TOURISMOS: AN INTERNATIONAL MULTIDISCIPLINARY JOURNAL OF TOURISM
Volume 6, Number 3, Winter 2011, pp. 111-134
UDC: 338.48+640(050

THE YACHTING CHARTER TOURISM SWOT: A BASIC ANALYSIS TO DESIGN MARKETING STRATEGIES

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The Balearics' economy is heavily dependent on tourism, generating revenue and employment; nevertheless, nowadays the archipelago is considered a traditional destination that could be currently reaching its mature stage. In this context, the new marketing guidelines for tourism adopted by the Balearic Government in recent years are based on promoting the development of different tourism products. The aim of this new strategy is to promote high value added products, such as the yachting charter tourism, to explore new market segments and to improve the image of the destination according to the consumer behaviour.This paper identifies the strengths, weaknesses, opportunities and threats (SWOT) of the yacht charter sector, using empirical evidence on the demand and supply side. The results will be very useful for this sector to design and launch successfully new marketing and promotion strategies and policies in order to maintain tourism activity, increase tourist average expenditure, lengthen the tourist season and change the image of the islands.

Keywords: *Yacht Charter tourism; Balearic Islands; SWOT.*

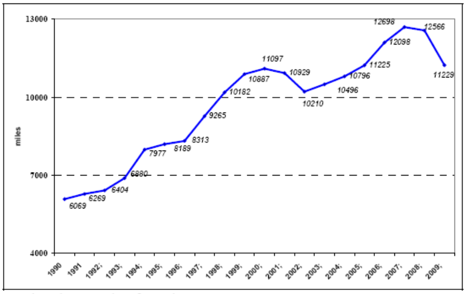
JEL Classification: L83, M1, O1

INTRODUCTION

Littoral areas offer many more possibilities, besides sun and beaches, for practicing numerous sports and recreational activities in relation to seawater, individually or collectively. In fact, nautical tourism has undergone a major international development in recent years and in Europe it is a sector that has experienced a continuous growth in most Mediterranean destinations, particularly in the Balearic Islands where it has grown at an annual rate of 2.5% in recent years (Lück, 2007).

The Balearic Islands is one of the world's leading sun and sand destinations (Aguiló et al., 2005). The islands have one of the highest tourist rates per capita in the world with more than 12 million tourists a year, i.e. a ratio of 12:1 to the local population. The total number of foreign tourists grew by an annual rate of 4.47% between 1991 and 2009, as shown in Figure 1.

Figure 1. The evolution of tourist arrivals by air to the Balearic Islands (1991-2009)



Unit: Thousands of tourists.
Source: Conselleria de Turisme (2009)

The service sector represents 82% of the GNP and the tourism sector represents more than 40% of the economic activity (CES, 2009). According to Exceltur (2011), tourism accounted for 43.2% of the Balearic GDP and 30.3% of employment in 2009 in contrast to a 10% impact on the economy in Spain and a lower contribution in other Spanish regions (Table 1).

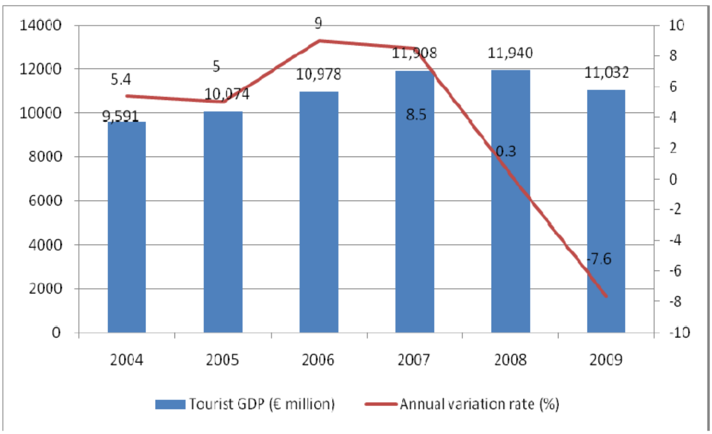
Table 1. Importance of the tourism sector in the Balearics & Spain (2009)

	Balearic Islands	Andalucía	Canary Islands	Comunidad Madrid	Comunidad Valenciana	Spain
GDP (%)	**43.2%**	**12.5%**	**27.4%**	**6.3%**	**6.3%**	**10.0%**
Employment (%)	**30.8%**	**11.9%**	**30.2%**	**5.9%**	**5.9%**	**7.3%**
Public Expenditure (%)	**11.2%**	**2.9%**	**9.1%**	**1.8%**	**5.4%**	**1.2%**
Taxes (%)	**39.1%**	**12.5%**	**30.7%**	**6.4%**	**11.9%**	

Source: Exceltur (2011).

The development of tourism has caused a deep transformation of the islands from a rural area into one of Spain's richest regions. From 1969 to 1997, Balearic GDP per capita was the highest in Spain (Garín-Muñoz & Montero-Martín, 2007). However, during the current decade, the economic growth shows signs of decay, eroding the competitive position of the destination. The Balearic GDP per capita has registered the highest reduction (15.5%) of all Spanish regions during this period (CRE, 2010) and the importance of tourism in the Balearic economy is showing signs of decay. In fact, the tourism GDP contraction of 7.6% in 2009 and the gradual loss of relative weight of tourism in the economy observed in the Balearic Islands is indicating a slowdown of growth rates and a deterioration of tourism competitiveness (Figure 2).

Figure 2. The evolution of the tourist GDP in the Balearics (2004-2009)



Source: Exceltur (2011).

The Balearic tourist leadership on the international markets has principally sustained on the traditional sun and sand product, focused on a massive demand and a competitive price (Aguiló et al., 2005). The loss of competitiveness is in some sense the consequence of globalisation and is due to many factors as mono-product strategy, undifferentiated products oriented towards a few markets, increasing seasonality, the emergence of the low cost carriers, the appearance of new destinations that offer a similar product with a better quality-price ratio such as Tunisia, Morocco or Turkey (Bardolet & Sheldon, 2008; Claver-Cortés et al., 2007).

To compete in the future they need to differentiate the tourist product in order to add to these advantages other characteristics that should be related to the changes in the tourist profile and based on the new information and communication technologies. The main changes in the tourist are referred to the changed values and lifestyles (Vanhove, 2005) and a growing consciousness of nature. Today, destinations have to begin to offer “sun-plus” holidays, such as sun plus nature and environment (Poon, 1993).

The search for new products to attract new customers with higher expenditure and the promotion of new tourist products for deseasonality of tourism are some of the most important strategies adopted to solve the problems of congestion, competitiveness and seasonality of a destination like the Balearic Islands (Bramwell, 2004; Claver-Cortés et al., 2007; Pedreño Muñoz & Ramón Rodríguez, 2009). In this context, the Balearic Government has recently adopted a new marketing policy focused in the development of products instead of destinations.

According to a recent research (Alcover et al., 2011), yacht charter tourism is a product with a daily tourist expenditure reverting to the Balearics’ economy much higher than that of a traditional tourist and similar to that of other types of tourism products, such as golf tourism, to which local authorities are allocating numerous resources and efforts to promote. Therefore, yacht charter tourism could be one of the new products that should form part of the future tourism promotion policies and marketing campaigns for the destination. It can be considered a high value added tourist product with growth potential and a good public image (Alcover et al., 2011).

This paper intends to identify the strengths, weaknesses, opportunities and threats of the yacht charter tourism, a product that should form part of future tourism promotion policies and marketing campaigns for the destination and the industry. This information should be taken into account when designing an adequate tourism promotion policy for the Balearics.

The structure of this paper is as follows: after the introduction, the second section describes the yacht charter tourism as an opportunity for differentiating the tourism supply of the Balearic Islands. The third section describes the different data sources used as well as the methodology used for quantifying the yacht charter tourism demand and supply and the methodology to evaluate the SWOT of the yacht charter tourism sector in the Balearics. The fourth section summarises the strengths, weaknesses, opportunities and threats of the yacht charter sector, and finally, the main conclusions and policy implications are summarized in the last section.

THE YACHT CHARTER TOURISM: AN OPPORTUNITY FOR THE BALEARICS' ECONOMY

Despite of the importance of the Balearic tourism and its contribution to the regional economy, the slowdown of growth rates and the deterioration of tourism competitiveness in recent years have raised questions in the literature about the market viability of the destination. In this respect, there is no consensus between different authors; some authors such as Morgan (1991) or Knowles & Curtis (1999) point out that the Balearic Islands as a tourism destination could be entering its final phase of decline or stagnation (Picornell & Picornell, 2002). However, some other authors are less pessimistic (Aguiló et al., 2005) and conclude that, with appropriate adaptation to new tourist preferences, this type of sun and sand tourist destination may persist. In this sense, the search for new tourist products with higher added value is some of the most important strategies adopted by policy makers and administrations to solve the problems that affect mature destinations (Bramwell, 2004; Claver-Cortés et al., 2007; Aguiló & Alegre, 2004; Hernández Martín, 2010). The strategy adopted by the regional government in the last years to compete with emerging or traditional destinations is to differentiate the tourism product based on the natural and cultural specificities of the destination, in order to attract new tourists with higher expenditure that may help at the same time to de-seasonalize the tourism demand. Therefore, the Government's policy is focused in the development and promotion of different tourism products and one of these products is nautical tourism (Corral & Hernández, 2010).

But what do we understand as nautical tourism? According to Besteiro Rodríguez (2004), nautical tourism could also be defined as "active holidays in contact with water allowing all kinds of water activities during leisure time: sailing, scuba-diving, jet skiing, windsurfing, recreational fishing, etc.., sharing the practice of a nautical activity with the enjoyment of nature and the recreational and tourism supply of various coastal regions". Nautical tourism in turn can be divided into different categories:

1) Cruise Tourism: Tourists who hire and take a round trip in a ship for the purposes of pleasure and recreation rather than a simply method of transport.
2) Nautical-sports Tourism: Tourists who travel with the main motivation of nautical sports activities either once at the selected destination or along the entire journey, using a rented boat (yacht charter) or property boat.

In fact, the Balearics enjoy some geographical and climatic features very appropriate for practicing nautical tourism activities such as:

- Geographical proximity and frequent access by air with main European capitals.
- 1,393 km of coastline with an even coastal profile, with numerous bays, coves, capes and 375 beaches (208 in Mallorca, 92 in Ibiza and Formentera and 75 in Menorca).
- The geographical location of the Islands on the limit of the Azores anticyclone and the Central-European Front, creating the so-called Mediterranean Front, leads to ideal weather conditions for general navigation. With these weather conditions the practice of sailing and nautical activities is easy and safe even in winter, especially during the so-called "January calms".
- The location of the archipelago in the Western Mediterranean determines that the Islands enjoy a temperate climate typical of the Mediterranean climate. Summers are hot but bearable, while winters are mild. The average temperature is around 19.5º C in spring, 27º C in summer, 20.5º C in autumn and 15º C in winter. The average annual temperature for the archipelago is about 17º C.
- The average water temperature (ranging between 11 º C in January and 27.5 º C in August) and the quality and transparency of water.

Given these geographical and climatic characteristics, together with the wide range of existing infrastructure in the region (see Table 2), it makes the Balearics an appropriate destination for the practice of nautical activities. The regional Government has recently launched a new promotion policy focused on the development and promotion of nautical tourism products, with yacht charter tourism being one of the key products[1].

Table 2. Evolution of the supply of nautical infrastructures (2001-2006)

Region	Number of ports/marinas 2001	Number of ports/marinas 2006	Number of moorings 2001	Number of moorings 2006
Andalucía	38	38	13,743	13,570
Comunidad Valenciana	45	47	15,836	17,716
Cataluña	43	46	22,133	27,540
Balearic Islands	62	68	19,057	19,709
Murcia	16	19	4,076	5,644
Galicia	19	30	4,232	7,166
Canary Islands	11	32	3,336	7,226
Cantabria	8	13	1,739	2,924
País Vasco	8	18	1,280	4,751
Asturias	8	13	886	1,526
Ceuta	1	1	300	300
Melilla	1	1	353	353
SPAIN	257	326	85,499	108,425

Source: Turespaña (2008).

Besides, a recent study (Alcover et al., 2011) pointed out that in the archipelago yacht charter tourism generates more daily revenues to the economy of the Balearic Islands (€170) than the other types of tourism products, such as golf tourism (€165.1), nautical tourism in general[2] (€111.45) and cycling tourism (€76.70). In fact, the average daily expenditure of a yacht charter tourist is 94% higher than that of a traditional tourist, and 58% higher than the one of a nautical tourist. This highest average expenditure can be explained by the fact that the average stay of a charter tourist in Spain is 11.80 days, considerably longer than the average stay of a traditional sun and sand tourist (8.9 days). Besides, Table 3 points out that the total revenues from yacht charter tourism are (€209.69 million), higher than those of cruise tourism (€91.35 million), golf tourism (€183.36 million) or cycling tourism (€66.04 million), which have been promoted by the local government as tourism products in recent years (Conselleria de Turisme, 2009).

When analysing the effect of the yacht charter sector on the labour market, the results obtained in Alcover et al. (2011) show that the Balearics' yacht charter companies generated 866 jobs in 2008, of which 216 are self-employed, 346 full-time permanent jobs, 43 part-time jobs and 261 temporary jobs. A study of the Balearic nautical sector (PIMEM-Govern Balear, 2003) points out that the total number of people working directly or indirectly in all the activities related to nautical leisure activities is estimated at 8,000.

To sum up, the yacht charter tourism could be qualified as a premium product which can contribute to maintain tourism activity, increase tourist average expenditure, and change the image of the islands. In order to design and launch successfully new marketing strategies related to the yacht charter product. Hence, it is important to obtain information on the strengths, weaknesses, opportunities and threats of the sector for the adoption of new or altered tourism promotion policy.

Table 3. Several indicators by type of tourist product in the Balearic Islands (2008)

Year 2008	International Tourism	Nautical tourism	Cruise tourism	Golf tourism	Cycling tourism	Yacht-charter tourism
Number of tourists	10,020,782	324,522	978,483	112,752	88,500	105,106
Average tourist stay (days)	8.98	14.85	1.49	9.85	9.65	11.80
Average daily expenditure per person (euros), including expenditure in origin	105.2	129.0	62.0	211.0	105.5	203.9
Average daily expenditure per person reverting to the Balearic Islands (euros)*	N/A	111.45	N/A	165.10	76.70	170
Total expenditure by type of tourism (€ million)*	N/A	537.09	91.35	183.36	66.04	209.69
Total expenditure by type of tourist product (€ million), including expenditure in origin	9,470.80	621.67	N/A	234.34	90.63	251.51

Note: *The daily expenditure per person has two components; the direct expenditure in the Balearic Islands and the additional expenditure as explained before. It does not take into account the expenditure by tourists in their country before travelling to the destination. N/A = Not available.
Source: Alcover et al. (2011)

DATA AND METHODOLOGY

Two types of methodologies have been used: one quantitative methodology consisting of data collection through personal interviews, using a combination of a demand questionnaire and a supply questionnaire; and a qualitative methodology based on a focus group technique to obtain qualitative information on the yacht charter tourism sector (Krueger & Casey, 2000). The application of both methodologies allows us to obtain three different primary data sources. Furthermore, a census on the yacht charter industry of the Balearics (FENAN, 2009) was also used as secondary data source.

Therefore, four information sources have been used in this paper: 1) The data obtained from the demand survey on the yacht charter tourism, 2) the information gathered through the supply questionnaire on a sample of charter firms, 3) the information obtained from several expert groups and finally, 4) a data base of yacht charter firms supplied by the National Federation of Nautical Activities (FENAN, 2009).

The information on the demand side was obtained through personal interviews to yacht charter tourists (skippers) at marinas or ports, at the time when charter trip ended and the sailing boat was returned to the yacht charter company. Personal interviews were carried out from July 1st to mid-October 2008, gathering data of two different yacht charter seasons: High season (July and August) and Medium-Low season (September and October). Time dedicated to each interview was variable, ranging from 20 minutes to one hour each. The tourists interviewed were 162 skippers or buyers of the yacht charter service. The average number of crew members was six, so the information obtained relates to approximated 972 yacht charter tourists.

The technical file of the demand survey in the Balearics is shown in Table 4.

Table 4. Technical file of the demand survey

STUDY TECHNICAL FILE	
UNIVERSE	Crews of yacht charter, users of the service
SAMPLE	162 crews (questionnaires)
SAMPLING ERROR	Less than 7% (assuming finite universe, 2 sigmas confidence level)
DISPERSION	Maximum variability in answer categories, p = q = 0,5
METHODOLOGY	Personal interview, auto applied, carried out when yacht charter ended at the office of the yacht charter firm.
DATES	From July 1st to October 15th2008, equally weighted weekly samples
DATA MANAGEMENT	SPSS
QUALITY CONTROLS	CCI/ESOMAR

Personal interviews followed a structured questionnaire with five sections. The first section gathers information on the demander of the service or skipper, basically nationality, residence, age, sex, date of departure and arrival, level of studies, labor situation, professional activity, navigation experience and level of nautical certificates. The second section asks information on planning the yacht charter trip. The third section analyzes the characteristics of the yacht charter trip, in particular the number of navigation days and the total stay in the Balearics, chartered boat type, additional services demanded, number of crew members and type of companions on the boat. The fourth section gathers information on the valuation and satisfaction of yacht charter experience. Finally, the last section demands information on previous yacht charter experiences and the comparison with the actual experience.

The supply survey was designed to collect data on the industry, considering as the target population all those companies whose principal activity was yacht rental for the practice of nautical sport activities. The information was obtained through a questionnaire, sampling 17 yacht charter companies in the Balearic Islands.

The census of all the yacht charter companies and their fleet based in the Balearic Islands and in the rest of the Spanish regions was supplied by the FENAN (2009) and it is classified by region, boat length of the fleet, type of boat, etc.

Finally, the application of the focus group methodology allowed us to obtained information from the experts and entrepreneurs of the yacht sector of the Balearic Islands. The focus group meetings were held at the Chamber of Commerce of Mallorca, at the end of March of 2009.

RESULTS: THE SWOT ANALYSIS

Given all data sources, we have identified the main strengths, weaknesses, opportunities and threats of the yacht charter tourism sector in the Balearics (Table 5):

Table 5. The SWOT of the yacht charter tourism sector in the Balearics

STRENGTHS	WEAKNESSES
➢ **Related to the destination:** • Wide supply of tourist accommodation & complementary services, as well as an adequate infrastructures network. • Proximity to main outbound markets. • Excellent environmental conditions and landscape. • Safe and secure destination. ➢ **Related to the industry:** • Consolidated know-how in the yacht charter business. • Professional and skilled human capital. • Good location of the companies. • Diverse and modern charter fleet. ➢ **Related to the demand:** • High satisfaction. • High loyalty. ➢ **Related to the institutional framework:** • Nautical cluster. • Sector website. • New funding programmes to implement marketing strategies	➢ **Related to the destination:** • Limited capability of growth through physical expansion. • Inability to increase the offer to high-profile customers. ➢ **Related to the industry:** • Small firm size & weak level of partnership. • Poor level of implementation of quality management systems. • Lack of specific training programmes for the industry. • Illegal supply ➢ **Related to the demand:** • High seasonal demand. • Poor analysis of the demand. ➢ **Related to the institutional framework:** • Lack of moorings & high prices. • Inadequate taxation. • Bureaucratic problems.
OPPORTUNITIES	**THREATS**
➢ **Related to the destination:** • Potential synergies with the convention hall • New infrastructures for larger vessels. ➢ **Related to the industry:** • Potential business. ➢ **Related to the demand:** • Growth interest for yacht charter tourism. • Increase of potential demand ➢ **Related to the institutional framework:** • The Balearics as a platform in the international sailing circuits. • The archipelago as a hub of the nautical activity in the Mediterranean. • Implementation of new strategies for inter-sectoral collaboration	➢ **Related to the destination:** • Risk of overcrowding and congestion during summer. ➢ **Related to the industry:** • Loss of image. ➢ **Related to the demand:** • Increasing competition. ➢ **Related to the institutional framework:** • Current economic and financial crisis.

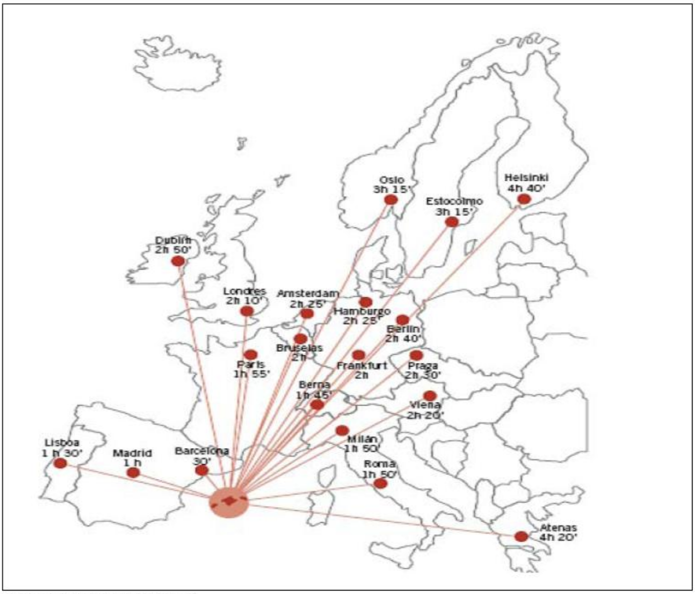
Strengths

Related to the destination:

- A wide supply of tourist accommodation and complementary services, as well as an adequate infrastructures network.

The Balearic Islands have 2,645 accommodation establishments with 196,844 rooms, which total to 419,983 beds (Conselleria de Turisme, 2011). Furthermore, the archipelago offers a large supply of complementary services, such as bars, cafeterias, discotheques, etc. The Islands have quality infrastructures such as an extensive and modern transport network that facilitates local connections, as well as a wide range of leisure centres, nature parks, natural caves, archaeological remains and so on.

Figure 3. Distance flight to main European cities



Source: IBESTAT (2011)

- Proximity to main outbound markets.

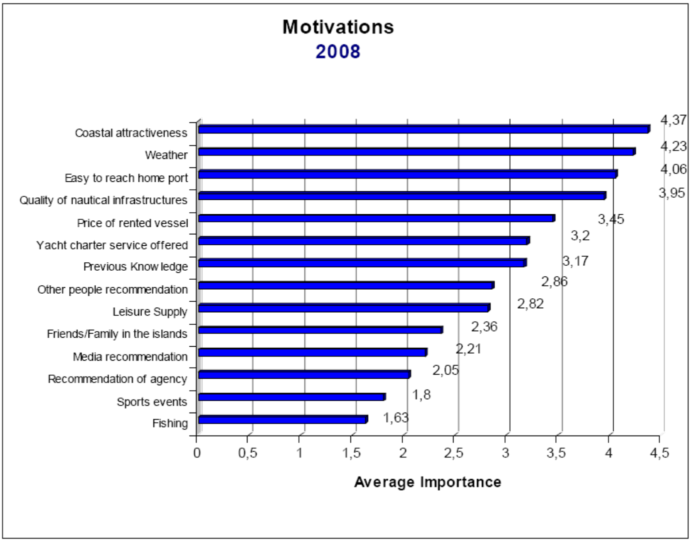
The Balearics are approximately two hours away by plane to the main European cities (Figure 3), and enjoy a high flight frequency.

Besides, the emergence of low cost carriers has increased the flight connections and frequency at a moderate price.

- The excellent environmental conditions and landscape.

The mild climate of the Balearics, the good weather conditions for practicing yacht charter tourism, the transparency and temperature of water, plus the large number of beaches certified with a blue flag, are an added value for practising this nautical tourism in the islands. The Balearics is also well-known because of natural environment: beaches, fauna and biodiversity. In fact, the main motivations for choosing the Balearics as a yacht charter destination (in a scale ranging from 0 to 5), as indicated by tourists surveyed, are the coast attractiveness (4.37) and the meteorology (4.23), which received high ratings (Figure 4).

Figure 4. Motivations for choosing the Balearics as yacht charter destination



Source: Payeras et al. (2010)

- Safe and secure destination.

The islands are a safe yacht charter destination, due to weather and navigation conditions. Furthermore, the ease to reach base ports is one of the main motivations for choosing the Balearics as yacht charter destination (Figure 5). The existence of an abundant and increasing supply of ports and marinas along the coastline (69 marinas and nearly 20,500 moorings, in 2010) provides a security to navigators in case of weather hazards. They present a wide supply of rescue and maritime infrastructures.

Figure 5. Supply of nautical infrastructures in the Balearic Islands

[1] The ports, nautical clubs and marinas are concentrated in the bay of Palma and are listed from east to west in the map; the same applies to Ibiza municipality.
* Locations with two nautical infrastructures: one is public and other private.

Source: Payeras et al. (2010) based on the information contained in the website http://www.balearsnautic.com

Related to industry:

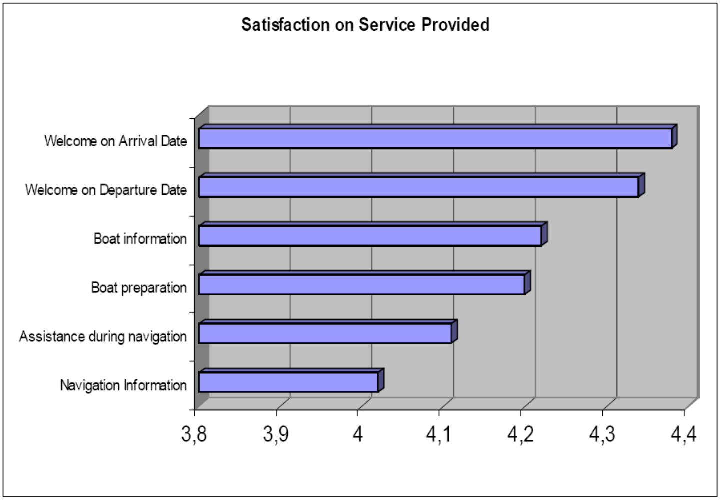
- Consolidated know-how in the yacht charter business.

The islands enjoy a prestigious, longstanding tradition in business yacht charter tourism. According to the supply analysis, the companies' antiquity is, on average, almost 12 years (11.8); only 16.9 % of the companies have a short experience of less than 5 years, whereas 27.12 % of firms have been operating in this sector for more than 15 years.

- Professional and skilled human capital.

Despite a shortage of specific training programmes within the nautical industry, during the focus group meetings the companies pointed out that they do have highly skilled human capital, thanks to the high motivation and accumulative experience of years. These results could explain the high satisfaction rate obtained in the demand survey (Figure 6). In fact, those aspects where there is a direct relationship between the company and the customer (receipt and delivery of the vessel) obtained the highest levels of satisfaction between tourists. Boat information provided to customers, preparation of boat and help with navigation and the information provided on navigation are also highly considered.

Figure 6. Level of satisfaction with service provided 2008



Note: Scale ranging from 0 (less satisfied) to 5 (very satisfied)
Source: Payeras et al. (2010)

- Good location of the companies.

43.02% of the national yacht charter companies are located in the Balearic Islands (FENAN, 2009). The majority of them are generally placed at major ports, easily accessed by road (Figure 7). These ports and marinas have suitable infrastructures and facilities for the yacht charter tourism.

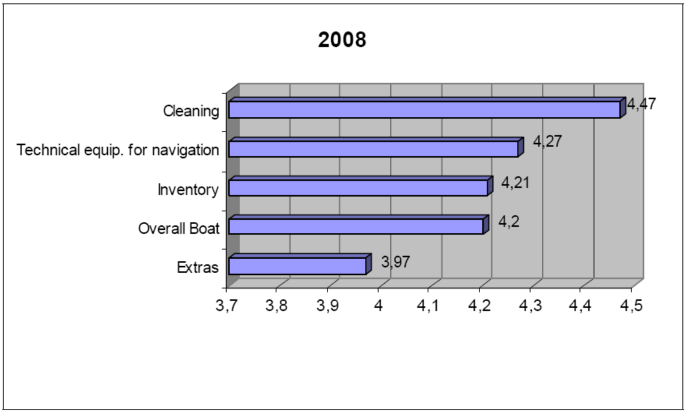
- A diverse and modern charter fleet.

The Balearic yacht charter companies have a large yacht charter fleet consisting of 1,440 vessels (57.92% of the Spanish vessels) of different type (sailing yachts and motor yachts) and sizes (FENAN, 2009). The information provided by the supply survey indicates that the fleet is quite modern; on average the vessels have less than 5 years. This result matches with the high level of satisfaction on the vessel and equipment, rented pointed out by the tourists surveyed (Figure 8).

Figure 7. Location of the yacht charter firms in the Balearic Islands

Source: Payeras et al. (2010) based on the information contained in FENAN (2009)

Figure 8. Level of satisfaction on the vessel and equipment rented



Note: Scale ranging from 0 (less satisfied) to 5 (very satisfied)
Source: Payeras et al. (2010)

Related to demand:

- High satisfaction.

Most yacht charter tourists are highly satisfied with the quality services received; 90.4% of them would recommend it to friends and relatives, and 82.4% expressed their desire to repeat the experience. This positive perception may be due to the high quality service offered by the yacht charter companies.

- High loyalty

Comparing the Balearics as a destination for yacht charter tourism with competing destinations, respondents consider them as comparable experiences. The high level of repetition of charter experiences in the Balearics (2.9 times on average) is worth noting.

Related to the institutional framework:

- A nautical cluster.

In 2011, a nautical cluster was created in the Balearic Islands (Idimar) with the participation and support of public and private institutions, in order to increase yacht charter tourism competitiveness.

- A sectoral website.

The Chamber of Commerce of Majorca has being offering a strong support to the sector and created the Balearsnautic.com website in 2004, as a meeting point of the sector, offering information on the weather, moorings, ports and docks, companies within the yacht charter sector and several on line services for the yacht charter tourist.

- New funding to implement marketing strategies.

Due to the agreement with Turespaña, there are new funds for redesigning the marketing strategy of the Islands, focusing on the supply of different nautical products.

Weaknesses

Related to the destination:

- Limited capability of growth through physical expansion.

The yacht charter industry demands an increase of marinas and moorings (given the high occupancy rates during the summer), however it results in difficulties when taking into account the environmental impacts that it generates and the actual Spanish legislation.

- Inability to increase the offer to high-profile customers.

According to the supply survey, the lack of a sufficient number of moorings to accommodate large vessels in the Balearics constitutes an obstacle for attracting yacht charter tourists with high purchasing power. Meanwhile, other Mediterranean destinations, such as southern France, Corsica and Sardinia, have appropriate infrastructures for larger vessels.

Related to industry:

- Small firm size & weak level of partnership.

The firms are characterized by their small size. On average, they employ 7 workers and own 14.5 charter boats per firm. Around 50% of firms present a turnover which is lower than one million Euros. Despite this fact, there are two associations, FENAN and APEAM, who play an intensive role as representative forces of the sector, although the affiliation rate with 30 % of the industry is not very high.

- Poor level of implementation of quality management systems.

Around 80 % of the charter companies have not implemented any quality management system, because of the lack of specific systems designed for yacht charter firms.

- Lack of specific training programmes.

The majority of employees does have a low level of education; only 30 % of them have higher education levels, due, on the one hand, to the lack of formal training programmes appropriated to the needs required by the industry, and, on the other hand, to the high proportion (30%) of temporary labour contracts which is a consequence of the high seasonality.

- Existence of illegal supply.

According to the industry's opinion, as pointed out during the focus group session, some foreign yacht charter firms operate illegally in the Balearics, without fulfilling all the legal requirements.

Related to demand:

- High seasonal demand.

The yacht charter tourism demand concentrates on summer months.

- Poor analysis of the demand.

There is a lack of studies and analysis, as well as empirical data on the sector and information on how the yacht charter demand changes over time is not available.

Related to the institutional framework:

- Lack of moorings and their high price in summer.

All companies surveyed indicated the need for a higher number of moorings during peak seasons. They also complain about the high cost of these moorings in comparison to other destinations. This factor reduces industry's competitiveness and hinders their growth.

- Inadequate taxation of the sector.

In Spain, the taxes applied to vessels are higher than in other European countries; it considerably reduces the yacht charter competitiveness. The purchase of a vessel is not only taxed by the 19%VAT, but also by a 12% registration tax (if the boat is more than eight meters long) and a 4% for Transfer Tax and Stamp Duty, as well as other fees and taxes.

- Bureaucratic problems.

In Spain it is necessary to pass a costly training test to get the license to be a skipper depending on the vessel length while in other destinations obtaining a license is not necessary.

Opportunities

Related to the destination:

- Potential synergies with the convention hall.

The Balearic Islands proximity to and excellent connections with Europe's main business centres make the archipelago a good business meeting point for multinational corporations. As a result of the increase of incentive trips, conferences and conventions to the islands (Conselleria Turismo, 2011), the Palma de Mallorca Town Council and the Balearic Government started building a convention centre. This segment of tourism could be a potential demand for the yacht charter industry.

- New infrastructures for larger vessels.

The port of Palma de Mallorca, Port Adriano and Ibiza have started enlargement projects, providing berths for larger vessels and improving facilities for tourists with higher purchasing power.

Related to industry:

- Potential business.

The Balearic Islands are located a night's sailing from the majority of ports in the western Mediterranean. The focus group on the supply side pointed out that yacht charter firms were devoted to maintenance and repair of vessels in winter and autumn. Thus, the Balearics could consolidate as a location for the repair and maintenance of vessels from all around the Mediterranean.

Related to demand:

- Growth interest for yacht charter tourism.

In the last years, statistics indicate that there are an increasing number of potential tourists interested in practising yacht charter tourism. This statement is supported by the increase in the number of people practicing water sports in the main European touristic outbound markets, as well as by the high number of firms affiliated, vessels registered and moorings offered in those countries.

- The increase of potential demand.

According to the demand survey, in 2008 a 24.2% of tourists were Spanish, therefore indicating a growing trend in domestic tourism.

Related to the institutional framework:

- The Balearics as a platform in the international sailing circuits.

A number of sailing regattas of international prestige take place in the Balearics, such as the Princess Sofía Trophy or the King's Cup. The archipelago has the opportunity to attract other new trophies or international competitions to the islands, which could improve their image, hence, justifying the premium price.

- The archipelago as a hub of the nautical activity in the Mediterranean.

The recent creation of the marine cluster in the Balearics Islands (Idimar) should contribute to facilitate interaction between companies and the administration, to promote research and to adopt innovative and modern practices. This initiative could also transform the Balearics into a hub of the nautical activity in the Mediterranean area.

- Implementation of new strategies for intersectoral collaboration.

The yacht charter tourism generates business to many other firms; therefore, the administration has the opportunity to implement initiatives aimed at fostering intersectoral collaboration.

Threats

Related to the destination:

- Risk of overcrowding and congestion during the summer.

An important demand of yacht charter concentrates at the same peak season of the “sun and sand tourism”. This phenomenon leads to congestion in marinas and in natural parks, affecting negatively the loyalty and satisfaction of the yacht charter tourists, as it is pointed out in the demand survey.

Related to industry:

- Loss of quality image.

The increasing number of illegal supply of yacht charter companies in the Balearics may be lowering the quality standards in the market and damaging the yacht charter sector’s image.

Related to demand:

- Increasing competition.

New destinations in the Mediterranean, characterised by lower prices, such as Croatia or Turkey, have become quite popular in the last years.

Related to the institutional framework:

- Current economic and financial crisis.

Taking into account that the yacht charter vessels have a relatively short life and the investment into them is considerably high, yacht charter entrepreneurs need external financing. As aconsequence of the financial and economic crisis, the capability of yacht charter firms to invest has been reduced by a shortage of financial resources, due to lower availability and higher interest rates, and by the negative economic prospective.

CONCLUSIONS AND POLICY IMPLICATIONS

The Balearic Islands were a rather backward region in the 1950s, but became a major tourism destination in the Mediterranean during the second half of the 20th century. Tourism has been the engine of growth that has turned the Balearic economy into one of the most prosperous Spanish regions. However, in recent years the economic growth shows signs of decay, eroding the competitive position of the destination.

The Balearic Government has recently adopted a new tourism promotion policy focused on the development of other tourism products in addition to the sun and sand product to diversify the tourism services they offered such as golf tourism, cycle holidays, nautical tourism etc. Taking into account the economic impact of the yacht charter tourism product on the Balearics economy, it is important to obtain information on this product in order to design appropriate tourism promotion policies. This research outlines the strengths, weaknesses, opportunities and threats (SWOT) of the yacht charter sector, using empirical evidence. The results on the SWOT analysis support the introduction of a set of strategic actions to increase the yacht charter industry's competitiveness, such as:

- Favouring the cooperation among the different sectors related to the yacht charter industry, promoting the activity of the nautical cluster. Through it, a large scale and scope, as well as good conditions for innovation, could be created.
- Creating a new and more competitive fiscal framework to facilitate the accessibility to yacht charters. The bureaucracy involved in obtaining the licenses or authorizations needs to be reduced too.

- Promoting specific training programs for the yacht charter industry. The actual training programs do not match the needs of charter and nautical companies
- Fostering the design of a specific quality certification system for the yacht charter sector.
- Creating products adapted to new demands. The supply needs to design new products and re-adapt existing ones, respectful with the environment. In this line, synergies must be searched for among different sectors related to tourism in general, and the nautical sector in particular, such as boats maintenance and repairing firms, hotel companies, airlines, car rental companies, restaurants, museums and others.

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ENDNOTES

1. Turespaña has signed an agreement with seven regions, Andalusia, Balearic Islands, Catalonia, Valencia, Galicia, Murcia and Ceuta, containing a plan for promoting the nautical tourism that will be allocated to 489,000 Euros, an agreement valid until 2013.
2. Nautical tourism comprises all types of nautical activities, not only yacht charter (see definition mentioned before).

ACKNOWLEDGEMENT

The authors are grateful for the financial support of the Cámara de Comercio, Industria y Navegación de Mallorca and for the helpful comments of three anonymous referees.

SUBMITTED: APRIL 2011
REVISION SUBMITTED: AUGUST 2011
ACCEPTED: SEPTEMBER 2011
REFEREED ANONYMOUSLY

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