewed residents agree or strongly agree with the statement "*I am very pleased with tourism in the Balearic Islands*". Moreover, 35.1% of respondents considered that tourism helps maintaining and improving the islands' quality of life.

In regards to the Sustainable Tourism Tax, 64.6% of residents agree or strongly agree with the introduction of this tax, while only 21.3% disagree with it.

3.5. CHALLENGES

There are several trends that can have an impact on the Balearic Islands tourism sector:

- social changes (family model, aging of population, healthy way of life promotion),
- technology emergences (internet, high speed train, ICT incorporation to business models),
- economic trends (market globalization, new industrial power emergency)
- geopolitical trends (instability on certain regions in the Mediterranean, development of regions with high tourism potential).

All these trends can have or have an impact on tourism business models, tourism economy and industry growth. Governments and companies capable of turning these trends into opportunities have the key of a future Tourism Sustainable Development. Business sector, University and Public Administrations in the Balearic Islands (at regional, island and local level) have realized the need of **working together to shift the current model into a more sustainable one**. Those companies and institutions configure a complete list of stakeholders whose opinion and decisions are important for the future development of the Region.

Tourism is the economic activity with the greatest repercussions in the Balearic Islands in terms of income, employment, and activity. As a result, it must be in a constant state of transformation, innovation and development, which by definition must be sustainable over time. This tourist activity, which undoubtedly has driven both economic and social progress, has also led to seasonality and over-exploitation of land and environmental resources, and has required the provision and maintenance by public institutions of the infrastructures needed to deal with the continual increase in visitor numbers, as well as to help ensure high-quality stays that will encourage tourists to return.

Furthermore, in recent years, the international geopolitical context has favoured the arrival of tourists to the Balearic Islands, to the detriment of other Mediterranean tourist destinations. Something to take into account is that these destinations have tourism systems with lower costs and fewer resources, so in situations of political stability they can be a significant competition for the Balearic Islands that should not be overlooked, which means a differentiated product needs to be offered with a special emphasis on the quality and the environment.

Ensuring the tourist product in the Balearic Islands retains its competitive edge, therefore, means investing not just in infrastructures, but in environmental sustainable tourism products that respond to the current preferences and future trends of tourists, who are increasingly interested in visiting places that foster sustainable environmental development.

All this requires hard work from the various agents and public institutions involved to ensure a sustainable kind of tourism, for which collaboration is needed from the business sector, which must in turn offset this improvement in the quality of the product, mainly by investing in protecting the natural environment, recovering and rehabilitating the islands' historic heritage, and developing infrastructures to foster sustainable tourism.

4. TOURISM SUPPORT ACTIONS OF THE BALEARIC ISLANDS REGIONAL GOVERNMENT

4.1. SUSTAINABLE TOURISM TAX

The purpose of the tax is to compensate Balearic society for the environmental cost involved in certain activities that distort or deteriorate the environment in the Balearic Islands, on the one hand, and on the other, to improve the competitiveness of the tourism sector by means of sustainable, responsible and



**Sustainable
Islands**

high-quality tourism in the archipelago. Therefore, the weight of the tax falls since July 2016 on individuals enjoying stays in tourist establishments as well as cruise ships that stopover in the Balearic Islands, and which, directly or indirectly, alter the natural balance, with repercussions on society as a whole, which has to cope with the effects. And there is 50% discount for stays made during low season (the period between 1 November and 31 March, and in the particular case of cruise ships, from 16 November to 15 April).

The tax on tourist stays in the Balearic Islands has a specific purpose, in terms of the impact that revenue raised will have on expenditure and investments linked in essence with environmental development and protection, and with sustainable tourism, and of which there are already precedents in the Balearic Islands and other regions of Spain, such as Catalonia, along with other areas and other countries.

A sustainable tourism fund has been set up with the proceeds resulting from this tax, and, taking into account that sustainable development requires collaboration and participation from society, a *Commission for the Promotion of Sustainable Tourism* has been formed, with involvement from public administrations and various economic and social agents, who will determine how and where the funds will be invested.

30 M€ have been collected on its first year of application (from July to December 2016). This money will be invested during 2017 in 46 local projects of environmental protection and improvement of water supply, cultural heritage, innovation and research, training improvement and better quality of employment in the tourism sector.

4.2. TOURISM PROMOTION, DIVERSIFICATION STRATEGIES AND POLICIES: the "*BETTER IN WINTER*" campaign

The Balearic Islands have the internal challenge of turning tourism seasonality that results in temporary closures of activity in winter, into an opportunity to design and offer new innovative more sustainable tourism products with greater added value for the destination that can help attracting tourists throughout the year. This is what the Balearic Islands Regional Government is currently concerned at.

The promotional campaign "*BETTER IN WINTER*" was launched in March 2017 with the aim of developing a set of actions to give a boost to the medium and low season. This new promotional strategy wants to make our visitors discover the Balearic Islands away from the summer bustle, looking for the most authentic and unknown aspects: gastronomy, heritage, culture, nature, sports, health, arts, popular festivals, traditions and shopping. A time where the Balearic Islands are even more attractive.



This strategy is being promoted by the Government of the Balearic Islands through its Tourist Board (ATB) and is based on two basic pillars: 1) to guarantee employment stability of workers in winter in the tourism sector and 2) to contribute to the sustainability of the destination, displacing tourist flows from summer to winter.

The program has successfully been presented at the major tourism fairs such as World Travel Market (London), FITUR (Madrid) and ITB (Berlin), with great expectations among international media and tour operators. Balearic Islands are unknown in winter. Beyond the focus of summer holidays it seems that for tourist agents the Balearic Islands do not exist. This great project -to boost winter season- is carried out in the 4 destinations: Mallorca, Menorca, Ibiza-Eivissa and Formentera.

We are working towards balancing tourist influxes, a vital balance for the Balearic Islands, for its residents and for the future of the tourist business. This trend started to slowly change and in 2016 it has been possible to see that Palma hotels in winter have reached almost full occupancy rates and that the number of tourists in the months before and after

summer increased considerably. Precisely, the tourist influx has increased by 12% -in relation to 2015-, between February and May 2016, and by 16% between September and November 2016, adding in both periods about one million more tourists.

To achieve its objectives "*BETTER IN WINTER*" is additionally contributing to the improvement of the tourist offer through a **sponsorship and collaboration agreements program** (950.000€ budget of the Call) launched by the Balearic Islands Tourist Board (ATB) to promote seasonal winter tourism products, and to achieve year-round employment and equitable distribution of tourists throughout the year. The strategy wants to generate a greater distribution of tourist spending, and to put into value different assets of the destination that until now were not fully integrated into tourism.

Gastronomy, sports, active tourism, incentive and congress tourism, culture and heritage are part of the list of products that the Balearic Islands Tourist Board (ATB) presents in the different European markets and on which the strategy of attracting all-year-round visitors is based.

This instrument aims to keep tourism as top economic activity for the Balearic Islands. It supports the engagement of both the public and private sectors to adapt to changes and bolster the island's main attractions. It aims to tailor the supply to the constantly evolving tourism market and, above all, to establish a development model based on responsible tourism.

It supports diversification and motivational branding to boost the value of the regional brands (Mallorca, Menorca, Ibiza-Eivissa and Formentera) and show potential visitors how varied and attractive the island's destinations are, so that they are the first choice whenever there is an opportunity to travel. The improvement of the policy instrument is envisaged through new projects that can improve the current communication and marketing strategy to make the regional island destinations better known in the tourist markets for their unique and distinctive features such as gastronomy, heritage, thematic products, local excellence, etc. These new projects will enhance the region's tourist resources and unique values with specific products, such as cultural and heritage tourism, they will help to extend the tourist season and, in the long term, shape the demand curve and combat the seasonal nature of the region's destination.

BRANDTour project can help addressing the seasonality problem through enhancement, creation and diversification of tourism products in the Balearic Islands. Against the largely dominant sun & sea tourist product, the regional government through ATB (Balearic Islands Tourist Board) is developing strategies and actions to achieve three basic objectives:

1. To try to extend the tourist season all year (tourism activity is today concentrated from May to October).
2. To diversify the tourism products associated to the Balearic Islands.
3. To try to develop and activate initiatives and tourism products of a more sustainable basis.

5. POLICY INSTRUMENTS LINKED TO THE STRATEGY

As for Tourism Policy Plans, in Spain there is a strategic Plan for tourism called: "*Plan del Turismo Español Horizonte 2020*" ("Spanish Tourism Plan Horizon 2020"), that addresses national policy in tourism. All actions boosted by national government are articulated along this plan to which all Spanish regions cooperate with in order to foster the competitiveness of the Spanish regions and of Spain as a tourist destination.

At regional level, competences on tourism belong to the Tourism Ministry- Balearic Islands Tourist Board which undertakes initiatives for the quality and promotion of tourism on the whole territory. Statute of Autonomy of the Balearic Islands states that the organisation and planning of the tourism sector, tourism promotion, tourist information and offices abroad, the legislative power in tourism matters, the regulation and classification of companies and tourist establishments and the regulation of the public lines to support

tourism are the exclusive competence of the region. In the exercise of the aforementioned competences, the regional administration (ATB) shall always strive, when necessary, to coordinate efforts with the Spanish administration, the island councils and the local entities. The different administrations in the autonomous community which hold competences in tourism matters, shall fit their reciprocal relations within the principles of mutual information, coordination, collaboration and cooperation with respect to the respective spheres of competence and the weight of the public interests involved, with the emphasis placed on administrative efficacy and efficiency.

ICT applied to tourism in the Balearic Islands is organized around two Technology-Tourism Clusters: "*Balears.t*" and "*Turistec*" which aim is to guide local companies in the adaptation process to the continuous change of our times.

Policy instrument ROP Balearic Islands Region (FEDER 2014-2020) specific priority PI.3D aims at supporting the capacity of the SMEs to grow in regional, national and international markets, and to engage them in innovation processes. The Regional Operational Programme devotes 4.45% of the total resources to OT3. This regional objective for Balearic Islands is in line with BRANDTour goals, as it can help the region to strengthen the promotion of tourism products in foreign markets and to develop products that encourage tourist demand and positively contribute to the diversification and sustainability of the tourist offer, making tourism less seasonal.

Besides, RIS3 Balearic Islands recognises tourism as an important sector of the regional economy and supports its development through its adaptation to the transformations of the sector, with a focus on quality, innovation and sustainability. RIS3 Balearic Islands is in line with BRANDTour objectives since it aims at boosting business innovation and tourism promotion of the region, but also transforming the social and economic challenges of the region into opportunities for the exploitation of new niches of activity business that can support growth. Promoting, supporting and strengthening tourism SMEs and advanced tourist services are key objectives of RIS3 Balearic Islands that supports internationalisation of tourist SME, territorial sustainability, knowledge transfer, research and open innovation and technological development.

The *Balearic Islands Tourism Board Action Plan 2017* aims to respond to the main challenges of the Balearic Islands tourism:

- Seasonality.
- Environmental, social and economic sustainability.

- Quality and diversity of the tourism offer.
- Putting in value new products and services.
- Increasing the number of tourism "beneficiaries".
- More inter-institutional coordination.

6. REGIONAL SWOT ANALYSIS FOR BALEARIC ISLANDS

STRENGTHS

- The Balearic Islands is top tourist destination at European and global scale.
- It is a destination very appealing to visitors that generates high overall satisfaction of stay and high recommendation rates (repeat visitors is a significant segment, 76%).
- Well-known destination for the customer.
- Balearic Islands overcome the tourist assessment values of main competitor destinations: Canary Islands, Italy, Spain, Portugal and Greece, in the majority of attributes, but especially in regards to beaches, natural settings, good weather, food and culture, socialization-presence of compatriots, tourist attractions diverse and adequate, friendliness and security (in all aspects: physical, legal, sanitary, religious and political. Balearic Islands is considered a safe destination, and this is a main advantage). (Source: Balearic Islands Tourism Barometer 2016).
- It is a friendly popular destination with a great variety of economic visitor profiles: from low-cost to luxury-high spending.
- High degree of efficiency and good value for money.
- Proximity to outbound travel markets and easy access, with direct flights from and to the main European cities throughout the year, is an advantage that no other competitor in the Mediterranean can offer.
- Excellent accommodation and tourist facilities, good health services & infrastructures and fast and efficient public transport.
- Worldwide leading Majorcan hotel companies that maintain main offices in the region.
- More than 50 years of tourism know-how which has been exported to other worldwide tourist destinations.
- Relaxed Mediterranean culture and quiet atmosphere, with magical sunsets, dinners by the sea, sea breezes, "terrazas", quality of time and relaxed living.
- There is strong R&D infrastructure able to develop and deliver much needed innovative tourism products and services.
- Highly specialised and professional services.

WEAKNESSES

- Mature destination with geographically limited capabilities of growth through physical expansion.
- Strong dependence on 3S (sea-sun-sand tourism) although many efforts are currently being done to develop alternative off-season products.
- Job insecurity and low wages.
- Low level of internationalization in SMEs and of products different than Sun and Beach.
- Perceived saturation of places in high season.
- Two elements are worse rated in comparison to other emerging competitor destinations: expensive commercial offer and high prices outside hotels.
- "Closed for winter" and "Sundays closed" are terms that may be hindering tourist development in the medium and low season.
- Lack of new experiences that could provide wider content to the current agenda of possible activities to be undertaken by tourists during their stay.
- Dispersion in the communication efforts made by Public Administrations and the various tourist associations. This could be interpreted as a cause of destination marketing inefficiency.

OPPORTUNITIES

- The Balearic Islands still have a great potential to be directly sold to individual travellers (although this trend is progressively increasing) due to the current preponderance of Tour Operators' intermediation.
- There is room for improvement in accessibility (facilities for disabled people) and also in facilities addressed to the young and elderly people (segments with great potential, as no tourist destination completely fulfils their needs).
- New ways of tourism promotion -BRANDTour strategies- will help putting in value heritage, natural or cultural resources, allowing to diversify the present tourist offer and adding value to it.
- The tourism sector is growing at international level (more people travelling more often).
- ICT technologies are the key for new tourism business models.
- Slow movement: slow city, slow holiday, slow food, slow life...
- Greater social environmental conscience.
- European and national funding for implementing innovative products and services in the tourism industry.
- Development of next generation ICT technology (Web 3.0 and 4.0, smart phones).

- Easier access to information and easier web content sharing.
- Tourists change their profiles and require tourism service integration.
- Increasing awareness of customers on requirements for energy savings and environmentally friendly technologies.
- MICE product can achieve greater presence in Mallorca due to the recent opening of the Palma Congress Palace (1st April 2017).
- Diversification of outbound tourist markets.
- Improving policies in regards to environmental respect, to create in our limited territory a better balance between consumption and economic development.

THREATS

- Competitor destinations geographically close or offering similar tourist products.
- Three competitor destinations Canary Islands, mainland Spain and Italy, have higher consumer ratings in regards to commercial offer and cultural activities.
- The sun & beach tourist in high season complaints about excessive prices and too much people. Maybe this is a threat since that might stop him/her from repeating stay.
- There is a need to analyze which nationalities and type of consumers generate less satisfaction and intention to return.
- Balearic Islands should be able to continue managing for all tourist seasons, different tourist profiles in regards to spending and motivations.
- Concentration of demand in major tour operators.
- Loss of tourists and loss of benefits per tourist for the growing competence of other destinations, not only in price, but also in quality.
- New emerging destinations.
- High degree of seasonal variation, with very strong tourism traffic during summer.
- Negative impact on environment and natural resources.
- Business uncertainty facing financial crisis.
- Insularity problem.
- Tourism industry still not part of knowledge economy.
- Professionalism should be improved.
- Global crisis changes tourist profiles.
- There is enough education offer in tourism within the Balearic Islands, but it is not balanced between islands (it is mostly concentrated in Mallorca) and sometimes it does not respond to companies demands.

Policy theme	Strengths	Development priorities	Policy rate
<p>1. The promotion of tourism products to enhance the visibility, image and market uptake of destinations.</p>	<ul style="list-style-type: none"> - Balearic Islands is a top well-known tourist destination at European and global scale. - Very appealing destination that generates repetition of stay and high recommendation rates. - Proximity to outbound markets and easy access, with direct flights from and to main European cities. 	<p>Culture, gastronomy, local traditions, sports, active tourism, MICE, heritage as tourism development priorities.</p>	<p>5</p>
<p>2. The valorisation of attractions through marketing, territorial branding and quality schemes.</p>	<ul style="list-style-type: none"> - Balearic Islands overcome tourist assessment values of competitors in all attributes, but specially in regards to beaches, natural settings, good weather, food& culture tourist attractions, friendliness and security. - Excellent accommodation and tourist facilities. - High degree of efficiency and good value for money. 	<p>Sustainable tourism products with high added value.</p>	<p>5</p>

<p>3. The innovation of the tourism offer through the clustering of SMEs and tourism products.</p>	<p>- There is strong R&D infrastructure able to develop and deliver much needed innovative tourism products and services.</p>	<p>Innovation and quality are important for Balearic Islands Tourism.</p>	<p>4</p>
<p>4. The innovation of the tourism offer through synergies between private and public stakeholders.</p>	<p>- More than 50 years of tourism know-how. - Highly specialised and professional services. - Worldwide leading Majorcan hotel companies that maintain main offices in the region.</p>	<p>Working together, business sector, University and Public Administrations in the Balearic Islands to shift the current model into a more sustainable one. Sponsorship and collaboration agreements Program (BETTER IN WINTER public Call for projects).</p>	<p>4</p>
<p>5. The diversification of tourism products and services to provide more customised packages.</p>	<p>Balearic Islands are a friendly popular destination with a great variety of economic visitor profiles: from low-cost to luxury-high spending.</p>	<p>Promotion and diversification of tourism products that help displacing tourism flows from summer to winter (BETTER IN WINTER regional strategy).</p>	<p>5</p>

<p>6. The development of experiential tourism in relation to local value chains and excellence.</p>	<p>New ways of tourism promotion -BRANDTour strategies- will help putting in value heritage, natural or cultural resources, allowing to diversify the present tourist offer and adding value to it.</p>	<p>Development of sustainable tourism products, based on best experience analysis.</p> <p>Niche tourism products.</p>	<p>5</p>
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7. References

- ATB - Balearic Islands Tourism Board:

Tourism statistics:

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Balearic Islands Tourism Board Action Plan 2017:

<http://www.caib.es/govern/sac/fitxa.do?codi=2225463&coduo=475&lang=ca>

Balearic Islands Integral Tourism Plan 2015-2025:

<http://www.caib.es/govern/sac/fitxa.do?codi=2225484&coduo=475&lang=ca>

- Balearic Islands Government website: www.caib.es

- IBESTAT- Balearic Islands Statistical Institute:

<http://ibestat.caib.es/ibestat/estadistiques/economia/turisme/0b70b294-81e0-413a-b7b2-3cc3a33593a8>

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<http://www.tourspain.es/es->

[es-VDE/Documentos%20Vision%20Destino%20Espaa/Plan_Turismo_Espa%C3%B1ol_Horizonte_2020_0812.pdf](http://www.tourspain.es/es-VDE/Documentos%20Vision%20Destino%20Espaa/Plan_Turismo_Espa%C3%B1ol_Horizonte_2020_0812.pdf)

- Regional Development Fund for Balearic Islands 2014-2020 (FEDER)

http://www.caib.es/sites/fonseuropeus/ca/portada_2016/?campa=yes

- RIS3 Balearic Islands, Fundació BIT- Balearic Islands regional Government.

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BALEARIC ISLANDS TOURISM PROMOTION AND SOCIAL MEDIA:

www.illesbalears.es

www.infomallorca.net

www.menorca.es

www.ibiza.travel

www.formentera.es



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