


[Register with Monocle](#) [Sign in](#)
 **24** Tune
into M24
radio

[Contacts](#)
[Your bag](#) 0

[Latest issue](#) €71

[Subscribe
now](#)

LIVE
On air now
**THE
CURATOR**

[Film](#)

[24 Radio](#)

[Magazine](#)

[Shop](#)

MONOCOLUMN

A daily bulletin of news & opinion



27 July 2011

THE GOOD, THE BAD AND THE UGLY OF CUT-PRICE TOURISM

— *Lisbon*

Preface

As high summer approaches, it's easy to resent the summer tourist hordes on your turf, but for many in Portugal, the increasing number of visitors is a welcome sign that their country is still open for business.

[Business, Markets, Tourism](#)

Writer

As high summer approaches, it's easy to resent the summer tourist hordes on your turf, but for many in Portugal, the increasing number of visitors is a welcome sign that their country is still open for business.

According to Paulo Rita, MA director at the ISCTE Business School Lisbon, incoming tourist receipts went up 8.7 per cent between January and April compared with the same period last year. Last year, the number of foreign tourists had already risen by 6 per cent, recovering most of 2009's 8 per cent fall, while hotel revenues increased 3 per cent. British, German, Spanish and

Syma Tariq**Share****2014****February****21** Weekend Agenda 21/22

February

21 Keep the faith**20** Sweet streams are made of this**19** Cities that never weep**18** The Turkey in the room**17** Matteo's march**14** Weekend Agenda 15/16

February

14 Letting love blossom**13** Time to act**12** Moving on or stuck in a rut?**11** Slow train to nowhere**10** A little help from its friends**07** Weekend Agenda 08/09

February

07 Let it snow**06** Don't look back**05** Smells like middle-aged spirit**04** Big players**03** Radioactive reaction

French holidaymakers accounted for nearly two-thirds of all international tourists – significantly, at a time when the number of people travelling from those countries decreased.

Allan Katz, the US ambassador to Portugal, says the country should be targeting the American market, as it has everything it is looking for (“old things, good food, good wine”).

Europe's other troubled members, Greece and Ireland, are seeing a similar boost in visitors, given the weak euro (a draw for visitors from the US), VAT rate slashes for tourists in both nations (down from 13.5 per cent to 9 per cent in Ireland), and price reductions on tourist attractions and hotel rooms.

“It is understandable that when facing macroeconomic difficulties, firms try to entice consumers with severe price reductions due to more fierce competition,” Rita says.

This popularity has its downsides, however. TAP, Portugal's flag carrier, has lost billions in the last four years thanks in no small part to the rise in budget airlines, namely easyJet, which

January

2013

2012

2011

2010

2009

has settled in at Lisbon's Portela airport. Ryanair, which has bases in Porto and Faro, has also made public its interest in having a third base in Lisbon. TAP has lost many passengers on routes to London and Paris because of, it believes, aggressive marketing techniques and skewed perception; the airline is not that much more expensive than low-cost providers. "If we go too far down the cut-price holiday path, margins will become too narrow because of substantial price cuts," warns Rita. "If companies are cutting costs significantly, this will undoubtedly affect service quality."

Luís Faria, co-founder of think-tank Contraditório, points out that the last few decades has seen a number of different sectors successively elected as the catchall solution to economic problems, without much success – tourism being the evergreen "holy grail".

"The role of government should be to remain sector-neutral and to unleash entrepreneurial energies across the board," he says. "In tourism, like in any other sector, new practices should

emerge by ongoing experimentation. Instead of showing what the ‘right way’ is, Portuguese people should be given the opportunity to fish when the fish are there – not just when the weather is good.”

Related



**Business /
Hotels**

Buena Vista



Issue 46

Cuba is hoping to revive its ailing economy by opening up the tourist market, giving the go-ahead to a string of swanky new golf resorts. But how do you develop this unique country without diluting its character? Monocle...



**Business /
Industry**

Timber land



Issue 7

Lumberjacks are finding themselves at the forefront of the climate change debate as ‘biomass’ (that’s burning wood chips to you and me) becomes a buzzword for the environmental movement. Monocle visited one of the



**Business /
Travel**

Travel briefing



Issue 14

Where to tuck yourself into bed in Zürich, the addresses you need in Paris, and the latest news for business travellers.



**Business /
Society**

Business



Issue 36

Why computers are not happy in Taiwan, and Japan's biggest technology firms join up to create a nuclear power mega-corp.

[Home](#)
[Magazine](#)
[Film](#)
[Radio](#)
[Shop](#)
[London Café](#)
[Monocolumn](#)
[Travel Guides](#)

[Affairs](#)
[Business](#)
[Culture](#)
[Design](#)
[Edits](#)

[Sign in](#)
[Subscribe](#)
[Contacts](#)
[Vacancies](#)
[About Us](#)
[FAQs](#)
[Contributors](#)
[Cookie Policy](#)
[Terms &](#)
[Conditions](#)

© 2014 MONOCLE

[Back to top](#)