

Seasonality, transport, tourist tax and staff shortages top agenda at 2nd IPBN Tourism Conference

A plethora of challenges and opportunities in selling the Algarve region as the preeminent place in Europe to relocate, live, work and visit topped the agenda at the second Ireland Portugal Business Network (IPBN) Tourism Conference, which took place at the Clubhouse at Quinta do Lago resort in the Algarve on May 24.

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PHOTOS: IPBN



Tourism Resort Development Trends: Alda Filipe - Managing Director - Kronos Homes (Vale do Lobo); Katya Bauval - Executive Director of Sales - Vila Vita Parc Resort & Spa; Sean Moriarty - CEO - Quinta do Lago; Moderator - Sharon Farrell - Chair IPBN Algarve

“WE HAD A PROBLEM WITH ILLEGAL BEDS BEFORE AL; ALL THE APARTMENTS HAD STICKERS IN THE WINDOWS OFFERING ROOMS AND IT WAS OUTSIDE OF CONTROLLED BUSINESS REGARDING TAXES.” HÉLDER MARTINS, PRESIDENT OF AHETA.

At this well-attended edition, the hot topic was the region’s tourism recovery in the post-Covid period and why holidaymakers should visit the Algarve this summer.

Two of the keynote speakers were Sean Moriarty, CEO of Quinta do Lago, and Hélder Martins, President of the Association of Algarve Hotels and Tourism Developments (AHETA – Associação dos Hotéis e Empreendimentos Turísticos do Algarve). Richard Clingen, owner and CEO of The Portugal News also gave an overview of his media business and its investment and expansion over the past two years.

Hélder Martins, President of AHETA, pointed out just how much the Algarve has changed from his youth, when the world-class tourism region was only a tourist destination on the south side of the 125 highway that meanders along the coast.

The Association was founded 27 years ago and today works closely with the tourist board Turismo do Algarve and the Algarve Tourism Association (Associação Turismo do Algarve - ATA) and many government departments.

“We all, public and private, have something in common. We love the Algarve; it is the best place in the world to live and work,” he said.

LOCAL ACCOMMODATION A SUCCESS

The Algarve currently has around 131,000 legally registered beds in hotels and resorts. Since 2007 to the present, Local Accommodation (AL - rented tourism accommodation) has mushroomed and there are more beds in this segment than in hotels and resorts (208,000).

“We had a problem with illegal beds before AL; all the apartments had stickers in the windows offering rooms



and it was outside of controlled business regarding taxes,” said Martins.

This was why, he said, the government, the private sector and the municipal councils decided to legalise and regulate it, and the owners accepted. He added that Portugal’s housing crisis would not be solved by clamping down on issuing licences to run AL establishments on the grounds that it was fuelling house price speculation and contributing to a lack of affordable housing for locals.

On comparing the Algarve to other regions for both hotels and AL, the Algarve tops the list (131,000 and 208,000 respectively), followed by Lisbon (95,000 and 170,000), and then the North (81,000 and 112,000), Centre (65,000 and 82,000), and Madeira and Azores (56,000 combined) in terms of tourist numbers. The numbers follow a similar pattern for Local Accommodation.

In terms of tourist bookings per municipality in the region, Albufeira comes first (44,000), followed by Loulé (nearly 18,000), and Portimão in third place (+16,000).

“Today we have options from one side of the coast to the other and inland, which wasn’t the case in the past.”

COUNTERING SEASONALITY

As to occupancy rates, Hélder Martins said the challenge was seasonality and low bookings at the start and end of the year, and both the public and private sectors “need to work together to reduce the problem”.

“We have had some success with Irish visitors with good occupancy levels, but we haven’t returned to pre-pandemic levels in terms of number of nights booked, but we are expecting a very good season in 2023.” (ROR 2022: 93% in August/32% in December).

Regarding golf resorts, the number of holes has not increased since 2012 (684),



Wellness & Healthcare Tourism: Elaine Godley – The Perfect Health HUB - Health and Wellbeing Mentor; Carlos Justino - TLC Medical Tourism; Prof. Joana Apolónio - Researcher & Scientific Project Manager - Algarve Bio Medical Center; Moderator - Andy O'Donoghue - Technology, Broadcaster and Columnist

but will increase this year with the Ombria Resort. “I am a director of Ombria and it has taken over 30 years to get planning permission. They deserve a trophy.”

“Today we have golf courses from one side of the Algarve to the other which is very important for the Algarve and for business and for countering seasonality,” said Martins.

Meetings and conferences was another important area for the low season, with facilities in Vilamoura and Albufeira, as well as sports and leisure facilities such as the autodrome (Moto GP) and several water amusement parks for families.

These attractions and sports facilities include Slide & Splash, Aqualand, Zoomarine, Aquashow, Autodrome International Algarve, Arade Congress Centre, and the Palácio de Congressos.

Marinas, said Martins, were another way to counter seasonality, with marinas in Vilamoura, Portimão and Olhão increasing the number of mooring places. “We need more marinas in the Algarve but getting planning permission is very difficult.”

TAP FAILING TO SERVE THE REGION

Faro airport was all-important for the destination and is working closely with both the AHETA and Turismo do Algarve to increase passengers numbers (8.17 million in 2022, almost 4 million from the UK and 700,000 from Ireland) and improve the number of services.

But while Faro had lots of airlines serving it, such as easyJet (seats:18.2%) and Ryanair (seats: 34.9%), the national airline TAP, despite considerable public investment, “somehow doesn’t count” (only 5.3% of seats), and “perhaps if TAP gives some of its slots to other carriers, things will improve” (seats: Air Lingus 2.5%).

Hélder Martins also stressed the importance of the US market which has increased, yet there are no flights from the US to the Algarve. “People are flying to Lisbon and then spending up to five hours in the airport waiting for a connecting flight.”

There were also some other problems for the Algarve that both the public and private sectors needed to counter, with

several challenges including: tourism tax, destination sustainability, destination qualification, offer qualification, accessibility, security, public services improvements and reducing bureaucracy, stakeholders speaking with one voice and acting as a single region.

TOURISM TAX - WHERE'S THE MONEY GOING?

Martins pointed to the tourist tax which, although not a problem in itself, was a problem when no one knew where the money was being spent.

“If the money goes to the municipalities, since it is a municipal tax [€2 per person per night on average], and the mayors can do what they want with the money and use it as election vote sweeteners, that is not good for us.”

And continued: “We started a discussion with the mayors last year trying to change the process, and at which they agreed to make a distinction between the summer and the winter. The goal is to bring in an extra €42 million per year. Ten percent should be put in a fund managed

by the municipalities, the tourism board, and the hotels and resorts association jointly to support large events, new rail lines and some other more international issues that are important for the Algarve.”

RYANAIR - CONTRIBUTING TO THE ECONOMY

David Simón-Santiñán, Head of Public & Corporate Affairs for Ryanair, discussed the investment the airline was making in Portugal and had made over the past 20 years. The lowest fares airline in Europe has 3,000 flights a day, is the number 1 in traffic, transporting 185 million passengers (+10%) over the 150 million passengers in 2019, with a goal of 300 million passengers by 2034.

In Portugal, Ryanair currently has around US\$3,000 million invested in operations, with 30 aircraft for the summer of 2023. Four of these aircraft are the B737 Max 8200 ‘game changers’ which consume 16% less fuel, make 40% less noise, offer 4% more room and are “the ‘greenest’ aircraft that we own at the moment”.

Ryanair presently operates from six different airports, with five bases to 164 routes. “We are aiming to bring 130 million passengers in 2024 to Portugal. We are creating over 900 direct jobs and supporting around 10,000 jobs in Portugal,” he said.

David Simón-Santiñán emphasised that in the 20th anniversary year of Ryanair entering Portugal – using 2019 figures for Portugal (the 2022 figures are currently being compiled) —, the airline brought 4 million passengers to Portugal, mostly international tourists. “These tourists spent €2.1Bn in Portugal, with a PwC report suggesting that most of that expenditure goes on restaurants, accommodation, sport and entertainment and retail trade.”

“Ryanair is not only an airline that connects Europe and Portugal with the lowest fares, but is also a huge economic contributor and we are very proud of this. We are also looking into the actual GDP contribution the airline has made to the Portuguese economy over the past 20 years and the numbers are amazing; we have brought in €15.1Bn in economic contributions. We are bringing in people who want to enjoy Portugal but also spend money, contribute to new jobs and new hotels,” he said.

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A HEALTH AND WELLNESS TOURISM DESTINATION

In the first panel, the focus was on wellness and health tourism with Elaine Godley, Health and Wellbeing Mentor 2022 at The Perfect Health HUB, Prof. Joana Apolónio, Researcher & Scientific Project Manager at Algarve ABC - Biomedical Centre, and Carlos Justino, TLC Medical Tourism Algarve.

Joana Apolónio said that the Algarve was special because “we have all the right conditions to live a peaceful life, which reduces anxiety and promotes wellness and wellbeing”. She said that compared

Sharon Farrell - Chair IPBN Algarve



to other regions of Portugal, the Algarve is considered a “healthy heart region” — cardiovascular diseases kills 180 million each year worldwide — and pointed to a study called ‘Safe Heart’ being carried out at the Algarve Biomedical Centre (ABC), which is fostering the training of non-health professionals in basic life support and automated external defibrillation. Joana also said that the municipality of Albufeira was the top local authority with the most defibrillators in public places.

Elaine Godley, who used to run cardiovascular clinics in the UK and has a device that can test the likelihood of someone having a heart attack or stroke, said that stress was a “huge factor that people underestimate as a cause of ill health, particularly inflammation”.

“The relatively stress-free lifestyle” in the Algarve reduced the risks, although she joked that Portuguese builders and maintenance men often sent blood pressure rising! However, she emphasised that relocators “need to make an effort to integrate and learn the language” with every local authority providing free classes.

As to health tourism in the Algarve and its promotion, as well as the growth potential of the market in Portugal, Carlos Justino (Innovative CX Strategist | Driving Growth with AI, Account-Based Marketing, and IT Services) agreed that the excellent quality of the hospitals and doctors in the Algarve provided an opportunity for the industry to promote itself. It was also one of the reasons why he started TLC Medical Tourism Algarve, which offers high-quality affordable healthcare for tourists and health tourists. “Often companies try to get the most money out of visitors without thinking about the level of care they deliver. We have everything here and we provide a great service to everyone. Why not bring people over to the Algarve for treatments and surgeries? The only thing we’re not so good at is heart transplants,” he said, explaining that referrals were sent to Turkey.

STABLE AND VALUE FOR MONEY

Health tourism in the Algarve, Justino said, is well packaged in terms of treatment, accommodation and recovery. “When you reach out for a facilitator, they organise everything for you and can be up to 60% cheaper than doing it back home,



A conversation around Sport and Leisure activities: Fabio Fragoso - Vilamoura Surfing Club; André Gomes - Diretor do Núcleo de Promoção, Animação e Informação Turística na Região de Turismo do Algarve; Mark McSorley - General Manager Hotel & Residences- Quinta do Lago & The Campus; Moderator - Elise Slotte - Owner, Wow Guide Algarve

with some European and US health insurance providers already offering packages for medical tourism procedures.”

Andy O’Donoghue reminded on how safe, reasonably priced and economically stable Portugal is. “We often lose track of the good things in Portugal and that the economy is not that bad, and it is a really safe country, while eating out is good value too.”

CHRONIC STAFF SHORTAGES

The second panel discussion covered the topic of tourism resort development trends, featuring some of the most important resorts in the region, with guest speakers Sean Moriarty, CEO of Quinta do Lago, Alda Filipe, Managing Director of Kronos Homes (Vale do Lobo), and Katya Bauval, Executive Director of Vila Vita Parc Resort & Spa.

The IPBN Chair of the Algarve, Sharon Farrell, pointed out how well tourism in the Algarve has recovered after the Covid-19 pandemic, but what have been the key challenges for the tourist market in terms of staffing, accommodation, and water shortages caused by the

long drought that has plagued the region for several years?

Sean Moriarty, CEO of Quinta do Lago, admitted the luxury lifestyle and sport resort’s challenges had been around personnel, not just at QdL, but the hospitality industry and many other industries worldwide.

“It is hard to put your finger on where that has come from, lots of people moved into retail during the pandemic. We lost a lot from our sector to retail,” he said.

However, it did not explain the huge lack of staff in the market, but as Sharon Farrell pointed out, one of the key downsides for graduates on hospitality and hotel management courses is low salaries.

“We are speaking to a lot of universities and a lot of students working with us now and accommodation is a key factor. We are building accommodation to meet this need, not just student accommodation, but workers accommodation and villages,” said Sean Moriarty.

“The situation with the staffing and our teams is something that we are very sensitive to and despite AI, people do make a difference and always will do in

tourism and resorts,” said Alda Filipe, Managing Director of Kronos Homes (Vale do Lobo), who said that there needed to be “cross-communication” between the stakeholders at all the resorts because “staffing accommodation is a common problem”.

Katya Bauval – Executive Director of Sales – Vila Vita Parc Resort & Spa said there was a generational aspect to the issue. “We have a lot of skilled and unskilled workers in the Algarve and we all depend on universities and hotel and catering schools.”

“The big problem here is that young people these days want a fast-track career development and many then want to move on very quickly. In this industry things take time, you gain experience over years, and this is one of the issues that we face as a private health resort employing 1,000 people across all of our companies.”

Katya Bauval said the biggest challenge is finding new talent and getting young people to understand that it takes time to move up the ladder in their careers.

Sharon Farrell agreed that it was the same problem in wealth management and tax, when young people don’t understand that it takes years to develop the experience and skills, yet “they want the higher salaries now”.

WATER SHORTAGES

On the question of water shortages, at Vila Vita Parc they have had their own desalination plant since 2015 that has allowed water savings which are used in all the gardens, pools and lakes. The by-product, salt, is used in the restaurants and kitchens, so nothing is wasted.

Sean Moriarty explained that at Quinta do Lago, they are finalising a new water treatment plant that comes from Faro, making it a huge investment. “Over the past couple of years and during the pandemic, we took the opportunity to revamp our South course, and we changed the grass variety [to a hardier drought-resistant one] and the irrigation system, spending €7 million on the golf course, saving 60% of our water by changing that grass variety.”

“There is a huge amount of work with grass seed providers around the world

and we are hoping to be a trial destination for one of them. All the water we use on our flower beds at QdL is 100% recycled,” he said.

Moriarty added that the Algarve had had a very wet winter which people had forgotten about and that water is somewhere. “There is a big conversation to be had and I don’t think we can accept all the pressure that is being put on resorts and golf courses; we need to come up with collective suggested ideas as to how we capture the water and store it at source.”

Alda Filipe, Managing Director of Kronos Homes (Vale do Lobo) agreed that sustainability is a “must-have for everyone”: “We are very conscious of water consumption at all our projects and resorts and we work very closely with Infralobo [a company founded in 1999 through the genuine desire to provide quality service to the luxury resort of Vale do Lobo and focuses on continual improvement and optimisation of resources, including water systems], while all Kronos developments are built to BREEAM energy efficiency and sustainability standards.” ■

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Audience