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Abstract

The focus on this paper is set on repositioning and regeneration of Magaluf as a tourist destination and the role of the hotel sector in regeneration processes. The Tourism Area Lifecycle (TALC) can be applied to Magaluf in the context of a mature tourism destination and the recent improvements in the area invite to find a connection between the repositioning efforts and the hotel improvements. A questionnaire survey taken among 20 participating hoteliers and primary data obtained from relevant stakeholders give more insight whether there is a cause, effect or reciprocal relationship between the repositioning of Magaluf and the improvement of hotel infrastructures.

Keywords: hotel infrastructures, repositioning of Magaluf, mass tourism, competitiveness

1. Introduction

Magaluf, together with the attached Palmanova, forms part of the Majorcan municipality of Calvià and has been an attractive target for tourism research in the past while it is constantly evolving in a dynamic process of renewal. The resort, unmistakably characterized by its British oriented tourism offer, has acquired itself the status of “mature tourist zone” which was generating increasing pressure on local stakeholders to review the tourism approach (Morgan, 1991). In this regard, there is now a general commitment to generate added value to a resort whose reputation and features have plummeted in the recent years. Now, the question rises if these stimuli of repositioning Magaluf are caused by the improvement of hotel infrastructures or if the decisions of regenerating these accommodations are the effect of the strong commitment towards this tourist destination. Therefore, the main research question deals with discovering whether the repositioning of Magaluf as a tourism destination is the cause or the effect of the improvement in hotel infrastructures. There might be also a reciprocal relationship between these two aspects. In this sense, the underlying internal and external factors will be analysed such as the current crisis in competing areas in the north of Africa, the low interest rates, the strong presence and commitment of Melià Hotels in Magaluf and the changing preferences in tourism could influence to a greater or lesser extent, the impulses in both repositioning the area and improving the hotels. The purpose of the research is to prove the relationship between these two phenomena and

the level of incidence of the above mentioned aspects. This analytical paper is based on a logical presentation of facts in order to answer the research question through an exploratory research which will help to shed light on the subject and pretends to be an initial study which can form the basis for future conclusive research. The next sections are developed through the analysis of the existing literature and the presentation of data obtained by relevant stakeholders in the area like the local Hotel Association and hoteliers. A questionnaire survey¹ among 20 hotels in the area forms the basis of the research methodology in order to gain insight in finding a connection between the repositioning efforts and the hotel improvements. Magaluf is still undergoing a far-reaching process of transformation and in fact, this paper can be considered a snap-shot and a reflection of the current reality as it can provide a blueprint for future formal hypotheses.

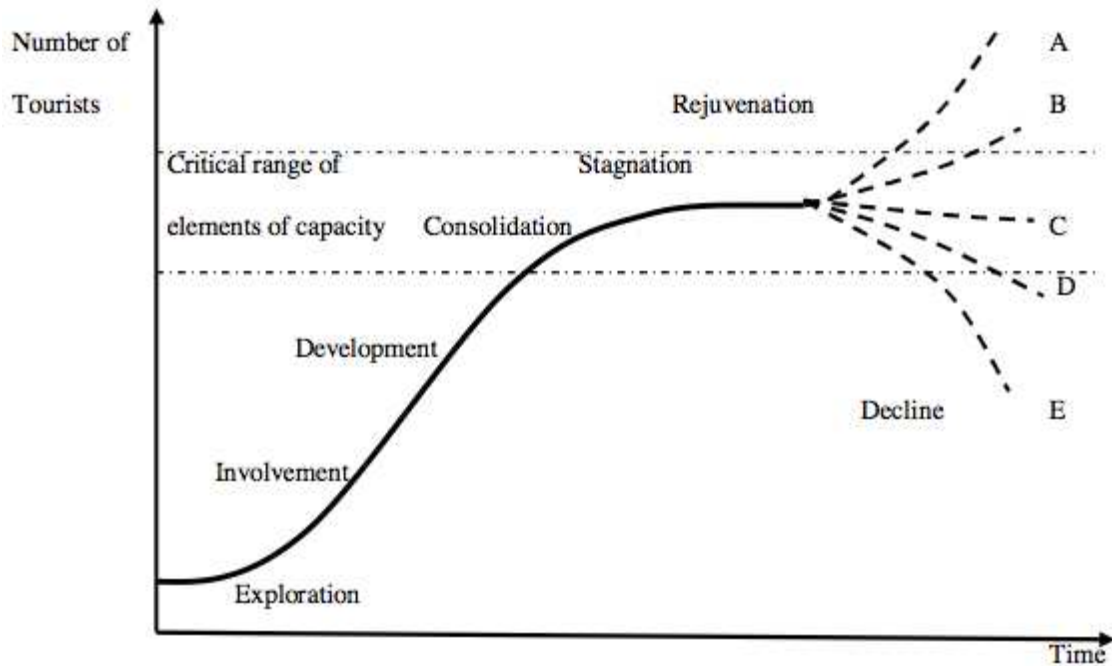
2. The Tourism Area Lifecycle (TALC) applied to Magaluf

The life cycle of the tourist destination is one of the most important topics in the study of tourist competitiveness, since it shows the evolution of the destination through tourist arrivals and the identification of different stages that require specific planning and management actions. Subsequently, a competitive strategy can be carried out which can help to monitor the development of the destination and its positioning in the international market. The theoretical framework provided by Butler (1980) allows decision-makers in the tourism industry to forecast long-term changes in which they are able to harmonize strategies for land use, economic development and marketing policies (Getz, 1992). Although the stages of evolution in resorts known as Discovery, Growth and Decline were already identified by Gilbert (1939) and Christaller (1963), Butler claims that the stages of exploration, involvement, development and consolidation can either lead to stagnation and decline or eventually to stagnation followed by rejuvenation (Getz, 1992). Depending on the destination and management of capacity, the slope in Figure 1 can branch either upwards or downwards, a critical phase in which the survival prospects of a tourist area are determined.

¹ The complete questionnaire has been inserted in Appendix 1.

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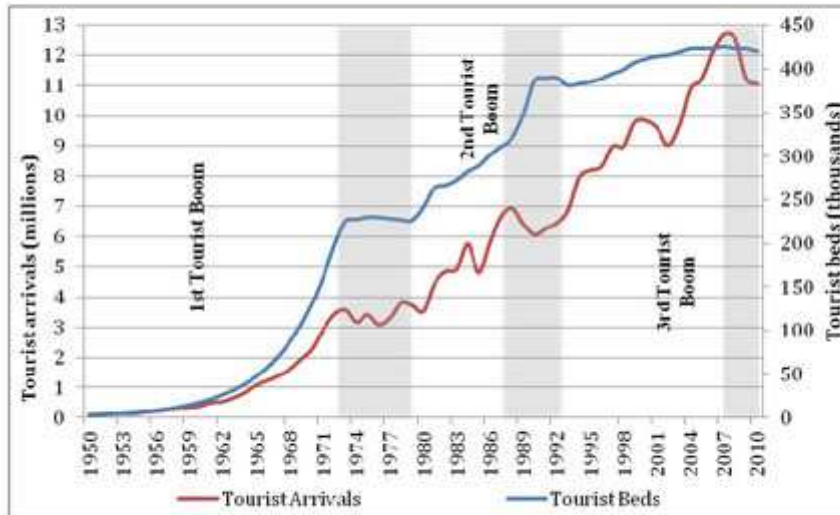
Figure 1 Tourist Area Lifecycle (TALC)



Source: Butler (1980)

According to Butler (2006), several Southern European coastal areas can be classified in a post mature phase. Magaluf is a good example of an area that has been struggling for many years into the stagnation stage and that still attempts to avoid an irrevocable spiral of decline. The evolution of Magaluf as a coastal tourist destination is consistent with the development of tourism in Majorca but had emerged later than other areas like Playa de Palma. Nevertheless, the area was created in response to the huge tourism demand in the late 60s and early 70s. Its development was so intense that Pons et al. (2014) include Magaluf among “the most emblematic intensively-built Fordist tourism resorts”. As many other mass tourism destinations, Magaluf has undergone its particular stages towards maturity where seven phases can be identified and which have determined its periods of progression and decline. The different phases in Magaluf are partly represented in Figure 2. Especially interesting is the gap between the tourist arrivals (demand) and the tourist beds (supply) between 1989 and 1993. This led to downward pressure on prices which happened at the expense of concrete initiatives to improve hotel infrastructures.

Figure 2 Evolution of tourist arrivals and tourist accommodation in the Balearics (1950 – 2010)



Sources: (Murray, 2012; Balearic Tourism Agency, 2014).

Phase 1. Massive increase in number of hotel beds due to the first tourist boom. (1968 – 1973)

Phase 2. Lower intensity tourism due to the first oil crisis (1974 – 1977)

Phase 3. Expansionary phase of the demand although to a lesser extent than the first tourist boom (1978 – 1988)

Phase 4. International recession and mismatch between supply and demand (1989 – 1993)

Phase 5. New phase of expansion of the demand and implementation of Agenda 21 in Calvià (1994 – 2000)

Phase 6. Negative effects of international turmoil, global changes and crisis cycle in Spain (2001 – 2011)

Phase 7. Strong determination in repositioning Magaluf, new policies and programmed investments since 2012

Within the examples of mature tourist destinations, Magaluf has the particularity of having experienced several restructuring strategies in different time spans and with different actors. In the first instance, local authorities focused on the reconversion and promotion of Calvià as a sustainable holiday resort which was extended into the whole municipality. The area of Magaluf was positively affected by these initiatives but the poor coordination with hoteliers and local businesses impeded the entry into a post stagnation phase sufficiently strong to

implement a thorough regeneration. In fact, Magaluf was in the mid and late 90s still in the middle of a stagnation stage. Although occupancy rates were high, all the stakeholders were aware of the features that were indicative of decline: economic, social and environmental problems, bed-capacity surplus and an image that was no longer fashionable. In fact, the hoteliers were aware that low-demand scenarios could prove the extreme fragility of their product and its market (Priestley & Mundet, 1998). Although restructuration strategies in the 90s were not enough to avoid a potential decline of the area, the consensus achieved in the need of diversification, adaptation and collaboration, served as a basis for current rejuvenation initiatives.

3. The two-speed rejuvenation process in Magaluf

Although the previous section suggested a permanent abandonment of the stagnation phase in Magaluf, not all the tourism stakeholders are maintaining the same speed towards rejuvenation. Where in some cases, proofs of rejuvenation are unmistakable, others are still exploring and immersed in the stage described by Agarwal (2002) characterized by market reorientation. There is no doubt that the introduction of the Agenda 21 was a milestone and crucial for the survival of Calvià as a whole like tourist destination and will be highlighted more thoroughly in section 4.1. However, Magaluf was still considered a special case as low rates and poor hotel infrastructures were able to attract year by year growing segments of tourists that could destroy the resorts 'image. In spite of the positive externalities caused by the improvements of the area by the council of Calvià, the powerful lobby of hoteliers and local businesses like pubs and restaurants were more interested in maintaining a status quo (Butler, 2012) and assuring hotel occupancies rather than undergoing profound restructuration programs which could result costly and uncertain. In fact, Magaluf has experienced an extended period of inertia. This concept, introduced by Butler (2012) highlights the desire for constancy in both tourists and in residents, along with a general dislike of sudden change. The public sector is strongly committed to continue the repositioning process but struggles with severe budget constraints as many new projects resulted too cumbersome for crisis situations. In the case of the hotel sector, the issue is even more complex. Although it is generally recognized that an integrated regeneration is the only way of ensuring survival of the area, there are several strong arguments of the hoteliers which makes them cling to maintain "business as usual" or opt for gradual changes in their hotel infrastructures. Obviously, the cost factor is an important element as described before but some entrepreneurs do also defend the short-term vision that local environmental policies and spatial planning should be enough to appeal attractiveness again to the

overexploited destination. Therefore, competitiveness and sustainability are often linked in terms of renewal strategies and restructuring processes of destinations (Ritchie & Crouch, 2003). The new tourist scenario aims at a process of disintermediation and emerging factors with great impact in the tourist industry like the use of new technologies, the increased mobility, the slowdown in real estate, internationalization of hotel businesses and the consolidation of new tourist destinations should hoteliers to reflect upon product competitive strategies.

4. The role of the public sector in the rejuvenation phases of Magaluf: a review of the initiatives

4.1 Financial support

Within the general perspective of public support to rejuvenation measures and improvement initiatives to a mature tourist area like Magaluf, there may be both financial and legislative support. In fact, both types of support are considered as a catalyst for further action of the private sector. The allocation of public financial resources to transform the mature destination can be seen as a collective effort and a certain pressure of public opinion towards hoteliers to improve their hotel infrastructures can be considered as reasonable and legitimate. Chronologically, there have been 3 major lines of action in which the public sector was concerned about the development of Calvià as over-crowded tourist destination, and in particular the devaluation of areas like Magaluf. In the beginning of the 90s, the municipality of Calvia was decided to start a new plan focused on rehabilitation and reconversion of several zones. The massive development and unsustainable overexploitation of natural resources encouraged to start the Calvià excellence plan in order to improve quality and pursuing a profound innovation of the policies of local and tourist development. However, this initiative didn't gather momentum and it was not until 1995 that the council started to follow the guidelines of the Rio Summit and the 5^o programme of the UE, implementing Local Agenda 21. This program implied a long and articulated process which resulted in the rehabilitation of various holiday resorts in the municipality. One of the most disruptive actions was in this regard the demolition of obsolete hotels and their replacement by green zones or leisure areas. Through these "lightning up" methods or "desaturation", as labelled in the paper of Knowles & Curtis (1999), the authorities paved the way to a growth in quality rather than in quantity.

The third line of action was the Integral Management Plan of the Calvia coastline (PILC) which was the result of the European LIFE Environment Project (MED COASTS S-T). In fact, the municipality of Calvià was involved in

this project together with the Province of Rimini with strong environmental characteristics. The PILC proposed a framework of 9 main strategies that aspired to obtain a greater sustainability in the management of the Calvia coastline. In 2009, the council of Calvia launched several action points in order to reactivate the tourism sector in the context of the fragile international economic situation. The action plans included the firm intention to amend the General Tourism Law and proposed also to focus on determinant aspects to ensure the boost of quality tourism offer, local investment and to achieve deseasonalisation through encouraging diverse and specialized products. The measures were also committed with the improvement of the tourist quality, the possibility of the change of use of obsolete tourist establishments, as well as the reinvestment of the benefits of these actions in tourist products capable of generating quality offer. In the General State Budget for 2014, a total of € 498.9 million was planned to devote to the global budget for Tourism, of which 185 million came from the State Financial Fund for the Modernization of Mature Tourism Infrastructures (FOMIT). In order to improve mature tourist areas, the Spanish government announced in the WTM of 2014 to provide funding lines for companies in coastal tourist renewal projects. Also a new call was launched in the form of subsidized loans to a total 220 million euros, offered by ICO (Official Credit Institute) and granted specifically to tourism companies located in mature destinations (Hosteltur, 03/11/2014).

4.2 Legislative support and local ordinances

However, everything started to get changed with the introduction of the Law 8/2012 on Tourism in the Balearic Islands. The Act was a major breakthrough for hotel operators and provided establishments of mature areas to operate in new management models defining new frameworks for resorts and condo-hotels and even introduced the possibility for particular hotels of changing the use of tourism to residential purposes at the discretion of municipalities for certain obsolete hotel facilities which were difficult to maintain. Probably the most important issue was that the Law provided a secure framework in regulatory and legal topics and tried to achieve the revitalization of the sector and the adjustment to the demand of new products. In order to improve the hotel offer, it includes the creation of condo-hotels, modernization plans, possibilities and incentives in refurbishments of all types of establishments (hotels and complementary offer). Two years earlier, the Balearic government gave the hoteliers a boost in Act 4/2010 considering urgent measures for the investment drive in the Balearic Islands. This legislation of urgent measures has also introduced the "Investments of Autonomous Interest", which encouraged the processing of singular projects, in line with the neoliberal tendency to adapt urbanism to the interests of its sponsors (Blázquez et al., 2015). In fact, 2

projects in Magaluf have based their approach on this measure and in the next section will be highlighted the Calvià Beach Resort project that has been carried out by Melia Hotels International and announced in 2011, after being declared of autonomous interest. Furthermore, the pretended shift in the tourism demand in Magaluf can be achieved only if all actors actively coordinate their efforts. However, after several years of strict limitations of tourism growth, the new Tourism Law implied the possibility to end up with the tourist moratoria effective since the 90s (Hosteltur, 04/05/2014). This issue is of concern to many people in the tourist industry and according to Hernández-Martin et al. (2015), in the context of maturity; a *moratorium* could be a key policy instrument in a rejuvenation plan since it limits capacity expansion. Nevertheless, in Magaluf both policy makers and entrepreneurs seem to support and follow the suggestions of Hall (2009) who stresses the need of a qualitative tourism development rather than a quantitative growth. Moreover, the new Tourism Law establishes that new hotels must have a minimum category of four stars. One of the most important requests made by hoteliers and residents were more determined efforts from the Municipality to avoid misbehaviour of tourists. In this sense, the council approved an ordinance in 2015 about alcohol consumption on the streets and to respect the public areas. The police is monitoring this process more closely than before which for some bars have directly translated into losses in their business.

5. The synergies between businesses, institutions and government organizations and commitment to quality tourism: the Calvià Beach Project

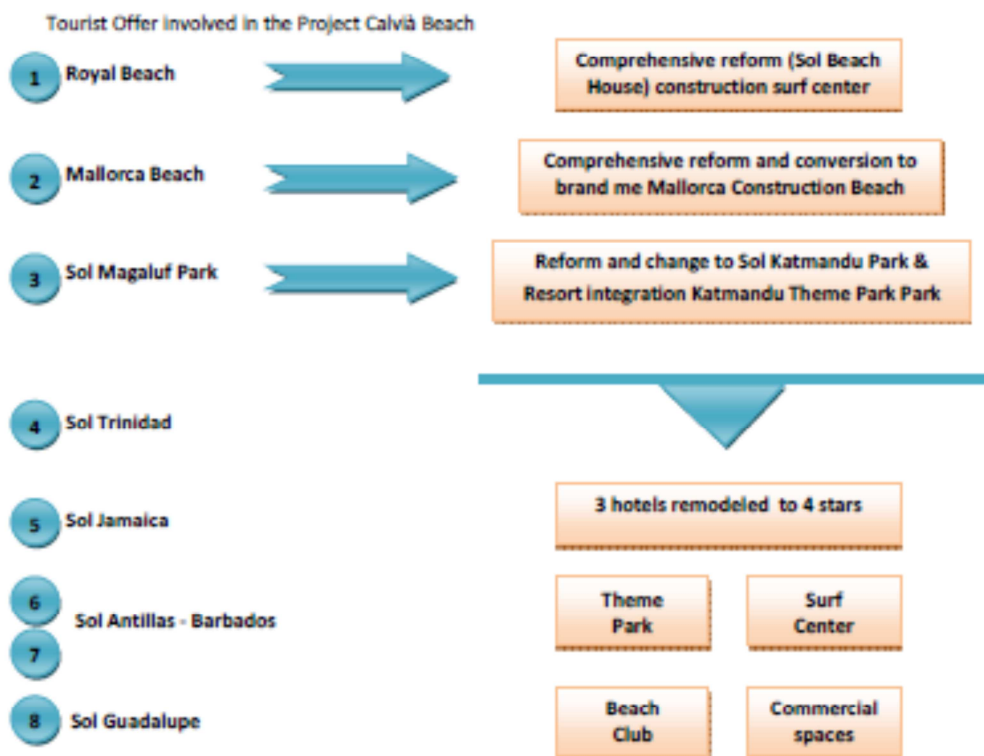
The Calvia Beach Project initiated in 2012 was the result of a unique public-private partnership between the Majorcan hotel chain Melia Hotels International, the municipality of Calvia and the Government of the Balearic Islands. All parties were committed to transform the image and the quality of the tourist offer and to integrate Magaluf again as a competitive and attractive tourist destination in the southwest of Majorca (Hinojosa, 04/09/2015). In this sense, authors like Jorde & Teece (1990) and Weiermair (2003) highlight that product differentiation and alliances for innovation improve the destination's competitiveness. Melia was convinced to reverse the process of degradation in the area through segmenting customers, refurbishment, change of category and rebranding processes. On the other hand, the local administrations were able to guarantee legislative support to a process that would entail an initial investment on behalf of the hotel chain of 135 million euros and the chance to create thousands of jobs. The combined effect of economic progress and reconversion of the mature destination were the main drivers to declare the Calvia Beach Project to be of Autonomous Interest. The project cycle consists of a number of phases and in fact the first stages announced in 2011 have been largely concluded. According to the CEO of the company, in the first phase, the area occupied by the hotels Sol Antillas Barbados, Mallorca Beach, Royal Beach, Sol

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Trinidad, Sol Guadalupe and Sol Jamaica have been partially integrated. Several urban activities in the area have been undertaken, such as the creation of a pedestrian promenade between the buildings and the refurbishment and expansion of commercial areas, the creation of a new offer of quality leisure, the conversion of some of the hotels in disuse in order to promote a high quality residential offer or considering the transformation into condo-hotels as well as the unified management of the Magaluf beach, which is one kilometer long (Hosteltur, 30/09/2011). Melia is being very careful with allocating residential offer which is skimmed to a high quality segment. The paper of Villar Rojas (2009) highlights the negative effects of residential use in mature tourist destinations like Canary Islands. There are mentioned several associated risks in the shift to tourist accommodation to residential like the chance of damaging the rejuvenation process of the area as well as appearance of illegal tourism accommodation. In fact, the associated hotels in Palmanova-Magaluf are concerned about granting permits for residential use.

The completion of these first three phases was the re-opening in June 2016 of the Melia Antillas Calvia Beach, the star product of the Majorcan hotel chain in the area and the maximum example of transformation and the result of an investment of 35 million euros.

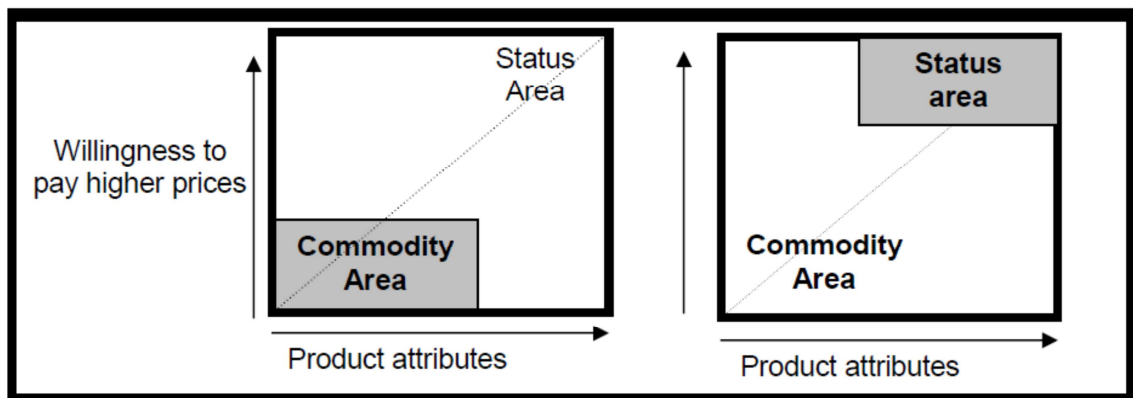
Figure 3. Tourist offer involved in the Calvià Beach Project



Source: Compiled by the author based on data of Melià Hotels International

Moreover, the company has managed to attract to the project some of the most prestigious brands of leisure, fashion and restoration of international level which has generated a “snow ball” effect which has been able to transform the tourist model of Magaluf. According to the projections of Melia, a fourth stage has been started with the demolition of the former hotel Sol Jamaica and which affects the area behind the foreshore. The cleared up area has been prepared for the construction of an avant-garde hotel in its place. The intention is to construct two buildings connected in its upper terrace by two hanging pools. The double oriented facade of the new hotel to the two main avenues of the village will get integrated in a renewed image of the second and third line of the beach. The project includes also the creation of a modern commercial zone of more than 5,000 square meters with gardens and fountains, also connected to the new pedestrian walk of the main avenue of Magaluf including 200 underground parking spaces (Hosteltur, 02/06/2016). According to Gilbert (1990), destinations should attempt to become "status areas", rather than a "commodity area" one, in order to improve their image, loyalty and economic benefits. The model illustrated in figure 4 is designed to be a vehicle in tourism marketing as it links product attributes with willingness to pay. The model doesn't consider that the majority of the tourism destinations are laying between the two extremes and the same applies in the case of Magaluf. However, the current cooperation in the public and private sector, the emerging initiatives in upgrading accommodation and the ambitious Calvia Beach Resort Project are pushing Magaluf out of the commodity area.

Figure 4. Gilbert's differentiation strategy



Source: differentiation strategies (Gilbert, 1990) adapted by Buhalis (2000)

6. Considering overall hotel improvements in Palmanova - Magaluf in the last years

According to the most recent figures of the Palmanova – Magaluf Hotel Association, which concentrates 87 establishments and 29.515 hotel beds, the actual breakdown of tourism establishments in the area is marked by a predominant presence of hotels and aparthotels, which accounts for almost 90 per cent of the total accommodation offer (Table 1.) This ratio sets a highly indicative share of the intensity and concentration of the hotel industry in the area.

Table 1. Detailed overview of tourism establishments in Palmanova – Magaluf

Type of establishment	Beds available	Nº establ.	% Beds available
Hotel	20.615	44	69.85%
Aparthotel	5.549	13	18.80%
Apartments	3.201	24	10.85%
Hostal Residences	119	4	0.40%
Inns	31	1	0.10%
Total 2017	29.515	87	100,00%

Source: Compiled by author based on the Database of Palmanova – Magaluf Hotel Association (2017)

The renewed business approach and the shift in customer profile have been translated into a significant change in development of hotel categories in Palmanova – Magaluf in the period 2012 to 2017. Table 2 shows that the 3 star hotels and apartments leading position in 2012 has been transferred to the 4 star hotels and apartments in 2017. This has resulted in a decrease in the number of 3 star hotel beds of almost 25 per cent whereas 4 star establishments have increased their presence by nearly 22 per cent. Moreover, the area has gained by 2017 a total of 5 new establishments of four star superior category and 1 new hotel of 5 stars, the first in the history of the resort, the Viva Zafiro Palmanova & Spa to be opened during 2017. Moreover, due to the flexibility of the current Tourism Law and the permission of the exchange of hotel beds into new projects, the number of beds has not increased considerably but has rather been allocated in superior categories.

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Table 2. Development of hotel categories Palmanova - Magaluf

2012

Category	Beds available	Nº Establ.	% Beds available
1*/Key	628	12	2.21%
2**/Keys	2.063	14	7.26%
3***/Keys	15.554	40	54.77%
3*** Sup	8370	1	1.30%
4****/Keys	9.786	21	34.46%
4**** Sup			
5*****			
Total	28.401	88	100,00%

2017

Category	Beds available	Nº Establ.	% Beds available
1*/Key	602	11	2.05%
2**/Keys	2.281	14	7.78%
3***/Keys	8.116	24	29.23%
3*** Sup	811	2	2.77%
4****/Keys	15.211	30	50.96%
4**** Sup	2.038	5	5.64%
5*****	456	1	1.56%
Total	29.515	87	100,00%

Source: Compiled by author based on the Database of Palmanova – Magaluf Hotel Association (2017)

During the economic crisis, the hotels in Magaluf invested between 2010 and 2012 a total of 42 million euros in overall and partial refurbishment projects. However, only in winter 2012-2013 this same amount was devoted to the development of projects and had an economic impact of 66 million euros which generated more than 400 jobs (Hosteltur, 06/12/2013). Since the introduction of the new Tourism Law in 2012, a total of 67 full projects have been carried out in Palmanova-Magaluf without counting partial improvements. In this timespan, a total of 23 establishments have increased their category whereas 44 establishments maintained the category but had undertaken substantial renovation.

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Table 3. Improvement of hotel infrastructures in Palmanova-Magaluf: increase in quality and increase in category

	Increase in category	Maintenance of category	Total	Increase in category	Maintenance of category
2011-2012	7	6	13	Beach House Ibersol Son Caliu Mar Marina Torrenova Santa Lucia Son Matias Beach Sol Wave House Vistasol	Lively Mallorca Mallorca Rocks Apart Marina Barracuda Sol Antillas Teix Viva Palmanova
2012-2013	2	3	5	Hawaii Mallorca Rosa del Mar	Flamboyant-Caribe Mallorca Rocks II Son Caliu
2013-2014	2	2	4	Agua Beach ME Mallorca	Ponent Mar Samos
2014-2015	6	6	12	Sol Katmandu Park & Resort Sol House Trinidad Sol Palmanova Mirlos Sol Palmanova Tordos BH Mallorca Waikiki= Int Hawaii Mca Suite	Marina Sol Beach House Cala Blanca Sol Barbados Sol House Guadalupe Sotavento Club Apartments THE FERGUS Magaluf Resort
	Increase in category	Maintenance of category	Totals	Increase in category	Maintenance of category
2015-2016	2	15	17	Fergus Style Palmanova THE FERGUS Resort	Aquasol BCM Hotel HSM Don Juan HSM Sunset Beach Inn Ola Panama Playas Cas Saboners Seramar Comodoro Samos Sol Barbados Sol Beach House Mallorca Sol Palmanova Son Caliu Viva Palmanova Sotavento
2016-2017	4	12	16	Intertur Palmanova Bay Inn Fergus Bermudas Sol Beach House Mallorca	Bahia principe Coral Playa BH Mallorca Apartments Cas Saboners Globales Palmanova Melia Calvia Beach Ola Panama Ponent Mar Samos Senses Palmanova Sol Barbados Sol Palmanova II Zafiro Palmanova

Source: Compiled by author based on the Database of Palmanova – Magaluf Hotel Association (2017)

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There is also an increasing number of hotels that remain open for a longer time during the year as we can see in Table 4. Although the data are becoming slightly better, the developments of the next years will be crucial to confirm an improving trend. For example, the winter months of 2016 can hardly be representative since the tourism program of the Spanish Institute of Social Services and the Elderly (IMSERSO) suffered a major crisis in their travel arrangements. Therefore, the number of hotels that were open in February and March was considerably lower than in the previous year. However, by the end of 2016, figures turned out significantly better, especially in October with 10% more hotels open than the year before. The numbers of 2017 appear to be encouraging again with a regained number of opened hotels in February and March and a boost in April and May with regard to 2015 with more than 53% and 90% of hotels open respectively, due to a higher number of reservations. Moreover, those hotels that carried out renovations in 2016 opened later that year and earlier in 2017.

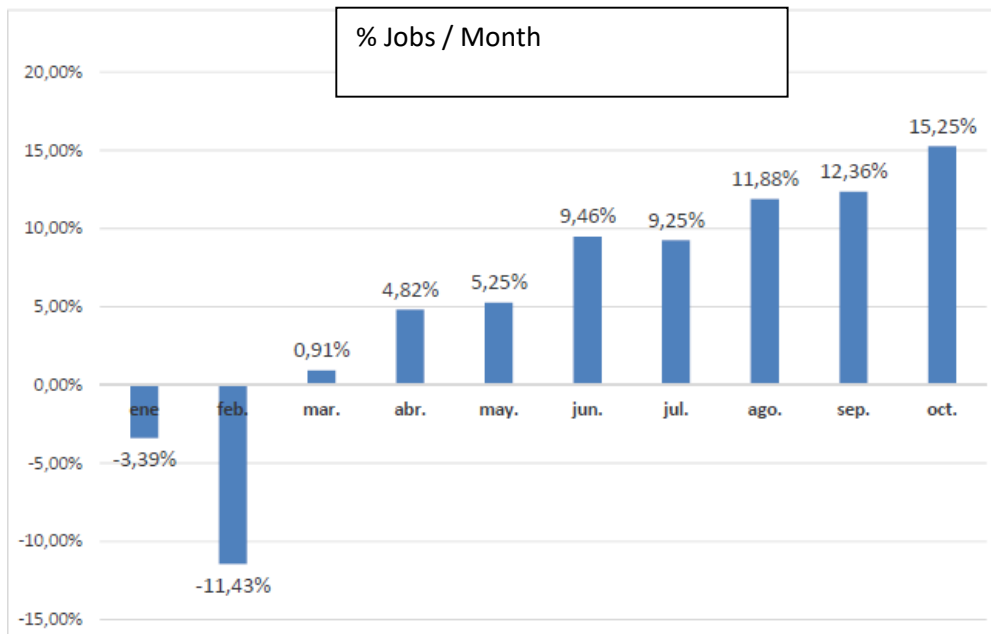
Table 4. Hotels that remained open compared by years (considering hotel beds)

	Jan	Feb	Mar	April	May	Juny	July	Aug	Sep	Oct	Nov	Dec
2015	5.05%	10.38%	22.76%	41.69%	89.75%	100%	100%	100%	96.92%	67.53%	5.75%	3.61%
2016	4.40%	5.90%	19.11%	41.87%	91.92%	98.70%	100%	100%	96.63%	77.56%	6.02%	2.93%
2017	4.11%	7.19%	22.53%	53.75%	94.00%	100%	100%	100%				

Source: Compiled by author based on the Database of Palmanova – Magaluf Hotel Association (2017)

With regard to the employment, the figures are even more encouraging since the workforce in 2016 increased in high season considerably compared to the preceding year. One important fact is the high number of recruitments in the months of September and October, theoretically when the season starts to descent and hotels used to reduce staff in the past. Significant facts are the new jobs created as inherent to product improvement and quality of the provided services. The dramatic fall of recruitment in February shown in Figure 5 represents the problems with the earlier mentioned IMSERSO program which had a clear incidence in the opening of hotels and thus in contracting staff.

Figure 5. Employment figures – Comparative data of 2016/2015



Source: Compiled by author based on the Database of Palmanova – Magaluf Hotel Association (2017)

7. Comparisons and examples of rejuvenation efforts in other mature tourist destinations

Although Magaluf is a quite unique example of a holistic approach of rejuvenation of a mature tourist destination, many scholars have done research in cases which have undergone a similar transformation. The paper of Chapman & Speake (2010) describes a regeneration process in a similar geographical area. Their research on Buggiba in Malta highlight an interesting concept which is the development of a “vision” of the destination in order to differentiate themselves from other coastal resorts. More than ever, this is linked in the case of Magaluf with the general perception and stakeholders are aware that new features are necessary for attracting 21-century visitors and harnessing the value of tourism. At the same time, stakeholders seem to have identified the triggers of decline and recognized that they are at least capable of being prevented (Butler, 2012). Undoubtedly, in the case of Magaluf, some triggers have to do with the bad image specific to the destination but also with extern factors which obliges to rival with competing destinations providing new experiences. In this sense, stakeholders are still concerned about the image of Magaluf and this is not a trivial matter as Magaluf has been struggling for years with a negative image and had developed a reputation for imported hooliganism by the mid-1980s (Buswell, 1996). The paper of Chen & Tsai (2007) shows

evidence that destination image have both direct and indirect effects on behavioral intentions. Another parallel can be drawn between Magaluf and a mature northern European tourist resort like Scheveningen, a Dutch seaside resort of the first generation where a similar process of rejuvenation has taken place already in the late 60s. Therefore, the resort has set an example for many mature tourist resorts. Although Scheveningen and Magaluf have different distinguishing characteristics in terms of climate, in both cases public and private sectors were involved, in the former as consortium between local government and banks, and in the latter through the initiative of Melia Hotels and the local and Autonomous government. The case study of Bergsma & De Haan (2000) outlines the principles of the strategic plan for the renovation of Scheveningen which are also reflected in the recent development of Magaluf. The most significant ones are that the plans for renovation should be comprehensive: not only tourist facilities should be taken into account, but also housing, office buildings and other 'urban facilities'. The Calvia Beach Resort also considers counter-measures in order to offset decline like residential use and the development of shopping centres and entertainment facilities. The other principle applied in the case of Scheveningen is that the tourism product should be diversified and able to attract new market segments. The product (accommodation) and market (adults only focus) development in Magaluf is having a cohering effect in rejuvenation efforts however, whereas Scheveningen has succeeded in attracting day trippers, in Magaluf still predominates the existence of a neo-Fordist sun-and-sand type tourist, defined by Aguiló et al. (2005) as a consumer of a less standardised, better quality product. The other difference is that Scheveningen opted for a product reorganization strategy (the conversion of the former "Kurhaus" into a casino) whereas Magaluf is focusing on product transformation through repositioning the resort like in Benidorm, from a mass market low-spend tourists toward high-spend special interest visitors (Curtis, 1997). Its product renewal strategy has combined asset protection of its beaches with innovative development of new attractions and public amenities (Knowles & Curtis, 1999). The construction of the thematic park and zoo Terra Natura helped to offer other features like sun-and-sand, reducing the seasonal element. Magaluf has started a similar diversification although on smaller scale with the integration of the former Sol Magaluf Park hotel into the Katmandú theme park as a resort pretending to attract families. The most important lesson of Scheveningen is that they achieved to change the seasonality pattern which is much more even spread over the year through the creation of all-weather facilities to extent the season. In this sense, there is still a long way to go for Magaluf in order to be attractive also in low season for short breaks. In this sense, the insularity is a permanent constraint. However, Argawal (2002) already highlighted the restructuring efforts of Magaluf long before the planning of the Calvia Beach project and points out that restructuring differs between resorts.

Other mature Spanish tourist destinations like Torremolinos are implementing restructuring policies applying the model of Magaluf in terms of public and private commitment. Although Knowles and Curtis (1999) predicted a pessimistic post-stagnation scenario for second generation mass market resorts like Torremolinos or Magaluf, resorts that are still transforming in their respective rejuvenation phases and it seems not likely that rejuvenation will only be short-lived many of them are trying to overcome their inherent structural weaknesses. The reality is that tourism has changed fundamentally in the last twenty years; intermediation has changed and hotel chains have gained market power against tour operators developing sophisticated IT tools to manage hotel occupation and revenues. Also the focus on price as marketing tool has been replaced for product improvement in order to satisfy a growing quality conscious market.

8. Research methodology

A representative sample of 20 hotels in the area of Palmanova-Magaluf was chosen to answer a total of 22 questions concerning the main topics of the paper. The survey has been drafted with the purpose to get insight in the main issues regarding the present, past and the future of Magaluf. Even though it is a rather small sample of hotels, all the participants are three or four star rated, which is the most represented group in Magaluf with a total of 61 establishments. The majority of the hotels in the area are more than 20 years old. In fact, there were participating a total of 16 of this group against 5 hotels with an age of less than 20 years. The vast majority of the hotels are opened just 6 months or less although an increasing number are planning to prolong this timespan. A total of 13 hotels of the former category participated against 7 hotels of the latter. Hotel chains are predominating Magaluf of which were chosen 16 to give their opinion against 4 independent hotels. Since most of the hotels in the area are four-star rated, a total of 15 hotels have participated in this category and 5 hotels were three-star rated.

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Table 5. General information of hotels participating in the survey

GENERAL INFORMATION		
Age of the hotel	Less than 20 years	20 or more years
	4 hotels	16 hotels
Number of months open	6 months or less	More than 6 months
	13 hotels	7 hotels
Type of property	Hotel chain	Indep.
	16 hotels	4 hotels
Category	4 stars	3 stars
	15 hotels	5 hotels

Source: Compiled by the author

A list with predetermined questions were asked to these 20 hoteliers and were itemized by a Lickert scale which required the interviewee to indicate their degree of agreement in a set of one of five respond categories, with the premise that responses can be comparable although, without the aim of conducting a formal hypothesis-testing. Based on theoretical foundations set out in previous sections, the following issues about the influence of repositioning Magaluf as tourism destination in improvement of hotel infrastructures are considered:

1. The role of institutions and politics in the restructuration process in Magaluf
2. Possible exogenous drivers of hotel refurbishments
3. Possible internal factors for improvement of hotel infrastructures
4. Evaluation of past, present and future issues in Magaluf

9. Results

The outcomes of the questionnaire can act like a thermometer of the current situation in Magaluf and can give a general idea of the atmosphere in the area. Table 6 provides the descriptive overview of the outcomes of the questionnaire presented in percentages with reference to the applied scale.

Table 6. Results of the questionnaire

1 Strongly disagree; 2 Disagree; 3 Neither agree nor disagree; 4 Agree; 5 Strongly agree;
NA Not applicable/No answer/Don't know

Assessment %	1	2	3	4	5	NA
INSTITUTIONAL SETTING						
A. The public sector has been decisive in the process of restructuration in Palmanova-Magaluf	25%	60%	5%	10%	0%	0%
B. The introduction of the new Tourism Law has had an extremely favorable effect in the improvement of hotel infrastructures in Palmanova-Magaluf	0%	0%	5%	40%	55%	0%

POSSIBLE EXTERNAL FACTORS OF THE IMPROVEMENT OF THE HOTEL INFRASTRUCTURE	1	2	3	4	5	NA
5. The political turmoil and insecurity in competing countries like Tunisia, Turkey or Egypt has been decisive in the decisions to improve the hotel infrastructure in Palmanova-Magaluf	0%	5%	5%	30%	60%	0%
6. The Calvià Beach Project launched by Melia Hotels Int. Has had a "snowball" effect for others to improve their hotels.	25%	30%	5%	15%	20%	15%
7. The low interest rates has encouraged hoteliers to improve their hotel infrastructure	0%	0%	5%	45%	40%	10%
8. The improvements of hotel infrastructures are caused by pressures of tour operators	55%	40%	5%	0%	0%	0%
9. Hoteliers have discovered new niche markets and have decided to adapt their accommodations	0%	0%	0%	40%	50%	10%

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POSSIBLE INTERNAL FACTORS OF THE IMPROVEMENT OF THE HOTEL INFRASTRUCTURE	1	2	3	4	5	NA
10. The decision of improving our hotel infrastructures was taken before the implementation of the Calvià Beach Project.	0%	45%	0%	25%	0%	30%
11. The refurbishments in out hotels are based on the needs of our customers and we have not copied our competitors	40%	25%	10%	5%	0%	20%
12. The rejuvenation efforts in the area have accelerated our decision to refurbish our infrastructures more urgently.	0%	0%	0%	40%	45%	15%
13. Due to the reappraisal of the area, the winter season will be shorter and our hotel will open its doors earlier	0%	0%	30%	30%	20%	20%

PAST AND FUTURE IN MAGALUF	1	2	3	4	5	NA
19. Negative issues like “balconing” or “mamading” will always be associated with Palmanova-Magaluf	10%	60%	10%	0%	0%	20%
20. “Drunk” tourism will always exist in Palmanova-Magaluf	15%	65%	5%	0%	%	15%
21. Hotels in the area of Palmanova-Magaluf will continue to close their doors like they do now to improve their installations in order to be more competitive	0%	10%	30%	20%	0%	40%
22. The public sector will be much more committed in the next years to reposition the area of Palmanova-Magaluf	0%	0%	30%	40%	10%	20%

Assessment of the quantity: 1 Highly unsatisfactory; 2 Unsatisfactory; 3 Indifferent; 4 Appropriate; 5 Excellent;
NA Not applicable/No answer/Don't know

Assessment of the quality: 1 Very bad; 2 Bad; 3 Indifferent; 4 Good; 5 Very Good; NA Not applicable/No answer/Don't know

QUANTITY

QUALITY

PAST AND FUTURE IN MAGALUF	1	2	3	4	5	NA	1	2	3	4	5	NA
14. Tourist flows last 3 years	0%	10%	10%	50%	30%	0%	0%	0%	10%	50%	40%	0%
15. Institutional support safety last 3 years	0%	0%	35%	50%	15%	0%	0%	0%	35%	50%	15%	0%
16. Institutional support cleaning public areas	0%	5%	35%	50%	10%	0%	0%	5%	35%	50%	10%	0%
17. Prediction on tourist flows	0%	0%	40%	40%	5%	15%	0%	0%	25%	40%	30%	5%
18. Public facilities last 3 years	0%	50%	35%	5%	5%	5%	0%	30%	60%	1%	0%	5%

Source: Compiled by the author

Institutional setting

In the first question (A.) of the institutional setting in figure 6, 5 hotels strongly disagree and 12 disagree on the statement if the public sector has been decisive in the process of restructuration in the area against only 2 hotels that agree. This matches with the general perception that above all, the private sector has got the restructuration initiatives in the last few years. In contrast, the public initiatives in legislative terms like the new Tourism Law have had a positive impact in the development of private rejuvenation projects in terms of flexibility and legal certainty. In fact, 8 hotels agree with the statement and 11 even strongly agree.

There were developed two sections in order to measure the degree of incidence of both external and internal factors in the improvement of hotel infrastructures. In this regard, the opinion that the political turmoil and insecurity in competing countries like Tunisia, Turkey or Egypt have been decisive in the decisions of upgrading the hotels, were practically unanimous: a total of 6 hotels agree with the statement and 12 strongly agree in question 5.

Question 6 is directly linked with the influence of the Calvià Beach Project by Melia in the decisions of other hoteliers to improve their accommodation. The general outcomes show that there is disagreement with the proposed statement that this project had a “snowball” effect on others. This is an important issue because this means that hotels are following their own “road map” and, although the project marks an important milestone, other hotels in the area are not let to be swayed too much in this process. From the 20 hotels, 5 of them do strongly disagree and 6 do disagree.

Question 7 has to do with the price of money and the low interest rate is a financial aspect that can be determinant when hoteliers consider carrying out improvements in the hotel infrastructure. In fact, 8 hoteliers strongly agree and 9 agree that this aspect encourages improving the hotels.

Question 8 considers the market power of large tour operators which has been highlighted in other sections of the paper. The role of these intermediaries has been very strong in the area although in general, hoteliers have an opposite view if improvements of hotel infrastructure are caused by pressures of tour operators. The fact that 11 of them strongly disagree and 8 disagree, could mean that hotels are becoming less dependent and less conditioned on intermediaries when it comes to strategic decisions of hotel improvements.

The last question in the section of possible extern factors is related with the marketing approach and the search of guest satisfaction as well as the consideration of searching for new niche markets and the adaptation of hotel facilities and infrastructure. In this regard, it is rather significant that 8 of the

hoteliers agree and 10 do strongly agree with the statement that the discovery of new niche markets have determined the decision to adapt accommodations.

Possible internal factors

Question 10 tries to find out if the decisions of improving the hotel infrastructures were taken before the implementation of the Calvià Beach Project. The results in this sense were mixed because some hoteliers already planned refurbishing before the Calvià Beach Project or even planned the changes far in the past, but didn't had the resources to implement the actions. Others were encouraged by the new rejuvenation phase and started afterwards.

Question 11 tries to analyse if the refurbishments in the hotels are based on the needs of the customers or if copying the competition is a common practice. As might be expected, hotels are extremely concerned about differentiation strategies in order to offer a unique product. However, benchmarking new tendencies in other hotels and considering different approaches in service delivery takes often place among hotels in the same area. In this case, hotel chain might be in a stronger position as independent hoteliers as more resources on marketing can be devoted based on corporate decisions.

Question 12 is related with the previous one as hotels don't want to stay behind with respect to their competitors in improving their product. Therefore, the rejuvenation efforts in the area have accelerated the decision of many hoteliers to refurbish their infrastructures more urgently. It is rather significant that 8 hotels agree and other 9 strongly agree with this statement.

The last question in this topic is directly related with seasonality and tries to sound hoteliers out about their vision on the possibility to open their doors earlier and if they consider that the reappraisal of Magaluf is shortening the winter season. In practice, many hoteliers are not quite sure if they manage to close later or to open earlier as this depends on other parameters like the hotel occupancy, planned refurbishments and available human resources. Therefore, half of the respondents agree or strongly agree and the other half neither agrees nor disagrees or has declined to reply. It might be worth to mention that hoteliers who belong to a hotel chain were in fact quite sure about their opening and closure dates which in most cases had been already decided by their headquarters.

Future actions

The last section aims to obtain elements of comparison between the situation of Magaluf in the past, the current situation and the perspectives for the future. Both quantitative and qualitative issues are considered related with the type of visitors, municipality support and services but also a brief assessment is required about difficulties experienced regarding the image of the area. In general, the quantity of tourists in the last three years were seen as appropriate (10) to excellent (6) and the quality was assessed as good (10) to very good (8). This confidence forms the basis for future investments and the commitment with the rejuvenation process. The following questions concerning institutional support in municipality issues shows that hoteliers are moderately satisfied with the quantity and the quality of the municipal services, although a majority is rather unsatisfied with the public facilities which has been carried out in the last 3 years. Many complain about the slow progress of public works and insufficiently advanced projects. However, the prediction about tourist flows in the next years is moderately positive concerning quantity and good to very good regarding the qualitative aspects. This makes sense, because the quantity might decrease in the future due to a raise of prices which will be gained in a higher profiled clientele over the long term. There were also two questions to be answered regarding the image of the destination and debaucheries of alcohol and sex which have badly tarnished Magaluf in the last years. Despite the damage it has caused the public image, hoteliers are in general fairly optimistic and they consider that the image imprinted in the minds of the people, can finally be restored.

The last two questions are considering future actions that on the one hand go under cover of the hotel itself addressing the need to keep closing their doors to do refurbishments or either break the seasonality. For this issue it was rather difficult to obtain a strong response due to the uncertainty of business forecasts. However, many of them still believe that hotels will continue to close their doors in winter to improve their installations. Nevertheless, respondents support a positive evolution of the role of the public sector and its commitment in the rejuvenation process.

10. Conclusion

After years of stagnation, the necessary circumstances and favourable conditions have been created to enable the engagement of all the relevant stakeholders to convert Magaluf into a competitive tourist destination. The rejuvenation efforts in Magaluf are like in many other mature beach resorts, based on a dynamic process without a clear beginning and a definite end, struggling against decline and the loss of competitiveness. A different claim can be drawn in Magaluf from each and every stage of reversing decline, interpreting whether the repositioning of the area is the cause or the effect of the improvement of hotel infrastructures and in which degree we can talk about reciprocal relationship. According to the figures, the quality of the accommodation in Palmanova-Magaluf has improved in the last five years and this tendency is coupled with the completion of the stages of the Calvia Beach Project. Furthermore, since 2012 there is evidence of reciprocal relationship between entrepreneurs and the public authorities in order to reshape the resort into a competitive destination geared to middle/high level customer segments. In this sense, it is legitimate to speak of a joint response strategy that seeks to achieve a comprehensive change in terms of perception and tourist satisfaction. However, the results of the questionnaire reveal that the public efforts are not completely satisfactory and are certainly not a decisive factor in the process of restructuring. Nevertheless, hoteliers maintain rather an optimistic and trusting vision regarding the repositioning of the area. The challenge of Magaluf now is not to rely only on the positive economic trend neither taking advantage of tourism demand derived from “less secure” countries. The purpose is to complete a destination marketing approach highlighted in the paper of Buhalis (2000) which should balance the strategic objectives of all stakeholders as well the sustainability of local resources in order to compete in a globalized world.

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Appendix 1.



ACADEMIC INQUIRY ABOUT THE COMPREHENSIVE REFURBISHMENTS OF HOTELS IN PALMANOVA-MAGALUF IN THE CONTEXT OF REJUVENATION EFFORTS IN THE RESORT

INSTRUCTIONS

1. The inquiry has been designed in Word format so the left mouse button will activate the check box (X).
2. If you want to cancel one of your answers, please click the left mouse button in the box you wish to cancel.

GENERAL INFORMATION

1. Age of the hotel
a) Less tan 20 years b) 20 or more years
2. Number of months open
a) 6 months or less b) More tan 6 months
3. Type of property
a) Hotel chain b) Indep. c) Other
4. Category
a) 4 stars b) 3 stars

The following provides a number of statements concerning different aspects about improvements of hotel infrastructure. Please give your feedback using the following scale:

1 Strongly disagree; 2 Disagree; 3 Neither agree nor disagree; 4 Agree; 5 Strongly agree;
NA Not applicable/No answer/Don't know

Assessment

1 2 3 4 5 N A

INSTITUTIONAL SETTING

- A. The public sector has been decisive in the process of restructuration in Palmanova-Magaluf

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- B. The introduction of the new Tourism Law has had an extremely favorable effect in the improvement of hotel infrastructures in Palmanova-Magaluf

POSSIBLE EXTERNAL FACTORS OF THE IMPROVEMENT OF THE HOTEL INFRASTRUCTURE

5. The political turmoil and insecurity in competing countries like Tunisia, Turkey or Egypt has been decisive in the decisions to improve the hotel infrastructure in Palmanova-Magaluf
6. The Calvià Beach Project launched by Melia Hotels Int. Has had a “snowball” effect for others to improve their hotels.
7. The low interest rates has encouraged hoteliers to improve their hotel infrastructure
8. The improvements of hotel infrastructures are caused by pressures of tour operators
9. Hoteliers have discovered new niche markets and have decided to adapt their accommodations

POSSIBLE INTERNAL FACTORS OF THE IMPROVEMENT OF THE HOTEL INFRASTRUCTURE

10. The decision of improving our hotel infrastructures was taken before the implementation of the Calvià Beach Project.
11. The refurbishments in out hotels are based on the needs of our customers and we have not copied our competitors
12. The rejuvenation efforts in the area have accelerated our decision to refurbish our infrastructures more urgently.
13. Due to the reappraisal of the area, the winter season will be shorter and our hotel will open its doors earlier

PAST AND FUTURE IN PALMANOVA-MAGALUF

The following provides a number of aspects concerning the past and the future in Palmanova-Magaluf and the repercussions of the impacts in the area.

Assessment of the quantity: 1 Highly unsatisfactory; 2 Unsatisfactory; 3 Indifferent; 4 Appropriate; 5 Excellent; NA Not applicable/No answer/Don't know

Assessment of the quality: 1 Very bad; 2 Bad; 3 Indifferent; 4 Good; 5 Very Good; NA Not applicable/No answer/Don't know

- | | Quantity | | | | | | Quality | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 | NA | 1 | 2 | 3 | 4 | 5 | NA |
| 14. Tourist flows in Palmanova-Magauf in the last 3 years | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Institutional support in issues like public safety in the last 3 years | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Institutional support in issues like cleaning of public areas | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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- | | | |
|--|---|---|
| 17. Prediction on tourist flows in Palmanova-Magaluf in the next years | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 18. Public facilities which have been carried out in the last 3 years | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |

1 Strongly disagree; 2 Disagree; 3 Neither agree nor disagree; 4 Agree; 5 Strongly agree;
 NA Not applicable/No answer/Don't know

- | | Assessment | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 | NA |
| 19. Negative issues like “balconing” or “mamading” will always be associated with Palmanova-Magaluf | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. “Drunk” tourism will always exist in Palmanova-Magaluf | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

FUTURE ACTIONS

- | | |
|--|---|
| 21. Hotels in the area of Palmanova-Magaluf will continue to close their doors like they do now to improve their installations in order to be more competitive | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 22. The public sector will be much more committed in the next years to reposition the area of Palmanova-Magaluf | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 23. Please feel free to suggest about issues that not have been considered in this inquiry and, in your view should be highlighted | |