

SYNERGISTIC EFFECTS OF CULTURAL RESHAPING ON A CITY'S HOSPITALITY ENTERPRISES

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This study aims to detect the synergistic relations between the dynamics of the hospitality industry and a city's efforts towards cultural revitalization, as a main part of its general urban regeneration. To this end, we analyse in detail the case of Bilbao, which in 2010 was awarded the Lee Kwan New World City Prize. This European city has extensive experience in territory and urban regeneration, and a significant leadership record in the cultural realm. Our analyses draw on a series of in-depth interviews with managers from the hospitality, commercial, cultural and public sectors. Another central aim of this paper is to gather conclusions that may be extrapolated to similar contexts and to offer recommendations for action both to the hospitality industry and to public bodies.

Keywords: *Hospitality industry, urban regeneration and cultural revitalisation, public bodies, synergies, externalities*

JEL Classification: *L83, M1, O1*

INTRODUCTION

Throughout history, cities have been an expression of complex creative interaction as well as the physical environment in which that interaction could take place. Cities act as the “nodes” needed in the new economy of services associated with the production and consumption of culture. Cities drive talent and serve as a basis for creativity and innovation. It can be argued that no form of technological or business innovation has arisen and been developed at any remove from cities



(Castells, 2000). Therefore, there is no disagreement that planning and development policies for city regeneration must include the goal of converting the city into a creative metropolis (Landry, 2000), and configuring it as an environment capable of attracting human capital that will lead to the creation of diverse and creative communities (Cooke, 2008; Florida, 2002; World Bank, 2003). In this process, once again, the feature of complexity and foundation of culture are both inherent.

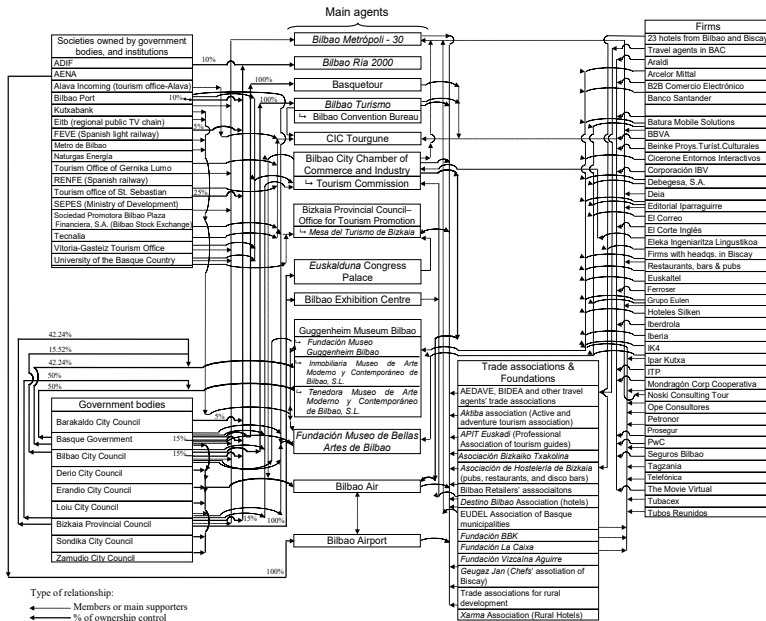
As projects of urban regeneration with new facilities and infrastructures develop within a city, the importance of these tangible elements can be seen by the way in which they foster a suitable environment for the incorporation of new services of high added value into the growth horizon. Like other cities, Bilbao left behind an essentially industrial economy which by the 1980s was in clear decline. This marked a step towards growth in the tertiary sector, — personal and related services —, the quaternary sector, — transport services, communication, finance and administration —, and the quinary sector, — health services, education, research and leisure, including the arts, to use the terminology originally developed by Foote and Hat (1953). More specifically, the developments in areas of urban regeneration and cultural revitalisation are intended to lead to the growth of supply and demand for leisure and artistic services, predominantly in sub-sectors such as audio-visual, media, edition, arts drama, museums and historical heritage (Manito 2006).

The transformation of Bilbao came relatively late compared to other European and American cities, yet it is nonetheless paradigmatic because it clearly reflects the work public and private agents have performed in urban governance, the provision of infrastructures and the growth of a private services fabric (Rodríguez *et al.* 2001; Rodríguez and Abramo 2011). It is a useful example for the main aim of our research, which is to analyse the growth dynamics, and identify the conditions of the environment arising from processes of urban regeneration and cultural revitalisation which enable the growth and consolidation of the hospitality industry in a city. In the next section of this work, we shall summarise the development and current situation of the industry. The third section sets out our empirical study and discusses the analysis and lines of action for the hotel and catering industries and for public authorities, using the case of Bilbao. Finally, the work introduces concluding remarks that can be extrapolated to other cities.

RECENT CULTURAL REVITALISATION AND CURRENT SITUATION OF INFRASTRUCTURES FOR URBAN AND CULTURAL TOURISM IN BILBAO

The aim of providing physical infrastructure spaces and services in a city is to favour conditions for the services sector, encouraging trade, leisure and recreation. Starting with the recommendations of the first General Planning Scheme, drafted by Bilbao City Council in 1987, other landmarks in the urban and cultural regeneration of Bilbao include the creation of Bilbao Metr poli 30 and Bilbao R a 2000, S.A. Echoing the ideas of a number of widely referenced authors (Landry 2000, Florida 2002), the main task of the association Bilbao Metr poli 30 has been to act as a forum for strategic deliberation on the future of Bilbao and neighbouring municipalities in order to attract and retain what they have called their most important asset: professional people 1.

Figure 1. Agents involved in the production of services for the general public, tourists, and visitors to Bilbao, with their financing organisations or owners



For its part, the executive arm in this urban regeneration was Bilbao Ría 2000, S.A. a joint stock company owned by the central, provincial and municipal governments, with a number of state-owned companies involved as the former owners of the land earmarked for regeneration.

Figure 1 gives a list of the main agents involved in services for the general public, visitors and tourists in Bilbao. The most relevant groups are in the second column. The other boxes are grouped by legal format or ownership, showing the member organisations of the respective boards of trustees, in the case of central agents that are foundations or associations, and in the case of companies, the owners, with their respective shareholdings. In the case of foundations or associations, we have included only the principal members of the board of trustees or financing group.

An issue that deserves mentioning is the number of advisory bodies with overlapping areas of competence with respect to Bilbao. For example, the task of proposing tourist strategies and promoting them for Bilbao is the responsibility of *Basquetour* (within the framework of the autonomous community of the Basque Country), the Office of Tourism Promotion (at a provincial level, under the Provincial Council) and Bilbao Tourism (at municipal level, under Bilbao City Council). Responsibility for tourism-related analyses in the city lies mainly with CIC Tourgune, the Tourism Board and the Tourism Commission. Although it might seem this overlaps or is a waste of resources, the multiplicity of entities should not in itself be viewed as negative, as it gives way to the involvement of municipal, provincial, autonomous and national government bodies, the public sector companies they control and a large array of private companies, foundations and associations willing to take part². In the case of the advisory bodies, this involvement has also been vital for spreading awareness of its relevance for tourism management. However, as we shall see in the empirical study, up to an extent this seems to have caused communication and coordination difficulties between some of these advisory and decision-making bodies.

The involvement of a network of public agents, with the amenities and infrastructures it has created and currently administers, has provided an urban environment in which culture can be both a quality for social inclusion and wellbeing in the city and an instrument for promoting its economic development (Smith and Warfield, 2008), particularly to help develop its tourist industry. As a consequence, nowadays there is a “political and economic macrostructure”, as stated by Marino (2010), into which the hospitality sector could fit. We shall now turn to the hotel industry, the chief private agent involved in this network.

THE HOSPITALITY INDUSTRY IN BILBAO

In general, tourism attracts a total expenditure of around €3.66 billion to the autonomous community of the Basque Country, of which nearly €1.6 billion is spent in the province of Biscay alone³. Although there are no specific data for the case of Bilbao, other figures for tourist supply and demand given below (see Table 1) may help to form an idea of the dimension of the tourism sector for the city.

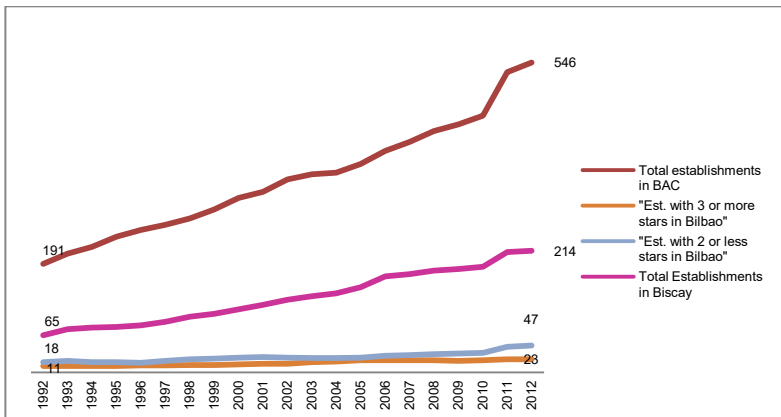


Figure 1. Evolution in the number of hotels in Bilbao and Biscay
 Source: Eustat

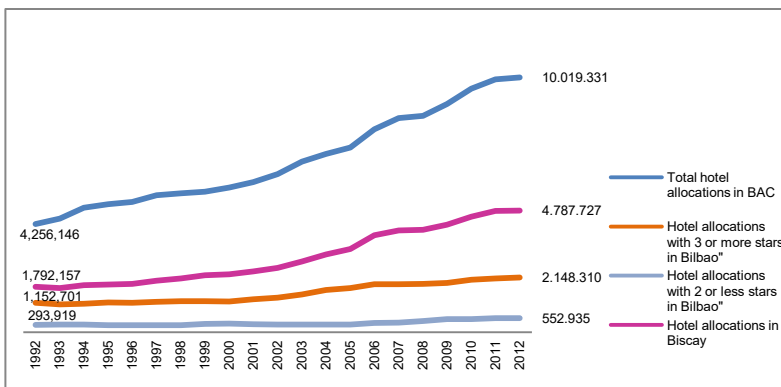


Figure 2. Number of hotel allocations in Bilbao and Biscay
 Source: Eustat

Tourism has gradually consolidated its position in Bilbao, as evidenced by the opening of new hotel establishments (Figure 1), the increase in the availability of hotel places in Bilbao and in the province of Biscay in general (Figure 2), and in the consolidation of the occupancy rates of hotels and guest houses (Figures 3 and 4).

In the case of Bilbao, between 1992 and 2013, there was an 81% increase in beds in hotels with 3 or more stars, and a 75% increase in lower category establishments, including pensions and hostels. In the province of Biscay, the overall increase in the number of establishments was even greater, over 200%. Nonetheless, these larger increases need to be viewed in the context of the smaller average size of the hotels and the smaller total number of beds.

To date, this increase in the number of hotel establishments and beds has not led to a saturation of supply. On the contrary, it has developed apace with an increase in demand. This is evidenced by trends in the statistics on hotel occupancy. In the Basque Country in general, and in Biscay and Bilbao in particular, the rate is now close to the average occupancy rates in Spain, having started from a position of considerably lower occupancy (See Figure 3)⁴. As the graph shows, in the first three years, occupancy rates oscillated between lows of 30% and highs of 60%. From 2001 these percentages increased and since 2008 there has been a slight drop as a result of the economic recession to a range of approximately 30% to 70%.

Regarding the category of accommodation and day of the week, prior to its revamping as a destination for urban tourism, in the past Bilbao was distinctive for having businesspeople as its main group of hotel customers. This has not been the case during the last years, where occupancy rates at week-ends compared to working days have systematically been higher, in hotels above or below the three-star category threshold (Figure 4), a clear sign of a relatively greater proportion of tourist visitors.

In general, we can conclude that the capacity of the hotel industry in Bilbao and Biscay has increased over the two last decades apace with an increase in demand, and that this increase does not seem to have led to an overcapacity, nor resulted in worse competition conditions between hotel companies. In fact, the number of hotels has risen once again during the last years despite the general economic recession (Figure 1). It is also true that the industry has weathered the economic crisis relatively well. For example, in 2010 there was a 5% fall in the average offer of allocations in Bilbao, compared to an average fall of 5.1% for Spain as a whole.

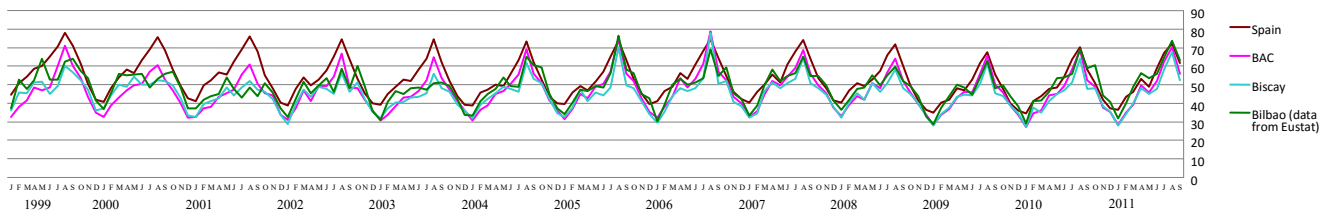


Figure 3. Seasonal evolution in the rate of hotel occupancy. Comparison between Spain, the Basque Country, the province of Biscay and Bilbao (from Jan.1999 to Sept. 2011)

Source: INE; Eustat

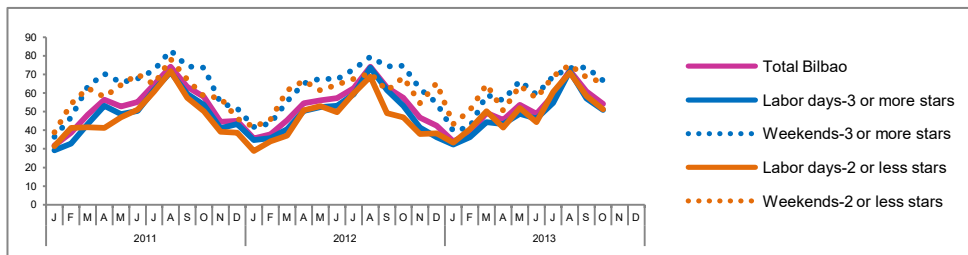


Figure 4. Seasonal evolution in the rate of hotel occupancy for Bilbao according to week time and category of accommodation

Source: Eustat

Table 1. Basic statistics of the tourism and services industry in Bilbao

	2010	2011	2012
Visitors	684,274	726,000	734,215
Non-nationals	243,341	255,734	281,477
Nationals	440,933	470,266	452,738
Hotel establishments	55	57	57
Person nights	1,281,521	1,386,219	1,417,659
Hotel beds	2,582,085	2,598,328	2,622,632
Hotel bedrooms	1,379,637	1,390,091	1,390,091
Bed occupancy (annual average)	63.3%	64.9%	66.1%
Revenue per available room (RevPAR)	€46.8	€46.8	€47.6
RevPAR Inter-annual variation	-5.0%	0.0%	1.1%
Cruise liners visiting Bilbao Port	33	53	50
Passengers	43,400	77,345	65,953
Air traffic (passengers, Bilbao Airport)	3,888,955	4,045,613	4,171,092
Conferences held	397	374	329
Delegates	74,900	64,990	70,243

Sources: Eustat (www.eustat.es); Bilbao Turismo (www2.bilbao.net/bilbaoturismo); Bilbao Airport (www.aena-aeropuertos.es); Bilbao Port (www.bilbaoport.es); Hosteltur: *Barómetro de Rentabilidad y Empleo 2010*, *Barómetro de Rentabilidad y Empleo 2011*, *Barómetro de Rentabilidad y Empleo 2012* (www.hosteltur.com)

For example, in 2010 there was a 5% fall in the average offer of allocations in Bilbao, compared to an average fall of 5.1% for Spain as a whole. In summer 2011, prices in Bilbao were also up 4%, well below the Spanish average of 8.2%⁵. This lower increase in comparison to other Spanish cities is a sign of the efforts the hotel industry made to increase the destination's appeal by cutting prices⁶. Finally, throughout 2012, the occupancy rate grew by 1.1%, a modest figure compared to Barcelona (3.3%), but well above the general negative average among Spanish urban destinations (-4.6%)⁸.

Having analysed the recent developments and current situation of the hotel industry in particular, the purpose of the qualitative empirical research is to test some of the ideas and issues raised, taking the case of Bilbao as reference. In particular, we aim to find answers to the following questions:

1. - What is the profile of the tourist visiting the city? Is there such a thing as cultural tourism in the city?

2. - What are the main reasons for the success of the urban regeneration and cultural revitalisation process, and for the boom in the tourism industry?
3. - Behind a city's lure for tourists, to what extent is its cultural appeal something to be differentiated from the efforts made towards its urban conditioning? Also, is this cultural appeal a passing fad, or rather, a lasting trend?
4. - What are the strategic lines of collaboration between public and private tourist agents? Is there coordination or collaboration in setting and implementing objectives? Are there overlapping competences?

EMPIRICAL RESEARCH

The empirical research consisted of in-depth interviews conducted with the heads of the five following tourism promotion bodies:

Interviewee No. 1: Head of the association *Destino Bilbao*, set up in 2001 and including twenty-three 2, 3, 4 and 5-star hotels located in Bilbao and neighbouring municipalities.

Interviewee No. 2: Manager of *Bilbao Turismo, S.A.*, a joint stock company owned by Bilbao City Council, created with the aim of supporting the economic development of Bilbao, fostering collaboration between public and private agents.

Interviewee No. 3: President of the Spanish Business Association of Travel Agents for the Basque Country (AEDAVE), which includes various travel agencies operating in the Basque Country.

Interviewees No. 4 and 5: Head 1 and Head 2⁹ from the joint stock company *Bilbao Ría 2000, S.A.*

Interviewee No. 6: Tourism consultant from the Provincial Council of Biscay.

The interview procedure was based on a script of subjects developing the four main topics posed above.

Tourism profiles

In the case of Bilbao, there are differences of opinion as to the nature of tourism, with some classifying it as *cultural tourism* and others as *urban tourism*. On the other hand, the interviewees did agree with the idea that the cultural attractions the city has to offer, particularly the Guggenheim Museum, have served to give it a global image and place it on the international list of destinations. They were also unanimous in their

belief that the city's cultural offer is an important spur for urban tourism. As for the kind of product provided, the prevailing type in Bilbao is metropolitan tourism, or *city breaks*.

Interviewee 1:

[Speaking about cultural tourism and the importance of culture in the tourism industry initially] “The key element has a name and it's 100% cultural tourism... As a starting point, anyway... Then from there, naturally the city has to evolve, and a city that wants to live off tourism cannot tie itself to a single attraction or a specific market niche, especially if there is a chance to expand”.

Interviewee 2:

“For me, our strategy is not one of cultural tourism. It's a strategy of urban tourism, in which we're emphasising ... not just the culture product; we're emphasising the culture product, the shopping product, the gastronomy product and to an extent what you could call the identity product [...] Are there people who come exclusively to see the Guggenheim Museum? Of course there are, but...I think our product... is much more of an urban than a cultural destination [...] I think our city is an urban destination which has, I believe, four components: culture, gastronomy, the identity of the city and shopping”.

Interviewee 3:

“By urban tourism we mean the sort of tourism where a visitor...wants to get to know the city... You do get that in the case of Bilbao. ‘Cultural’? Well...Generally speaking, nobody comes...or rather very few people... or rather not everyone comes for the culture in itself, as such, with a capital C. But there's no doubt that [it comes] within urban tourism and among visitors who enjoy going to cities, like Barcelona, Madrid, Bilbao, Valencia, London, Paris, etc., etc”. In other words, they don't go to the country, they go to a city, in this case to Bilbao. But the culture is a given because they visit the Guggenheim Museum, but it's not the same as someone who says “I love the Antonio López exhibition and I'm going to Madrid to see it.[...] It's urban tourism that is called *city breaks* in English”.

In contrast, some interviewees suggest that the Guggenheim Museum stamps a clearly cultural profile on tourists to Bilbao and by

extension tourists to Biscay in general and even the wider Basque Country, and that there is a clear distinction between the tourist offer here and in other destinations.

Interviewee 6:

“At the end of the day, the figures speak for themselves: of the 1,053,000 visitors to the province last year nearly a million...or...over a million went to the Guggenheim. [...] The reason? If you had to sum up what it is that makes this destination different from many others, for example elsewhere in Spain... well, obviously it's the [Guggenheim] Museum”.

Main reasons for success in urban regeneration and cultural revitalisation

Various reasons were given for Bilbao's success in urban regeneration and cultural revitalisation. For example, interviewees mentioned the fact that the projects undertaken had not centred on sports or cultural events of a limited duration, which tend to leave a legacy of oversized facilities, with all the resulting problems (indefinite maintenance, competition with the existing offer and price-cutting, obsolescence and deterioration, etc.).

Interviewee 1:

“As a concept, what Bilbao has managed to generate is sustained growth in visits with the infrastructure that's been developed around it. These cities [on the contrary] have created an infrastructure for one huge event and after that they've got to try to fill it come what may. The concept is quite different, it's completely different.”

There is even more consensus concerning the idea that the success of Bilbao's urban regeneration and cultural revitalisation has been due to a process of deliberation and implementation of strategies, over a period of many years.

Interviewee 2:

“The transformation of the city has been planned”.[...]“25 or 30 years ago, Bilbao Metr poli 30 designed a strategy for reflecting on how we were going to get ourselves out of that profound crisis, and a lot of public and private agents were mobilised and in a way they

sat down to think...they sat down to think what the key themes and star projects were... though I don't like calling them star projects... the business-attracting projects could... pull away at the problems we had. And there were plenty of them: very high unemployment [...], a massive drop in the work force in the industrial sector, social issues, environmental problems, etc.”

Interviewee 3:

“I think here in general, in the Basque Country, and in this case, in Bilbao, maybe the steps that have been taken when it comes to building because of certain decisions have been, have ...basically got it right, although at the time people didn't think so.[...] I think when they decided to set up the Guggenheim, something like that at that time, with the economic crisis just past ... nobody envisioned that or at least hardly anyone did, but the people who did it got it right”.

Interviewees 4 and 5:

“The success of the public investment policies within metropolitan Bilbao is based on the Revitalisation Strategy Plan [of 1987], which very clearly identified the key actions... the things that were important for productivity, for improvement... And investments have been made with a serious plan, which with time, and we're talking about twenty years, has yielded some quite spectacular returns. But it's very interesting, and it's something that we have to stress elsewhere, that if you look, people see the Guggenheim and they say: ‘Well this is the magic wand... now with this ...with the Guggenheim, let's see...what we can buy, what we can do’. And you go and you say to them: ‘yes, sure..., but if you look at the last 20 years of investment, the Guggenheim represents one and a bit per cent of public investment’” [...]

Although in some ways these opinions contradict those mentioned in other cases analysed (for example, Murphy and Boyle 2006 for the case of Glasgow), in their belief that the most important factor was that the very people involved in regeneration of the city seized opportunities, they also state that there was an already established strategy and it was then added to the opportunity that arose from attracting such a famous brand as the Solomon R. Guggenheim Foundation, to Bilbao.

Another question involves the extent to which locating the Guggenheim Museum in Bilbao was expected to have a positive impact

on tourism Here there is some agreement on the idea that those responsible for the decisions did not anticipate the outcome.

Interviewee 3:

“In a game of soccer, you can score a goal by dribbling the ball all the way up the field from one penalty area to the other but it's very rare. So in this case they scored the goal with the Guggenheim, for example”.

Interviewee 6:

“I think the people who saw the possible location of a resource like the Guggenheim didn't think for a moment that it would have such an impact”.

The cultural and urban phenomena in the consolidation of tourism in a city

All the interviewees felt that the tourism industry in Bilbao is not a fad, that it is a growing industry, on the road to further consolidation. Nonetheless, they emphasised that either it still has some way to go or that there are possible dangers that might hinder this process of consolidation: the fall in the cost of travel and hotel rates over recent years, the dispute among retail establishments and tourist managers about opening hours, and the lack of coordination amongst tourist agents when it comes to offering a complete and convenient tourist service for the customer among other issues, show that the industry is not yet consolidated.

Interviewee 1:

“Obviously, no one's going to open up shop if they're going to lose money, and nobody's going to stay closed if they think they can turn a euro or two”.

“What needs to happen with private initiative? It simply needs to mature”.

Interviewee 3:

“Yes, judging by what has happened with all the other cities around the world that have entered these dynamics, some just through natural generation years ago and others later in the day, like Bilbao, through a planned, induced process of generation... There's no turning back [...] I mean, it's not just a passing fad”.

Interviewees 4 and 5:

“Bilbao now forms part of the global list of cities that are worth visiting. And once you get on that list, you might leave, but...well...you're there, you're well placed”.

Interviewee 6:

[In reference to the response of hotel companies to the crisis]
“We've managed to do away with that myth that this is an expensive destination. For a range of different reasons we've developed a name as a destination for impulse buyers, in other words people who are really influenced by offers [...] We have to keep an eye on the situation so that it doesn't degenerate. In the end, that can have a certain impact as well. There are lots of other experiences we can learn from”.

Some interviewees insist on the idea that compared to other regions of Spain, tourism in the Basque Country is in an incipient phase as evidenced by the fact that there is a relative lack of culture for the hospitality business, the hotel industry and in intermediation in preparing travel schedules, as well as a certain absence of package holidays. However, this is partly due to the high percentage of tourists and visitors who have traditionally come to the Basque Country under their own steam, especially to Bilbao. This leads some to consider it necessary to promote the destination directly to the target audience; and at the same time, some consider that there is potential for growth in the package holiday service.

Interviewee 2:

“As a destination we have very little push from tour operators. Here we have lots of “free-lance” visitors. So [when promoting the destination at the point of origin] not only do we have to target the tour operators, we also have to target the end customer to some extent”

Interviewee 3:

“In terms of tourism, the Basque Country is a long way behind other areas in Spain, such as the Costa del Sol. Or Andalusia...[...] We're still complete beginners in that whole area”.

Interviewee 6:

“In any other destination, where you have a tool, a route or an attraction this big, they would have created packages around it, to make it easy to buy. [Historically] we have promoted self-managing tourism. The result is that we have lost a lot of resources in the value chain. So in our first deliberation, we were very clear about this: we want to operate like any other mature tourist destination in the world”.

Strategic lines of collaboration and coordination between agents

There was some difference of opinion as to the relations with and among public agents. However, the interviewees agreed that the greatest level of coordination is with and between the city council and the provincial government. The main reasons for this greater coordination are obvious. First of all, Bilbao and its city council stand within the province of Biscay, which comes under the jurisdiction of the Provincial Council; in other words, there is a large territory which is the responsibility of both organisations. On the contrary, the Basque Government has competences and resources that have to be distributed between the three Basque provinces of Biscay, Guipuzcoa and Alava. Secondly, the interviewees coincided on this point because they represent organisations that are closer to local interests — in this case the interests of public and private agents from Bilbao.

Interviewee 1:

“By definition, we have a much closer relationship with the provincial government and the city council [than with the Basque government] and it's much smoother[...]With *Bilbao Turismo* and the provincial government it's just a matter of picking up the phone.

Interviewee 2:

“I have another complaint: If we're talking about marketing, I have a product here, and let's say that product is city breaks [...]. So what happens? If I go to a market like China, the star of my marketing strategy has to be the most international city, which is Bilbao; Bilbao, a city that has been at the Shanghai Expo, which has business contacts with China[...]When the Chinese travel agents come here, they have to spend two nights in Donosti [San Sebastian], because the [Basque] Government is always balanced and fair”“And I coincide far more with the Provincial Government

for one simple reason. At the end of the day, what is the provincial government offering me? Quite simply, they're offering to extend the tourist space of Bilbao and turn it into a broader product”.

Other interviewees are more critical of the difference in the circumstances, aims and priorities of the public institutions and private companies:

Interviewee 3:

“One of the things we always miss —and we often tell them this— is for them to let private enterprise participate more... We feel there's a lack of trust and approachability and a one-to-one relationship between the institution or institutions and private enterprise, in the case of the travel agencies. And I think the situation is very similar for the hotels and the other agents; it's a widespread complaint. [...] Because suddenly they decide to hold a promotion in New York and they haven't consulted anyone at all [...]. What I mean is that, before that, we want a [joint] strategy definition”

“And then there's something else as well, which is that the institutions work more slowly than private enterprise... The institutional way of doing things is slower and it follows certain parameters; they want their presence and their work to be seen, whereas we're more concerned with doing business. That's more or less the basic difference”.

And he gives some specific examples:

“For example, the Canary Islands is a really strong market. The people from the Canaries travel a lot. Well, here at Aedave and the member agencies we're tired of telling the Basque Government to hold a product presentation in the Canary Islands. Encourage people to come here... it's really easy. But they say no. Why? Milan. Milan's perfect, wonderful, but, first of all it's much more expensive and secondly, well, OK, the Italians come, but there are tens of thousands of foreign residents in the Balearic Islands and the east coast. That's a market, a target group, with people who in theory have time on their hands; they're retired, they have money, and they'd be delighted to come on a break to Bilbao to see the Guggenheim, have a few tapas, and so on...”

One of the issues which is considered to be closely related to urban tourism is that of the retail opening hours, especially in the holiday

seasons, which are especially important for tourist influx, such as Easter, and the fiestas of Bilbao in August, the same month when commerce and the catering industry tend to close their businesses.

Interviewee 2:

“When is it important for the shops to be open? During special periods, right? Easter is a special period and Christmas is a special period. [...] For me Easter is more important, but for the retailer less so.[...] We've worked quite a bit on the *fiestas* of Bilbao [...]. Our commitment is not to “seasonalize” [opening hours and calendars], but to de-seasonalize”.

Interviewee 6:

“I really think that right now urban tourism *per se* faces a series of handicaps compared to other kinds. [...] The services the city offers [...] On Sundays, for example, there's no range of places to eat. [...] And there's also a serious problem with nightlife, where there are also serious handicaps in terms of closing times”.

DISCUSSION

From the analysis of the experience of Bilbao, we can see that there has been a positive relationship between urban reorganisation and cultural revitalisation coordinated with it, and a quantitative increase in hotels. To a great extent, the newness of the hotel facilities built up in recent times correlates with the high standards of quality of urban reorganisation and the cultural revitalisation efforts of the city.

It is clear that a necessary prerequisite for these two positive relations is the existence of a body to generate inter-institutional consensus in urban reorganisation. This process involves a major planning boost, a great capacity for urban management, keeping decisions and execution separate from the different political cycles and in general, a strategic vision that frames each action within an overall system of urban development. In this context, the hospitality industry has known how to take advantage of the favourable conditions of urban reorganisation and cultural revitalisation, adapting them to the established quality requirements.

Nevertheless, the hospitality industry, and the tourist industry as a whole, will remain dependent to a large extent on public initiative, which is manifested in this context by the network of general public services which agents, visitors and tourists described above. This political and

economic infrastructure which has “a coordinated and decisive influence over the (private) organization” (Marino, 2010) will be necessary to maintain, despite the current context of economic crisis that we are currently facing.

This mesh of public and private bodies calls for fluid coordination among public and private agents. The evidence from the case studied here is that public bodies not only overlap, but in certain fields there also seem to be some gaps in the use of imaginative forms of knowledge transfer between these bodies and private agents from the tourism industry (Clarke et al. 2009) in order to allocate public resources more efficiently. At the same time, it would be advisable to give the private sector a greater role in tourist promotion strategies. Because Bilbao is not noted for its historical heritage, its appeal must be based on care for and improvement in the urban environment, modernity and creativity and its range of consumer services.

Finally, with respect to the end user, in the case of Bilbao the profile is that of someone who essentially goes for weekend breaks, on non-programmed trips, attracted by the unfamiliarity and novelty of the destination, the city's new cultural facilities and the new hotel infrastructure of recent years. Even if it is not the only or the primary reason for their visit, the most important feature for tourists is culture, and particularly the architecture of the Guggenheim Museum Bilbao and to a lesser extent, its art exhibitions. The city and its surrounding region's tourism industry still have a long way to go to find imaginative ways to offer a valued pack of services for a user who, contrary to what happens in other destinations, acts mainly autonomously.

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ENDNOTES

1. See www.bm30.es/homeage_es.html
2. For example, the advisory and supervisory bodies of Bilbao Tourism alone encompass over one hundred companies and organisations.
3. These figures include amounts spent both by residents in the autonomous community and external tourists and visitors. By province, revenue for 2010

- came to 514, 1,592 and 1,557 million euro for Alava, Biscay and Guipuzcoa, respectively, according to Eustat figures. See www.eustat.es
4. The *Instituto Nacional de Estadística* (INE) provides no comparative figures specifically for Bilbao. However, in a comparison of the data for Bilbao offered by the Basque Statistics Agency (Eustat) and the average for Biscay and the Basque Country, we can see higher percentages of hotel occupancy in recent years.
 5. Data taken from the *Barómetro de la Rentabilidad y el Empleo de los Destinos Turísticos Españoles*. Results for 2010 and summer 2011, respectively. <http://www.exceltur.org/excel01/contenido/portal/listawrap.aspx?nid=199>
 6. As the communications manager of the Hotel Ercilla, José Luis Martínez Caballero, says: “Hotels in Bilbao are no longer experiencing the boom of the Guggenheim:”...”Some tremendous expectations were built up when the city was in vogue, but in reality they have not been fulfilled. Being realistic, it was always difficult to imagine that the hotel business could be so successful”. Article from *El País*, 31 August 2009, “El sector hotelero mantiene su apuesta por Euskadi a pesar de la crisis”
 7. Based on statements by Interviewees 1, 3 and 6 in the interviews conducted for this study.
 8. *Barómetro de la Rentabilidad y el Empleo de los Destinos Turísticos Españoles*. Balance Definitivo 2012. <http://www.exceltur.org/excel01/contenido/portal/listawrap.aspx?nid=199>
 9. Positions not disclosed at the request of the interviewees.

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