

Travel Seminar Readings

“Doing Business in Spain”

In order to do business in Spain it is best to know important and basic information about the country. The capital of Spain is Madrid and it contains the greatest population. There are four main languages in Spain, including Spanish, Catalan-Valenciano, Galician, and Basque. The government consists of a Constitutional monarchy with executive, legislative, and judicial branches. It is important to have face-to-face contact when doing business in Spain. One shouldn't make the mistake of not knowing the language when having formal meetings. Professional business attire is a must and Spaniards tend to be more formal than Americans when having personal meetings. Madrid is the city in Spain with the highest turnover amount in the aerospace industry. Spain has increased its participation in aeronautics within Europe. Transportation is a key business infrastructure within Spain, especially Madrid and Barcelona. These cities have great transportation by buses, metros, and taxis. Railway systems are highly rated and highways are a good form of transportation between cities. Telecommunications are strong when making international or domestic calls. Holidays are not a good time to schedule business meetings.

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During the travel seminar our class got to witness a lot of these business infrastructures. With our tour around Madrid we got to see the main shopping street and how the buses and metro worked around the city. In Barcelona we got to hear some of the other languages that reside in Spain.

“Spain has the worlds most competitive tourism industry”

Comparing with France, Germany, and the United States, Spain has the largest tourism industry in the world and it is the third most visited country. The rating Spain achieved (5.31 out of 7) and it was based on enabling environment, travel and tourism policy, infrastructure, and natural and cultural resources. However as mentioned in class, there is room for improvement when it comes to customer service. I especially noticed this at restaurants and when shopping in stores. I feel that would attract even more tourists because it would make it easier to travel throughout the country. Spain scored lower on enabling environment due to low productivity of products. I have noticed when traveling through the various cities that it is very easy to get around. Infrastructure plays a key role in this. The beaches in Valencia and Barcelona attract many tourists because of their beauty. We discussed in class how there is always warm weather that tourists are attracted to as well. When visiting Cordoba I noticed a great deal of tourists. The mezquita-catedral de Cordoba attracts people from all around the world by its beauty and detail. Because the religion represented in the mosque is Catholic-Islam there were

a variety of people that came to visit. When going to lunch in the area I noticed that the customer service could have improved slightly and the difficulties associated with tours can improve as well.

“How much are foreign tourists spending in Spain?”

Tourism spending in Spain has increased 7% since last March and visitor numbers rose 5.3% according to IET. Since tourism spending has increased tourists are spending more each day on goods, but other factors depend on that. The biggest spenders in Spain are Germans and Scandinavians however most of the contributors are the British. The British spent a total of 1.88 billion Euros this year. Tourists don't visit Madrid as often the other places, including Canary Islands, which is visited most and generates the most tourism expenditure (3.65 billion euros). Just because tourists spend more in Spain doesn't necessarily mean it contributes to Spain's revenue. For example, travels to and from Spain aren't purchased through a Spanish company therefore it doesn't contribute to the revenue. Payments are better monitored through the Bank of Spain. Sevilla demonstrated the increasing tourism in Spain. I noticed a great deal of people visiting the cathedral therefore generating more money. In the more touristic sites restaurants were more crowded and more expensive. This can also generate more revenue for Spain. Horse carriages within Sevilla seemed to be very popular and very expensive. All these factors definitely contribute to the tourism expenditure.

“Exploring the Alhambra;” “Marketing of the Alhambra”

The Alhambra resides in Granada, Spain and it is known for its beauty and exquisite architecture. However, it can be very difficult to see due to the constant demand of tickets. The Regional Ministry for Tourism and Commerce and the Council of the Alhambra are working to promote better marketing of the different tourism sites that are in Granada. Rafael Rodriguez and Maria del Mar Villafranca are trying to improve the quality of the visit to Granada by adding more design and culture as well as promoting the Alhambra more. The Ministry’s tourist information office in the center will move next to the Alhambra ticket office at no cost. The collaboration will also help with new management and creation of tourist attractions. The Andalucia Lab will be helping with these proposals. Visitors have a direct economic impact of 500 million euros each year and indirect employment of 6,800 people.

When traveling to Granada to visit the Alhambra, I did not know it was the most visited monuments in Spain, let alone the world. There were a wide range of tourists there and since it had Arabic culture made it even more diverse. I believe more promotion of the Alhambra is needed because I feel as if people don’t understand how symbolic the monument truly is. More promotion could create more jobs as well.

“Spain becomes world’s biggest wine exporter 2014”

Spain beat France in becoming the world’s largest wine exporter, however their profits were down 2.2% due to their exports being in bulk and their margins being small. It costs less money for French to import their wine rather than grow it. Most of the exports of Spain are exported to Italy and then rebottled and sent to various countries. Similar to olive oil, most Spanish wine is not known outside of Spain due to poor marketing and promotion. Rioja is the most popular wine outside of Spain causing there to be an overproduction. The future for Spanish wine lies in organic made wine and new brands. When shopping for olive oil at home I tend to notice that is mostly made in Italy and never would know Spain is the main grower of olive oil. I also noticed that wine mostly comes from France or Napa in the states. I believe Spain should have promoted their wine and olive oil more frequently. Spain could educate people by offering more tourism in wine and olive oil tasting similar to the things we did on our trip.

“Is your French wine made in Spain?”

Every day wine is sent from Spain to France and bottled there and the problem is that it keeps getting cheaper. Spanish wine exports grew 22.3%, which made Spain the world’s largest exporter of wine. “Spaniards make a lot of good wine but they sell it at the price of bad wine,” yet the same product is sold in France and Italy but sold much higher. It caused by a decrease in bettering salesman with good customer service and language skills. Another issue is that Spain mainly makes bulk

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wine, which is used unbottled in a many Spanish restaurants. The price of Spanish wine was 2 euros less than it is in New Zealand and comparing countries. Spain is now focusing on selling more bottles wine and less table wine. "If we drank as much wine as the Italians or the French do, our problems would go away." Winemakers in Spain have trouble finding employees who are willing to travel and speak other languages in order to promote the company. Finding new clients is also a hardship. The trend nowadays is bottling wine in their in destination countries. Similar to the olive oil issue, wine is being exported saying it's from other countries. Traveling to the cava winery in Barcelona opened my eyes to how few wineries people visit in Spain. Sparkling wine isn't even Spain's best kind of wine, however the company we went to was the most marketed. This proves that the wine market in Spain needs more promotion. When the Spanish economy begins to improve, marketing of Spanish wine and olive oils should be made to advertise.

"Spain sets new record for olive oil exports"

Spain is at an all time high for olive oil exports according to AICA when in the first quarter they produced 1.24 million tons of olive oil. Production increased by 15% however, sales decreased. The world olive oil stocks were at low levels and as a result Italy is now the main source of olive oil and main exporter. "Prices are lower than they should be and there's no reason for them to be falling." It is predicted that next March 1.6 million tons of olive oil will be produced, however it may be delayed

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a month because the rain delayed the harvest. There was also 245,000kg of olives stolen resulting from 120 thefts. Olive oil is a big part of the Mediterranean diet here in Spain and I have been consuming it often. It doesn't compare to the olive oil sold at home however I wouldn't know any better if it was Spanish brand or not. If olive oil is such a key export of Spain and if many people in the world love it, Spain should spend their money on creating better promotion. A possible solution would be to produce less olive oil to neighboring exporting countries and keep it localized. Similar to the concept in class we discussed called "Glocalization," in which a product should be global yet localized to attract more people to its value.

"Spain the Olive land"

Extra virgin olive oil is one of the main and delicious culinary flavors of the Spanish world of food. The climate within Spain's borders is essential for growing the decadent olives within the country. Spain grows more than 350 million olives especially in Andalusia. Through science and growing, Spain has achieved the most diverse species of olives to be created into olive oil. Growing systems, drip-irrigation, and integrated production has led to perfectly ripe olives. Cordoba, Granada, and Castille-la mancha are the main regions where olive oil has been grown. Resulting oils grown in these regions give a fruity-thick taste. Spain altogether has around 260 varieties. Greek and Tuscan varieties are now being grown in Spain as well. The PDO has help aid olive oil farms to protect product characteristics by adopting strict control. There are new innovative ways olive oil is

being presented nowadays. With Spain having such a good reputation in olive oil tastes, they should make it more world known. Sending in the right team of marketing and advertising could aid the olive oil companies to get their name out there and increase more revenue for Spain's GDP in imports and exports.

"Glocalization" also needs to be applied to this concept in order to shape the olive oil brand name. The distinct olive oils we tasted and learned about in class could extend across borders and generate more stock and sales within Spain.

"Success story of a Spanish supermarket chain"

El Corte Inglés was the first place contestant in Spanish supermarket distribution a few years back, but now Mercadona has stepped into that first place slot. Stakeholder satisfaction is the key strategy Mercadona uses to keep their customers. Stakeholders include customers, employees, suppliers and society which all are taken into account by Mercadona. Instead of spending money on advertising, Mercadona keeps the slogan "always low prices" by cancelling all special offers and lowering all prices within the store. Instead of negotiating with suppliers, Mercadona remains constant and faithful towards purchases with various companies. In 1995 is when this strategy started to take off. Mercadona tries its best to keep customer satisfaction and value by keeping involved with customers' needs and social networks. Mercadona also takes not solely customer values, but employee values into account. Each employee is required to take a nine-week course on

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customer-centric culture before being hired. Employees' family and personal life is also taken into account by Mercadona in order to reduce absenteeism. Mercadona's main focus is to satisfy all components of trust, cooperation, integrity, and loyalty. While in Valencia, I decided to check out Mercadona myself to see what it entailed. I couldn't find some items when I arrived and the employees were very helpful. I noticed more employees than I have ever seen at any store in Madrid. There was minimal advertising within Mercadona and I never saw it being advertised anywhere else, however I did notice how low the prices were. I felt as if the quality of the items were high as well. I believe Mercadona is doing all the right things when it comes to their strategy with customers and employees.

"Spain's Mercadona adds another innovation to its shopping cart: Dynamic Pricing"

Mercadona is known all around Spain for their every day low prices. It buys their products straight from the source rather than outside parties and buys and makes room for products as needed. Mercadona uses Total Quality Management with its exclusive buyers in order to achieve ultimate customer satisfaction. By using "labor conciliation" which includes flexible work times and balance, there is less of an employee turnover. In 2012 sales grew 7% and Mercadona was one of the few companies that didn't suffer from the financial crisis in 2007. Juan Roig, the chief executive, created an "oil stain" strategy in which if you start in one point it will start to spread like an oil stain. There are some areas that have room for improvement,

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including fresh produce. However, buying fresh produce isn't as common anymore since the financial crisis. People would rather buy in bulk for lower prices rather than less for fresh produce. Dynamic pricing is a strategy taken on by Mercadona. Throughout the day managers will lower prices independently of other locations, and it can be done electronically. "They will have to think like shopkeepers, and manage the section like a micro-enterprise, which includes thinking about contingency plans, and so forth." Some customers might start to get angry if they discover that other people received lower prices. It will be difficult for managers to achieve dynamic pricing if they aren't committed to the company. Another concept Mercadona presented is called the "apron strategy," which involves setting up a testing room in specific supermarkets where customers can show managers how to use various products. Loyalty of customers is key within Mercadona. When I went to a Mercadona within Valencia, I noticed how crowded it was. I could tell the customers knew their way around, which proves they are loyal to their store. I also noticed that there were different employees working different sections of the store. This shows that Mercadona hires people in various fields of customer needs and satisfaction in order to help. This is why "is growing in the number of stores it is opening, the number of its customers and, most significantly, in the loyalty of its customers."

“Mercadona: An Undisputed Winner”

The Mercadona model is the main model within the company that aims to satisfy all the stakeholders needs which include, the boss, its employees, suppliers, and capital. The mission of Mercadona is “Total prescribers of the of the solutions required to enable ‘The Boss’ to put together their “Total Shopping” within a sustainable Agri-Food chain.” There are five components needed including, the boss, the employee, the supplier, society, and capital. With 1,500 stores around the country, Mercadona is the largest supermarket chain. It developed its own brand of products such as, Hacendado, Bosque Verde, Deliplus, and Compy to meet food, cleaning, hygiene, and pet care needs. Mercadona’s close relationship with suppliers allows them the company to receive the highest level of quality and demand. Innovation is also a key factor in Mercadona’s operating model. Reducing unnecessary costs in raw materials, transport, and logistics can allow the company to save more money to buy higher quality foods. Since the company doesn’t invest in marketing or advertising, there again is more money to spend elsewhere. 70,000 employees all have permanent contracts and their salaries are a higher percentage than other companies within the industry. As discussed in past articles, Mercadona’s strategies all come together to make a very successful company. I believe from the areas I noticed when going to Mercadona myself that their customer percentages were high and the amount of produce was not scarce. I noticed the did not have

fancy marketing yet they had numerous employees. Mercadona is definitely an undisputed winner.

“World Tourism Day 2015. The Impact of Tourism on Barcelona, Spain”

World Tourism Day is celebrated on September 27th each year in a new place in Spain since 1980. There is a new theme each year and they range from sustainable tourism, to the preservation of cultural heritage of women. The theme this year is “One billion tourists, one billion opportunities.” Barcelona is the most visited Spain and one of the most visited in Europe after London and Paris. Ever since the 1922 Olympics Barcelona has taken off. Barcelona makes up 11% of the countries’ GDP, collecting 20 million euros per day. Barcelona also has some negative effects to tourism in which they take away from some of Barcelona’s most classic history. Residents are getting pushed out by tourists, local stores are being taken over by restaurant chains, and pickpocketing is notorious within Barcelona. While visiting Barcelona, I observed its impeccable beauty at the various monumental sites and the gorgeous, sunny beach. However, I did fall into one of Barcelona’s negative qualities by getting pickpocketed during the night. I noticed that Barcelona was flooded with tourists and it was almost impossible to walk around in some tourism areas. When visiting the Sagrada Familia it took us almost an hour to get into the venue because of poor customer service with our University. When visiting some restaurants and night-life I did not meet anyone that was from

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Spain. Everyone was from various countries around the world. This shows that tourists flood out the residents and that they spend a lot of money within the city.

“A Short History Of Freixenet And Six Things You Should Know About Cava”

Freixenet is a winery started by Francesc Sala Ferrés and it wasn't until 1861 that they employed French methods to create Cava (sparkling wine). Freixenet had some minor setbacks when starting their company. Prohibition and the Spanish civil war caused an end to the owner's life, however his three daughters took the reins on the operation. Their techniques include pressing grapes pneumatically, using refrigerated tanks to control fermentation, and proprietary yeast cultivation. The black bottle, Cordon Negro, was then introduced. To solve the problem of the phylloxera pest killing the vines, the Spanish learned the French ways of making Champagne and called it cava since Champagne was trademarked. Freixenet uses decade old yeast to make the cava and an entire lab is used to produce this yeast. The wife of Jose Ferrer owns one of the largest class flute collections and there are various flutes from all around the world. Cava is made using the three grapes: macabeo, paralleda, and xarel-lo. Their private estate created a hand-crafted cava called Casa Sala. Visiting the Freixenet winery was one of my favorite things to do in Barcelona. The winery attracts many tourists for its detailed information tour but entertaining attractions. In the United States I buy Freixenet which shows that it is popular nationwide and that they have a good international business.

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“At Freixenet, Globalization and Leadership Are Built into the Genetic Code”

Freixenet is the largest sparkling wine company in the world. Thanks to its big advertising strategy and family ties, Freixenet has become a multinational company. “Freixenet is the lifelong process of an entrepreneurial family.” Freixenet began advertising on Spanish television and later became a Christmas time hit. Bonet used strategies to globalize the company such as growing Freixenet on a brand that already exists, added the development of the company’s sales network and a new sales idea, and maintaining a network of distributors. Once Freixenet chose the bubble logo their company took up on terms of advertising. The strategy was creating a three-minute ad that would mention the brands name five times within the ad that also referenced the history of Freixenet but also modernizing the product. When Bonet saw the opportunity to go multinational he went full throttle. Freixenet is not only affordable but also high quality, which was a key factor in globalizing their company. Freixenet is not solely in Spain but also America, France, and attempting to go to China, yet the strategy differs from country to country. “Adapting yourself to each market but with an overall vision.” From 1976 to 1985 the company went from exporting 300,000 bottles to 20 million bottles and from 12% to 72%. 21.8 euros profit was made last April, which was a decline however it is normal when the exchange rate changes. For Bonet, the secret of success is “a combination of talent and lots of tradition.” After touring the Freixenet winery in Barcelona, I realized how big of a company it actually is. The film that was shown at

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the beginning of the tour expressed amazing marketing skills within the company that got the tasters attention. The company should begin to focus on Globalizing more so other countries can buy their products to sell. Because the wine is affordable and good quality, it would do very well across borders, or sold in more restaurants. This relates to the concept of "Glocalization" that we discussed in class because it is a family owned company yet it began to be a multinational company.

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