

Tourism in Galapagos: the tourist industry and installed capacity

Alejandra Ordóñez¹

CAPTURGAL /BID-FOMIN

Tourism is the principal driver of the Galapagos economy. This study presents the current state of the industry in the Galapagos Islands based on the compilation and cross-referencing of field data and records of the institutions that oversee various aspects of tourism. The article reviews installed capacity, direct beneficiaries of principle tourism activities, and occupation levels of both land-based hotels and the fleet of tourist boats.

Businesses included in this study

A total of 717 businesses were studied, including 528 Direct Tourism Services (DTS), which include lodging on land, tourism boats, travel agencies, restaurants, bars, discotheques, and terrestrial transportation for tourists, and 189 Indirect Tourism Services (ITS), which include public terrestrial and maritime transport, souvenir shops, horse rentals, and rentals of dive equipment and kayaks. Data regarding these businesses were obtained through the records of various institutions (Ministry of Tourism, Galapagos Chamber of Tourism - CAPTURGAL, National Merchant Marine and Directorate for the Coast - DIGMER, Galapagos National Park - GNP, and municipal governments) and through field work in July 2007.

Of the 528 DTS businesses, 84 are registered but not currently in operation and 42 are informal businesses (not included in official records), but they are operational. This means that there are currently 444 businesses in operation in Galapagos, distributed over six subsectors (Table 1).

The principal businesses associated with direct tourism services are marine tourism transportation (33%), followed by food services (26%) and lodging (20%) (Figure 1). The other categories combined (travel agencies, recreation and entertainment, and terrestrial tourism transportation) represent 21% of Galapagos businesses. Sixty-three percent of the indirect tourism service businesses are involved in the sale of souvenirs, followed by 24% in public maritime transport and coastal shipping (Figure 2).

¹ With contributions from Edgar Muñoz and Cristian Cavichiolo



Table 1. Number of businesses that provide Direct Tourism Services in Galapagos.

Type of Establishment	No. in Operation	No. not in operation	No. Informal**	Total
Lodging	89	13	6	102
Food	102	31	8	133
Travel agency	56	15	7	71
Recreation and entertainment	20	8	0	28
Marine tourism transport	168*	16	18	184
Terrestrial tourism transport	9	1	3	10
Total	444	84	42	528

* Corresponds to vessels dedicated to tourism activities, both with and without overnight facilities.

** Informal businesses are a subset of businesses in operation.

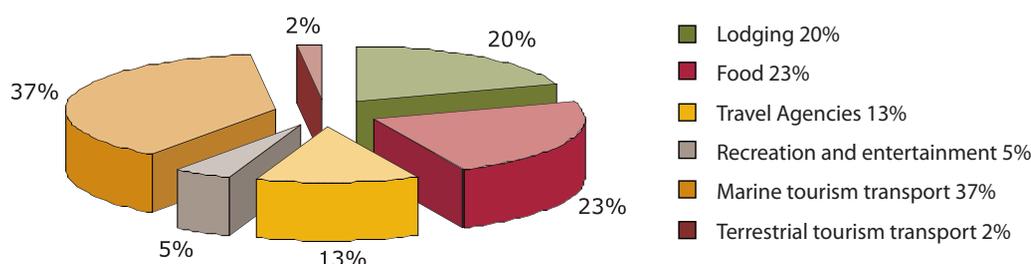


Figure 1. Distribution of Direct Tourism Services currently operating in Galapagos (N = 444).

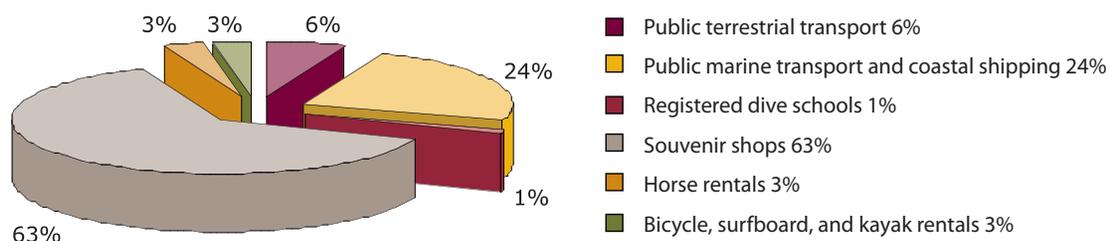


Figure 2. Distribution of Indirect Tourism Services in Galapagos (N = 189).

Most of the DTSS (221 businesses) are located in Santa Cruz, followed by 146 in San Cristóbal, and 73 in Isabela (Table 2). Floreana has only four registered DTSS. Although Isabela has fewer tourism busi-

nesses than San Cristóbal, it has more hotels. On average, the hotels in Isabela are relatively new and have been in operation an average of only six years.

Table 2. Distribution of Direct Tourism Services currently in operation by island.

Type of Establishment	Santa Cruz	San Cristóbal	Isabela	Floreana	Total
Lodging	35	22	30	2	89
Food	48	32	21	1	102
Travel agencies	34	12	10	0	56
Recreation and entertainment	7	8	5	0	20
Maritime tourism transport	94	69	4	1	168
Terrestrial tourism transport	3	3	3	0	9
Total	221	146	73	4	444

Direct beneficiaries of Direct Tourism Services

Tourism operations in Galapagos employ a total 3451 people (Table 5). Based on an estimate of four dependents per worker

(including the workers themselves), the total number of direct beneficiaries is 13 804. The results of the most recent census (INEC, 2006) show that Galapagos has 19 184 inhabitants, thus the direct beneficiaries of tourism represent 72% of the total resident population.

Table 3. Number of beneficiaries (employees) of the different subsectors of the tourist industry.

Type of Establishment	Floreana	Isabela	San Cristóbal	Santa Cruz	Total
Lodging	4	80	57	300	441
AAVV	0	20	23	93	136
Tourist boats (office employees)	2	5	92	687	786
Tourist boats (onboard crews excluding guides)*	0	0	230	870	1 100
Food	2	48	93	197	340
Bars and discotheques	0	7	14	37	58
Souvenirs	0	14	84	98	196
Terrestrial tourism transport	0	3	35	23	61
Active naturalist guides, 2007**					333
Total	8	177	628	2305	3 451

* Source: Epler, 2007, **Source: PNG, 2007

A majority of jobs (53%) are connected to the tourist boats, with 31% of employees working aboard tourist ships and 22% working in supporting jobs (Figure 3). The

next largest number includes hotel employees (13%), followed by naturalist guides (10%).

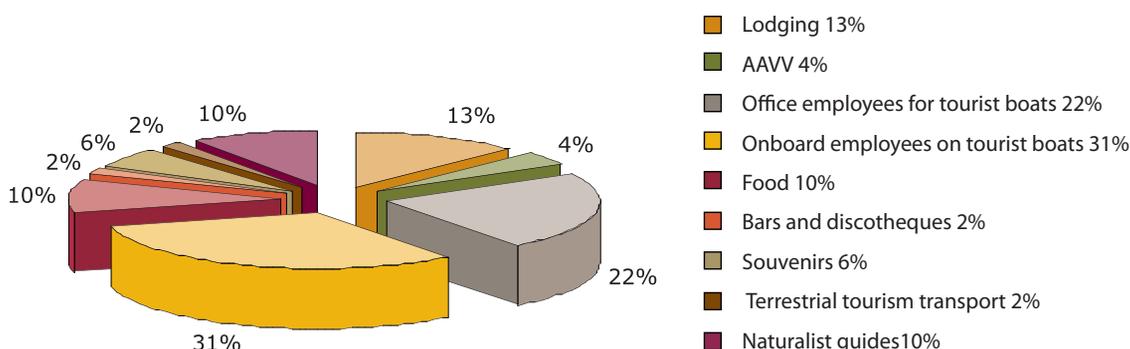


Figure 3. Percentage of employees who work directly in tourism services, by subsector.

Occupancy in land and sea lodging services

Two different types of lodging are available in Galapagos: (i) land-based hotels and (ii) tourist vessels.

Lodging on land can be profitable even with low occupancy rates because fixed costs are low, especially at hotels like those found in Isabela and Floreana. However, Floreana is not representative given that it has only two hotels, which are

visited infrequently. The majority of lodging facilities in Galapagos are located in Santa Cruz and San Cristóbal. They have an average installed capacity of 31 beds distributed in approximately 14 rooms. Approximately 40% of the lodging establishments have occupancy rates lower than 50%.

Five percent of the tourist boats cannot operate successfully with occupancy rates lower than 60% due to high fixed operation costs. Some of them achieve 100% occupancy during the high season.

Data for 2007 provided by the GNP indicate that 61% of tourists entering Galapagos contract ship-based lodging while 39% remain on land. However, the capacity on land (2157) exceeds that of the tourist fleet (1876), even though the number of berths in the tourism fleet increased during the period 1996 to 2006, due primarily to the refitting of day boats to allow for overnight cruises.

Installed capacity

The installed capacity is reflected in the current total number of existing beds or

berths. Currently in Galapagos there are 973 hotel rooms with 2157 beds. Most of these establishments are located in Santa Cruz, followed by San Cristóbal and Isabela (Table 3). On Floreana, there are only two hotels and the number of rooms and beds is very low in comparison with the other islands. Although Isabela has eight more lodging establishments than San Cristóbal, the installed capacity in San Cristóbal is greater due to the fact that many of these hotels provide a more urban model of lodging to support visitors conducting business in the provincial capital.

Table 3. Total capacity in the Direct Tourism Services by island.

Island	Hotels		Vessels with overnight accommodations	Vessels without overnight accommodations	Food		Drinks (bars and discotheques)
	No. of rooms	No. of beds	No. of berths	No. of seats	No. of tables	No. of seats	No. of seats
Floreana	21	42	0	10	6	30	0
Isabela	159	357	0	38	132	561	102
San Cristóbal	285	630*	304	506	239	1037	214
Santa Cruz	512	1128	1572	352	491	1714	331
Total	973	2157	1876	906	868	3342	647

* An additional 100 beds are estimated due to the practice of individuals providing "bed and breakfast" services in their private homes (25 private homes with an approximate capacity of four tourists per house). This type of service is not regulated but interviews with tourism operators and others involved in the industry indicate that they have contracted with these people for the service.

The majority of tourist cruise boats with overnight accommodations are based in Santa Cruz, followed by San Cristóbal (Table 3). Currently none are based in Floreana and Isabela, although both islands do have a limited number of boats that provide day trips. San Cristóbal has the largest number of boats making day trips. The situation is the same for restaurants and bars, with the largest number in Santa Cruz.

Based on the installed capacity on land (2157 beds) and sea (1876 berths) and an average stay of 5.6 nights per visitor, Galapagos has a current installed capacity to receive approximately 262 865 tourists per year.

Conclusion

With an installed capacity of nearly 100 000 tourists more than the current visitation rate, one might conclude that Galapagos can easily absorb over one hundred thousand more tourists annually. This conclusion does not take into account issues of tourist satisfaction, impact on visitor sites, and absorptive capacity of municipalities to accommodate the theoretical limit - installed capacity - of tourists (water, sewage, energy, etc.). These topics have been more fully addressed in a number of reports on tourism limits and are mentioned here to indicate that decisions on tourism growth and management require a broad range of data, including economic, environmental, and sociological.