



Benidorm Welcomes First International Hotel Brand With Mercure Debut

Several Mass-Market Destinations in Spain Offer Opportunities for Repositioned Hotels



To open in June, the Mercure Benidorm will be the debut international branded hotel in Benidorm, a Costa Blanca destination that has been very popular vacation destination for more than 50 years. (Accor)

By [Terence Baker](#)
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With the opening of the Mercure Benidorm scheduled for June, the hotel will be the first non-Spanish branded hotel in the coastal market.

As a conversion of the independent Benilux Park Hotel, the 186-room hotel will also be the first Mercure in the autonomous community of Comunitat Valenciana, with discussions on the rebranding starting before the onset of the COVID-19 pandemic.

The Mercure brand is part of Accor, a global hotel brand company based in France. A few Spanish hotel brand companies have hotels in Benidorm, including Meliá International and H10 Hotels.

With a population of 70,000, Benidorm rose to popularity following the opening of an international airport in nearby Alicante in 1967, after which hotels started popping up along the Costa Blanca coastline.

About 90 minutes south of Valencia, Benidorm has long been a favored destination for Northern Europeans — especially Brits — on packaged vacations, which typically combine airline tickets and hotel stays.

According to Spanish data and statistics firm Statista, in 2019 Benidorm reported 11.3 million overnight stays, and British travelers comprised 76.3% of those stays.

Now Brits and travelers from other countries are returning to Benidorm following the relaxation of COVID-19 rules in the U.K. and across Europe. The Benidorm, Costa Blanca & Valencia Region Hotel Association — referred to by its Spanish initials HOSBEC — reports that hotel occupancy for the last two weeks of February was 65.8%, up from 54.2% for the same period in January and up 42.9% for the same period in December 2021. A little more than 50% of those occupancy figures were international visitors.

However, international tourists might not be buying as many packaged and all-inclusive Spanish vacations. Instead, visitors to Spain are looking to stay in branded hotels, which Spanish hoteliers have observed in other mass-market destinations throughout Spain.

Cristina Ramos-Fernandez, chief operating officer of franchised hotels in Southern Europe for Accor, said such destinations as Benidorm and Torremolinos — which is farther south on Spain's Costa del Sol — now are attracting guests who book their hotels and flights separately and do not want to book package vacations and all-inclusives.

“Globally in Southern Europe's hospitality market, there is a trend to change the mass-tourists destinations market offer to attract more individual customers and break away from the exclusive distribution of tour operators,” she said. “The seasonal adjustments of some destinations and the repositioning of hotel assets are supporting the development of projects in some locations such as Benidorm. This trend has attracted international chains' attention.”

All Change

Ramos-Fernandez said hotel brands are looking at opportunities in other mass-market destinations in Spain. She added markets such as Benidorm and Magaluf — a Mallorca hotspot known for attracting young adult travelers who like to party — are reinventing themselves with more mature hotel offerings.

“Several owners of hotel assets have invested in modernization and renovation to reposition their hotels as good-quality 4- and 5-star hotels, differentiating themselves from the market's existing offer and satisfying ‘premium’ international guests,” Ramos-Fernandez said. “In this scenario, international brands such as Mercure, considered attractive for international premium customers, have taken this advantage to adapt to given brand standards.”

Ivar Yuste, partner at PHG Hotels & Resorts, which is the asset manager and representative of the owner of the Mercure Benidorm, said the maturity now seen in the Spanish market opens up more opportunities for new hotel brands.

“These locations are controlled by local owners, [with hotels] that perform fairly well as independents or as domestic regional brands. In these markets, typically there is no international brand penetration because the brands don't have the relationships with the owners,” he said.

Yuste said the greatest opportunity in value creation in hotels in Spain comes with repositioning, landing an existing, outdated property and turning it around by bringing in an international brand.

“Classic mass-market resort destinations such as Magaluf, Benidorm, Torremolinos, Lloret de Mar and Salou are in my top list of resort destinations with the highest turnaround potential,” he said.

Yuste said these “classic” resorts are very anti-cyclical because they attract the largest share of the market among the European and Spanish middle classes.

“They are not hot or buoyant, but they are resilient,” he said. “For instance, in the previous financial crises of 2009, Benidorm’s [revenue per available room] recovered much faster than Malaga’s.”

That is an opportunity for local hotel operators, third-party management companies and operations consultants, including Madrid-based PHG Hotels & Resorts, Yuste said.

“Getting to know these owners and pitching to them the value-creation story of bringing in a global franchise and turning around their business model is easier,” he said.

Yuste said there is huge interest from international brands, and when he ran the selection process for the Benidorm hotel nearly every international hotel brand company “wanted to be there.”

Ramos-Fernandez said younger generations of hotel owners in Spain are more inclined to place a hotel brand flag above the door.

“The Mercure Benidorm deal was born from the search by two generations of owners for potential solutions to consider if and how to pursue the exploitation of the existing hotel. Their availability to invest in modernization and renovation to reposition the hotel made it easier to develop the project in compliance with an international brand,” she said.

From those discussions, a new management team emerged with the goal of putting the hotel “offer at the top of Benidorm,” she said, adding it was also targeting local guests and diners and a business clientele.

Ramos-Fernandez said the Mercure Benidorm will benefit from new design, the creation of five penthouses on the rooftop floor, a duplex room and landscaping featuring a garden of vegetables and aromatic plants.

The hotel’s restaurant will also elevate the food and beverage offerings in Benidorm, which historically have been “quite average,” Ramos-Fernandez said.

“The restaurant will operate independently from the hotel, so we can also appeal to the local market and generate commercial synergies,” she said.

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