Study on the Socio-economic Profile and Potential of Nautical Tourism in Algarve

International Centre of Territory
and Tourism Research

University of Algarve

Comissão de Coordenação
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CENTRO INTERNACIONAL DE INVESTIGAÇÃO EM TERRITÓRIO E TURISMO
INTERNATIONAL CENTRE OF TERRITORY AND TOURISM RESEARCH

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Abstract

Aware of the growing importance of the sea and its associated economic dynamics, with a focus on the potential gains and opportunities in the development of nautical tourism, the International Centre of Territory and Tourism Research (CIITT) of the University of Algarve brought together a multidisciplinary team of academics and researchers who have been working for fourteen months in the various studies and methodological developments which have led to the report on, *The Socio-economic Profile and Potential of Nautical Tourism in Algarve*, commissioned by the Commission for Coordination and Regional Development of Algarve (CCDRAlg).

In first looking to understand the industry, primary and secondary data were collected on demand and supply needs. According to the analysis, approximately 10 700 yachts that annually enter the marinas and recreational ports of the region were registered, implying a minimum volume of an estimated 35 000 national and international yachters. Findings show that visitors were significantly impressed by the region in terms of landscape, hospitality and gastronomy, and felt satisfied at the service and nautical conditions provided in the region. Also, return intentions within the following three years were expressed in nine out of in every ten yachters.

The hosting capacity of the region is fundamentally done through private initiative. The global impact of the industry up to estimates generated by the study of 1.48% of the region's GVA and today part of the region's economy. Also, approximately 1.57% of regional employment (direct and indirect effects of yachting, facilities and associated services), represent the sector's importance that cannot be dismissed, nor by its relative weight nor by its work- intensive characteristic.

In fact, the stay of yachters and yachts significantly foster regional economic impacts, in which labor intensive provision of yachts maintenance and repair services, among others, associated to the satisfaction revealed in areas such as fiberglass, mechanic and electronic repairs, and other demands of more traditional services such as upholstery and marine carpentry, are of important value to the shipbuilding and repair industry and wintering / dry storage in Algarve. The latter is relatively saturated in the northern Mediterranean Basin though of competitive undertaking for the south, as is the case of Morocco.

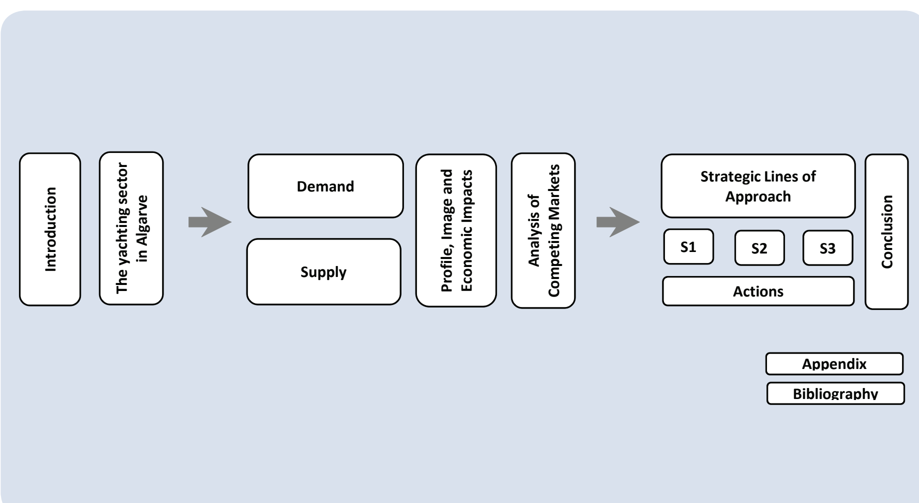
Market analysis shows greater demand on the part of Portugal, followed by the United Kingdom, Spain and the Netherlands, which as a whole represent a 78.9% share of the total number of entries in marinas and recreational ports in Algarve, distributed nearly homogeneously between 39.4% of nationals and 39.5% of the whole of the three external markets mentioned. However, it is worth noting that in entries involving nine-month long contracts (predominantly

between September/October to May/June), the UK represents 41.7% of the total number of contracts, with the Netherlands holding the same demand level as that of Portugal, both with 20.8%.

In terms of characterization and needs identified, the study formulates development scenarios contextualized through competitive and SWOT analyses, from which suggestions are proposed for strategic nautical tourism in Algarve. Three strategic lines of approach are respectively put forward in an integrated manner grounded on widening internal and external markets, intensifying and expanding the value chain and finally, destination image and integrated communication.

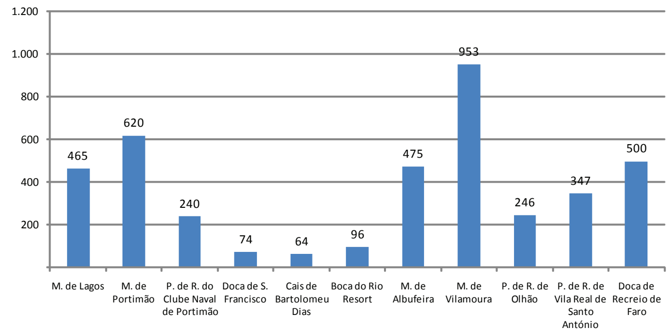
The interdisciplinary analysis carried out by the study embodies a scale of knowledge in the vast nautical sphere in Algarve, where in the established framework, conclusions have been drawn and others arise after critical reflection of strategic components/factors. The results presented and the perspectives suggested represent, though not definitive, a contribution, in this way seeking to convey greater scientific support to decision-making in a priority industry for strategic regional development of Algarve tourism, and of future progressive weight in the region's economy.

Research Layout



Supply Analysis

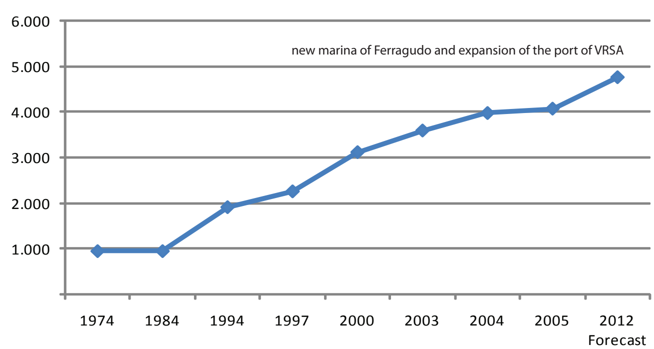
Figure 1: No. of berths in Algarve in 2009



Source: Data provided by equipment management entities.

West of Cape Santa Maria holds 73.2% of the total number of berths.
Marinas have in average 628 berths, and recreational ports 224 berths.

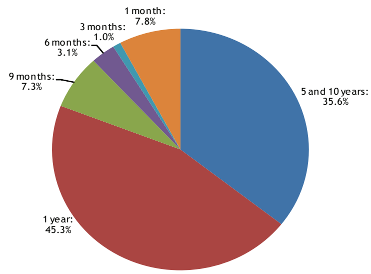
Figure 2: Evolution of the total no. of berths in marinas and recreational ports in Algarve from 1974-2012



Source: Data provided by equipment management entities.

Within three decades (1974 – 2005), the number of berths in Algarve was multiplied by 4.3 and is expect to multiply by 5 in the 2012 forecast.

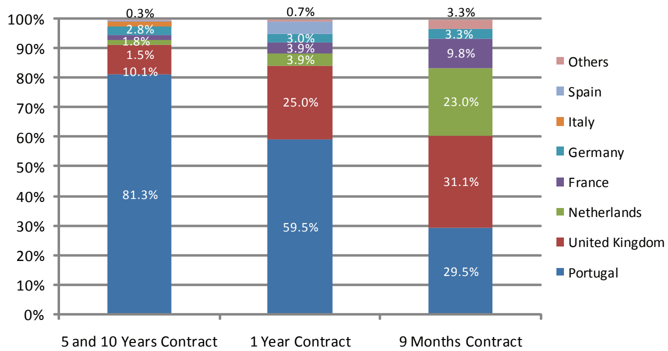
Figure 3: Relative distribution of berths according to contracts equal or greater than one month during 2007



Source: Data provided by equipment management entities.

Projected trends for 2005 and 2007 indicate a decrease in the no. of contracts of greater duration and relative growth of one-year contracts.
Nationalities representing significant commercial contracts include Portugal (37.7%) and UK (12.8%).

Figure 4: Relative distribution of contracts equal or greater than nine months during 2007

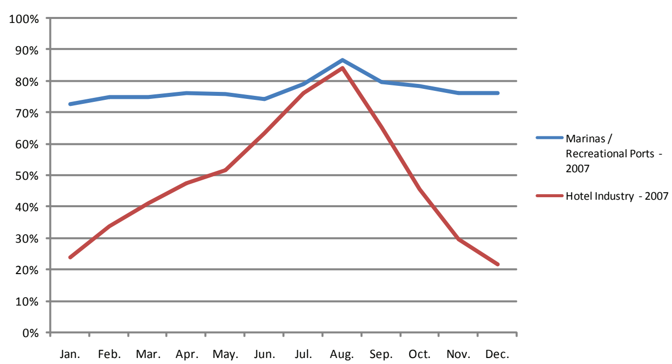


Source: Data provided by equipment management entities.

The weight of the UK and Dutch market rose in relative terms insofar as the duration of contracts decreased from 5 or 10 years to 9 months, the latter of which representing 62.5% of total no. of contracts.

Demand Analysis

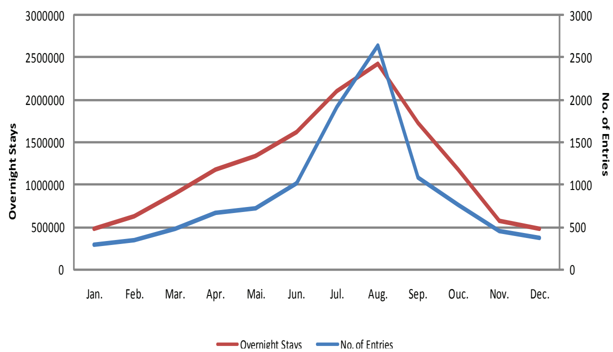
Figure 5: Monthly average occupation rate of marinas and recreational ports *vs* classified accommodation during 2007



Source: Data provided by equipment management entities.

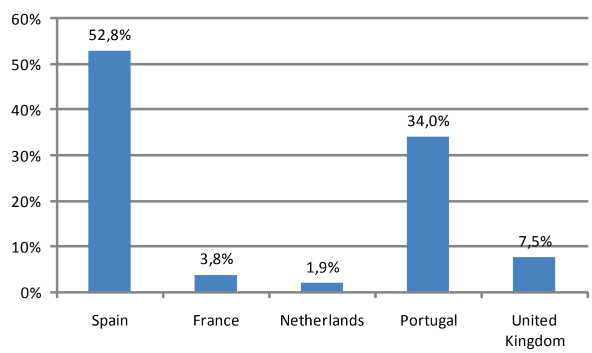
In annual terms, occupation rates of marinas and recreational ports show much less variation and seasonality than the traditional hotel industry which oscillates between 21.8% and 84.1% in 2007.

Figure 6: Entries in marinas and recreational ports *vs* overnight stays in classified accommodation establishments during 2007



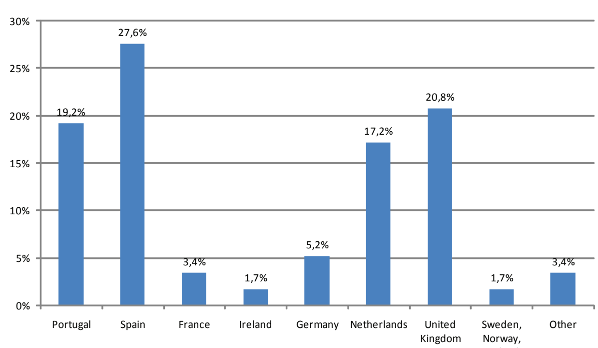
Source: Data provided by equipment management entities; National Institute of Statistics

Figure 7: Yachts Country previous destination before Algarve



Source: International Centre of Territory and Tourism Research, UALG.

Figure 8: Country of permanent residence of crew members



Source: Data provided by equipment management entities.

However, in Marinas and Recreational Ports it is possible to share high occupation rates with reduced no. of entries during winter months, in this way capturing part of nautical sector impacts, though excluding direct, indirect and induced effects of crew members staying.

The geographical proximity factor is relevant, with the majority of yachts arriving in Algarve from Spain (52.8%) and other locations of Portugal (34%). Also, 7.5% of yachts arrive directly from the UK (including Gibraltar).

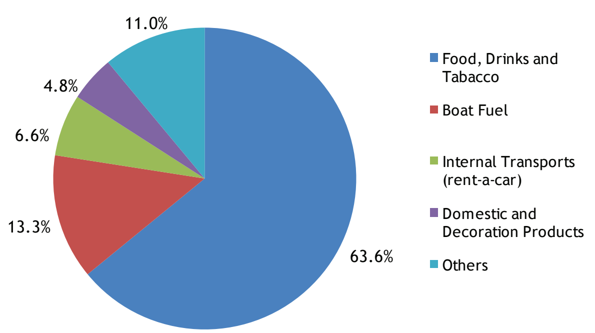
Portugal, Spain, the Netherlands and the UK represent 84.6% of yachters based on permanent address. Note that 3.6% own a second home in Algarve

Table 1: Visit profile

Average no. of crew per yacht	3.47
Percentage of 35-64 age group	24.7%
Average stay (days)	6.78
Average per diem expenditure per crew member (in euros) (excluding accommodation)	85.25
First visit to Algarve	23.0%
Relative weight of yachts between 8-15 metres in terms of total demand	56.5%
Average berthing time at:	
Marina or recreational port	70.93%
Mooring	9.93%
Shipyard	19.10%
Return to country/region of residence while yacht berthed in Algarve	42.1% (73.9% of which by air transportation)
Destination development	
Landscape, hospitality and gastronomy	most valued
Price levels, urban land development and health services	least valued

Source: International Centre of Territory and Tourism Research, UALG.

Figure 9: Average per diem expenditure per category, excluding berthing and running costs

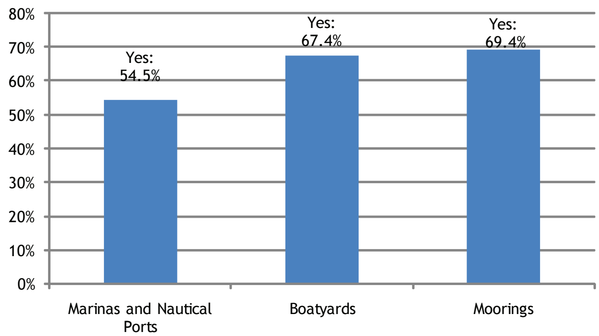


Source: International Centre of Territory and Tourism Research, UALG.

The average stay, of approx. 7 days, is greater than the average stay in the region's classified accommodation establishments. The average per diem expenditure per individual is greater (even when excluding accommodation) and directly spent in the region, without intermediaries or package deals in country of origin, thus maximising the impact of local economies.

Most expenditure was on food and drink, 63.6% of total yachters. 52% of meals were eaten in restaurants and cafés and not on board, representing a positive inherent impact.

Figure 10: Identified needs by yachters for more berths in marinas and/or recreational ports, boatyards and moorings



Source: International Centre of Territory and Tourism Research, UALG.

The need for more service locations (boatyards) is shared by the majority of boaters who visit Algarve.

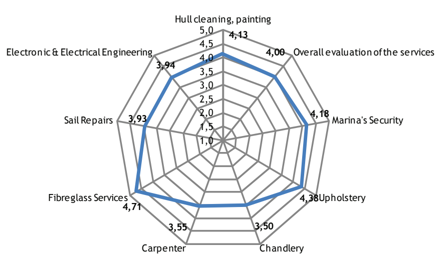
Table 2: Total demand impact of marinas and recreational ports of Algarve

Impact	Direct and indirect effects	Directos, indirect and induced effects
GVA	70.043 M. €	99.312 M. €
Weight of regional GVA	1.48%	2.10%
Available income	56.599 M. €	80.246 M. €
Private consumption	50.743 M. €	71.946 M. €
Taxas	17.323 M. €	24.433 M. €
Inter-regional import	12.659 M. €	58.516 M. €
Employment (jobs)	2.962	3.969
Weight in regional emplyment	1.57%	2.10%

Source: International Centre of Territory and Tourism Research, UALG.

Provision of Nautical Services

Figure 11: Average rating of nautical services (1=poor to 5= very good)



Source: International Centre of Territory and Tourism Research, UALG.

Overall assessment is good, 4 on a scale of 1-5. A total of 92.5% of those interviewed expressed willingness to use same service in the future.

Image Analysis

Table 3: Image of Algarve assessed according to keywords

Cathegory	%	Examples of expressions used
Hospitality	20.20%	*Calma,* Friendly, Friendliness, Friendly people, Gentle, Hospitality, Pleasant, Polite People, Lovely Peaple, Smiling People.
Atmosphere	19.20%	*Alegre,* Peacful, *Tranquilidade, Segurança, Acolhedor, Divertido, Tranquilo,* Quietness, Relaxed, Familiar, Introvert, Security.
Climate	18.20%	*Clima,* Nice Weather, *Sol,* Sunny, Sunshine, Good weather, Vento, Warm, *Temperatura,* Good sailing winds.
Nature	16.20%	Beaches, *Natureza, Paisagens,* Sea, *Águas, Limpas,* Cool Water, Scenery, *Sítios para fundear.*
Gastronomy	8.10%	*Gastronomia, Boa Comida,* Good Eating, Fish.
Others	18.10%	*Boa Navegação,* Fast rising prices, Cheaper than the U.K., Limpo, Value for money, Too much Disney alike, Good Quality of life, European, *Contínuos melhoramentos,* Tourism, *Tradição.*

Source: International Centre of Territory and Tourism Research, UALG.

The most referenced category was hospitality (calmness, friendly,...), followed by atmosphere (relaxed, peaceful,...) and climate. The region is also identified by its nature and gastronomy. The navigational conditions (particularly natural beauty and security), quality of life and price increases were also mentioned.

Competitive Analysis

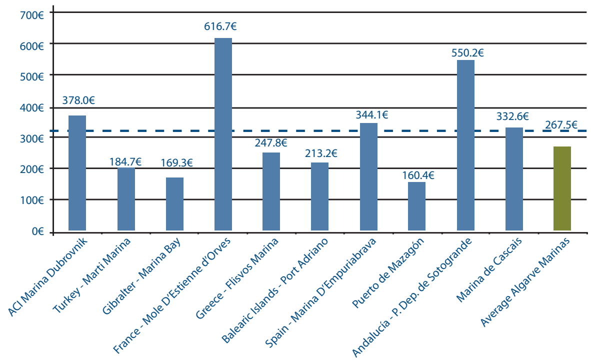
Table 4: Main competing regions

Competing Regions
Mediterranean Spanish Coast (Andalucía, Valencia)
Turkey
Croatia
United Kingdom
Cascais/Lisbon
Gibraltar
Marroco
Mediterranean
Oeiras/Cascais

Source: Data provided by equipment management entities;

Andalucía is shown to bear special interest although it is necessary to differentiate eastern and western Gibraltar. Within Portugal, Lisbon, Cascais and and Oeiras are referenced.

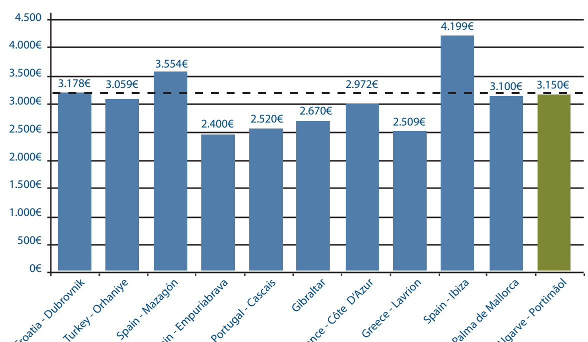
Figure 12: Berth rental fees, weekly rates during high season for 36" yachts



Source: International Centre of Territory and Tourism Research, UALG based on www.marinadubrovnik.com, www.martimarina.com, www.marinabay.gi, www.port-de-saint-tropez.com, www.flisvosmarina.com, www.portadriano.com, www.marinaempuriabrava.com, www.puertosotogrande.com, www.marinacascais.pt and www.marinadeportimao.com.pt.

For berth rentals the region practices prices that are 15.1% lower in relation to its competitors.

Figure 13: Yachts rentals, weekly rentals during high season for yachts 36"- 39"



Source: International Centre of Territory and Tourism Research, UALG based on prices from Yachtfinder, BlueCharter, happyCharter, SunSail and Costasur Espanha

For yachts rentals, the region practices prices that are 4.0% higher in relation to the average standard exercised by competitors.

Future Development Strategy

Strategic Approach 1

Widen Internal and External Markets

- Increase in number of resident participants.
- Improvement in the efficiency of administrative processes.
- Domestic and international market expansion.

Strategic Approach 2

Intensifying and Expanding the Value Chain

- Development of d repair industry and boatbuilding.
- Market growth in wintering.
- Development of charter services.

Strategic Approach 3

Destination Image and Integrated Communication

- Structuring of services and available supply options.
- Monitoring and communication of yachting sector through special chanels.
- Maintaining focus on events of international impact.

CONTACTS:

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Study available in http://www.ciitt.ualg.pt/z-gb-index.htm in the menu Research / Nautical Tourism in Algarve

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