

How many tourists can Galapagos accommodate?¹

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Development of tourism in the Galapagos Islands began in earnest in the 1970s, when a few boats offered cruises through the islands and construction of hotels began on land. Since then, a fleet of vessels and hotel infrastructure were developed to provide services for tourists with a range of requirements and budgets.

The Tourist Fleet

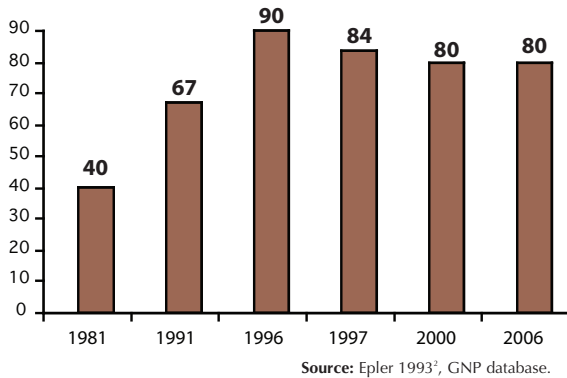
By 1981, the tourist fleet had grown to 40 vessels capable of accommodating approximately 600 passengers (Fig. 1). The fleet increased to 67 vessels by 1991, then peaked in 1996 at 90 vessels, and subsequently decreased to 80 vessels and has remained relatively stable in recent years. While the number of vessels doubled between 1981 and 2006, passenger capacity more than tripled, from 597 to 1,805 (Fig. 2).

The greater increase in passenger capacity is explained by the fact that the capacity/vessel increased by 50% between 1981 and 2006, from an average of 14.9 passengers per vessel to an average of 22.5.

While vessel capacity increased 3-fold from 1981 to 2006, a result of the increase in average capacity per vessel and the number of vessels, the number of recorded visitors increased 8.5-fold, from 16,265 to 140,000. Profit-minded tour operators achieved this growth by: 1) increasing the number of cruises per year and thus the number of days that their vessels spent at sea; 2) increasing the occupancy rate/cruise, and 3) converting vessels that offered 1-day tours (“day boats”) to those that offer live-aboard, multiple-day and week-long tours. Currently, boats operate more days per year, averaging 69 days more at sea than in 1991 (Fig. 3)¹.

A consequence of this increase in the number of days at sea is the 150% increase in the total annual number of passenger-nights, from 145,408 in 1991 to 363,226 in 2006¹ (Table 1).

Figure 1. Number of tourist vessels, 1981-2006*



Note:

* The number of boats in 2006 is updated to May of that year, according to GNP records delivered to the author at that time.

Figure 3. Average number of days at sea per vessel, 1991 and 2006

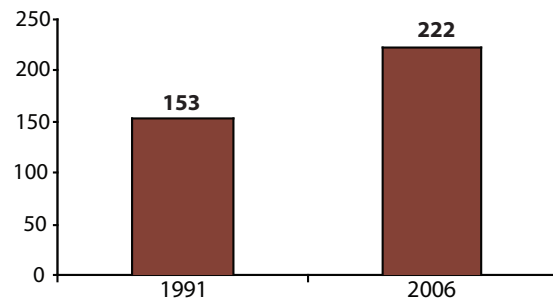
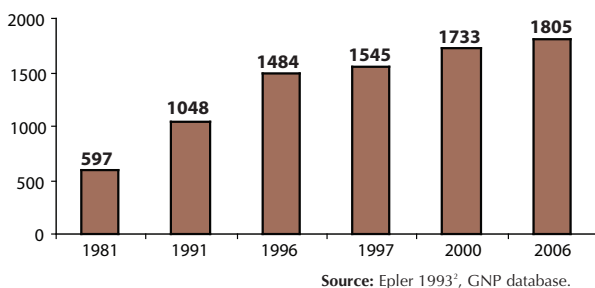


Figure 2. Total on-board capacity, 1981-2006



Over the past 15 years, passenger capacity has increased by 76% and the number of days at sea by 66%, while the average number of days at sea per vessel increased by 45%.

Table 1. Changes in fleet structure and performance, 1991 to 2006.

	1991	2006	% change
Number of vessels	67	80*	19
Total passenger capacity	1,026	1,805	76
Total days at sea	10,710	17,750	66
Average number of days at sea/vessel/year	153	222	45
Total passenger-nights per year**	145,408	363,226	150
Total number of visitors	40,746	140,000	201

Source: Epler 1993³, GNP database and data from the Puerto Ayora Authority.

Notes:

* The number of vessels in 2006 is updated to May of that year according to GNP records delivered to the author at that time. The eight largest craft include 3 with 100-passenger capacity, 1 with 90, 1 with 80, 1 with 48, and 2 with 40.

** Total passenger-nights is the average number of days per passenger times the total number of passengers in a given year.

Vessel licenses and owners

To conduct tourism activities in the archipelago, boat owners must be licensed by the Galapagos National Park Service (GNPS). The license consists of a quota that the GNPS grants an individual, family, or company, allowing a designated number of passengers per cruise. With continued growth in Galapagos tourism, the GNPS granted new licenses to satisfy demand.

As of May 2006, 8 of the 80 vessels in the Galapagos tourist fleet were large 40- to 100-passenger vessels, which operate more efficiently than the smaller vessels (Table 2). Their average potential capacity is 76 passengers per night. The 72 remaining vessels have capacities ranging from 10 to 20, with most having 16, and an overall average of 17 passengers per night.

Although the larger vessels account for only 34% of the total passenger capacity, they spend a little over 50% more days at sea and have higher rates of occupancy per cruise. Consequently, the larger vessels account for approximately 46% of all annual vessel-occupancy-days.

As of May 2006, the 8 largest of the 80 tourist vessels account for 34% of total onboard capacity, but through higher occupancy rates and more days at sea, they account for approximately 46% of the annual total number of passenger-days.

Table 2. Fleet operation summary by vessel class (June 2005 to May 2006).

	Large Vessels	Other Vessels	Total
Number of vessels	8*	72*	80
Passenger capacity	606	1,199	1,805
Average capacity per vessel	76	17	22,6
Percent of total capacity	34%	66%	100%
Percent of foreigners on board	93.6%	90%	91.8%
Percent of Ecuadorians on board	6.4%	10%	8.2%
Average number of days at sea per vessel per year	321	211	222**
Average occupancy per vessel	87%	78%	81%**
Percent of total passenger-nights **	45.6%	54.4%	100%

Source: Epler 1993³, GNP database and data from the Puerto Ayora Authority.

Notes:

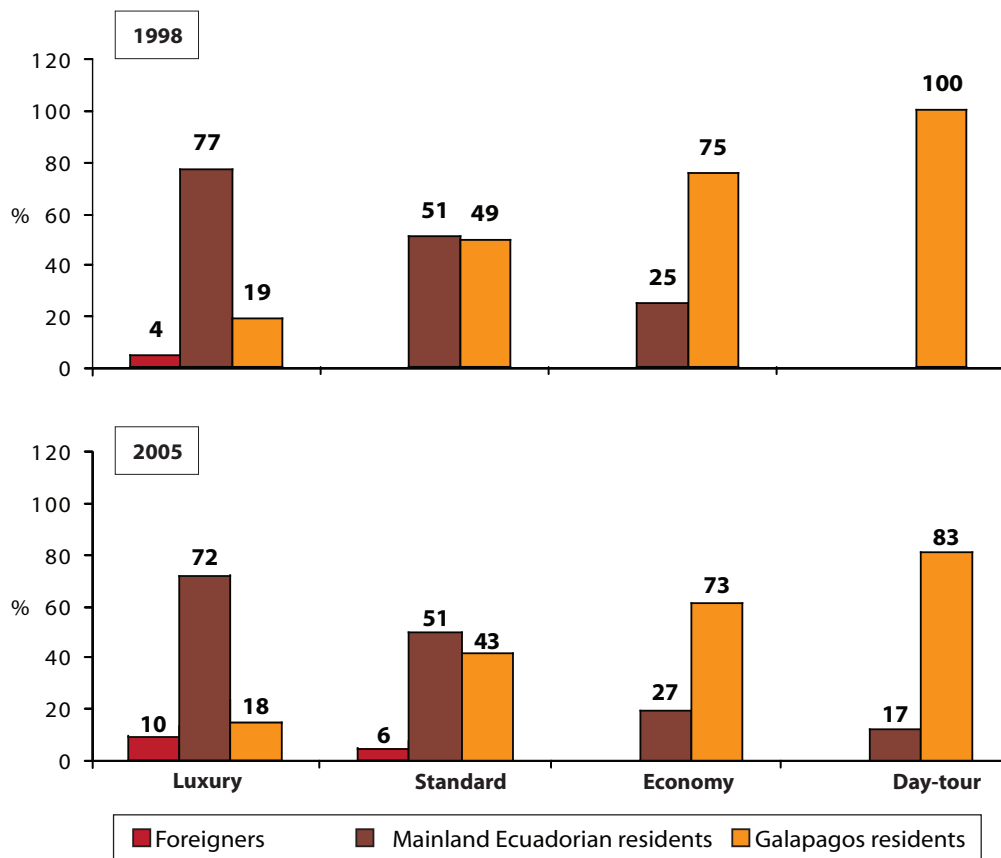
* The number of boats in 2006 is updated to May of that year. The 8 largest vessels include 3 with 100-passenger capacity, 1 with 90, 1 with 80, 1 with 48, and 2 with 40.

**Estimates are weighted to reflect the fact that 10% are high-capacity vessels and 90% are smaller vessels.

As of May 2006, 45 individuals, companies, or families owned the 80 tour vessels operating in Galapagos, including luxury, standard, economy, and day-tour vessels (Fig. 4). Between 1998 and 2005, the percentage of the fleet owned by both mainland and local residents decreased slightly, while foreign ownership increased from 2.1% to 6.5% (Fig. 4). Also, the luxury and standard vessels owned by foreign investors tend to be large. If the number of legal berths is used as a measure,

foreign ownership grew significantly more than identified above. This is contrary to the 1998 Special Law, which stipulates that new vessels be owned by island residents. At present, local operators represent 39% of licensed tourist vessels in Galapagos, but they are losing ground to international and mainland operators who are better equipped to access the competitive production chains of tourism.³

Figure 4. Ownership of tourism vessels by class and resident category in Galapagos in 1998 and 2005



Source: Taylor et al. 2006³

As of May 2006, 25 owners (57% of the total) possessed one vessel each and cumulatively controlled 33% of fleet capacity (Table 3). Ten possessed two vessels each and 25% of licensed capacity. Seven owners possessed three vessels each and 28% of all berths. Fourteen vessels and 15% of all berths are held by three companies, one of which owns six vessels (7% of total capacity).

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Table 3. Distribution of ownership of tour vessels and overall capacity.*

	Own 1 vessel	Own 2 vessels	Own 3 vessels	Own 4 vessels	Own 6 vessels	TOTAL
Number of owners	25	10	7	2	1	46
Number of vessels	25	20	21	8	6	80
Percent of all owners	56%	22%	16%	4%	2%	100%
Number of berths	596	450	504	137	118	1,805
Percent of all berths	32%	25%	28%	8%	7%	100

Source: GNPS database, Epler 1993 and Epler 2007.

Hotel-based tourism

Hotel-based tourism infrastructure has grown as rapidly as the tourism fleet. In the last 15 years, the number of hotels and their capacity has doubled from 26 to 65 hotels and from 880 to 1668 beds¹. The services provided by hotels and thus their clientele are more restricted than they are for vessels because they are unable to provide access to most visitor sites (both dive and land sites). Consequently, hotels provide services to a market segment with lower buying capacity, including backpackers and budget-conscious travelers.

Their growth has spawned the appearance of a number of diverse land-based operators that offer day tours to various parts of the island, bay tours, kayaking, day diving trips, etc. For example, during the span of time mentioned above, the number of restaurants and bars increased from 31 to 114¹. Also, hotel owners are

improving their accommodations and services to cater to higher income groups and linking stays in their hotel as add-on options to conventional seagoing cruises.

There is no evidence of horizontal integration of the hotel sector. Each hotel appears to belong to a separate owner. There is some vertical integration however, with at least five hotel owners also owning tourism boats.

The development of hotels and their success have differed on the four inhabited islands. Hotels on Santa Cruz have been much more successful than on the other islands. Prior to organized tourism, Puerto Ayora had only two or three hotels, the largest of which was the Hotel Galapagos. As tourism increased, Santa Cruz emerged as the economic and tourism hub of the archipelago. By 2006, its guest capacity was twice that of San Cristóbal (Table 4 and Fig. 5). However, San

Table 4. Land-based tourism infrastructure: 1982, 1991, and 2006.

Tourist Infrastructure		1982	1991	2006
Santa Cruz	Number of hotels	12	16	28
	Hotel capacity	86	492	990
	Number of restaurants and bars*	8	16	61
San Cristóbal	Number of hotels	4	6	23
	Hotel capacity	82	315	449
	Number of restaurants and bars	9	9	35
Floreana	Number of hotels	1	1	1
	Hotel capacity	24	21	36
	Number of restaurants and bars	1	3	0
Isabela	Number of hotels	1	3	13
	Hotel capacity	22	52	193
	Number of restaurants and bars	2	2	18
TOTAL	Number of hotels	18	26	65
	Hotel capacity	214	880	1668
	Number of restaurants and bars	20	31	114

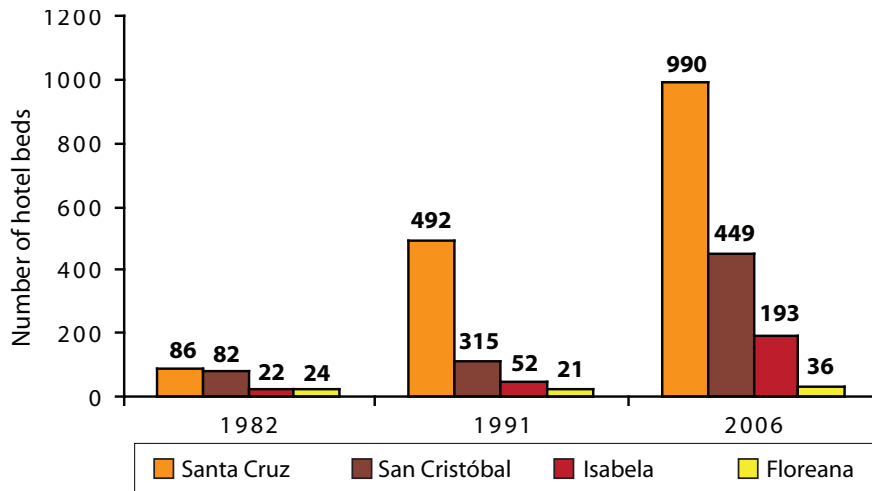
* This number does not include restaurants in hotels.

Source: CAPTURGAL, GNPS database, Epler 1993 and Epler 2007.

Note:

¹The bed count in hotels assumes one guest per bed.

Figure 5. Hotel infrastructure by island: 1982, 1991, and 2006



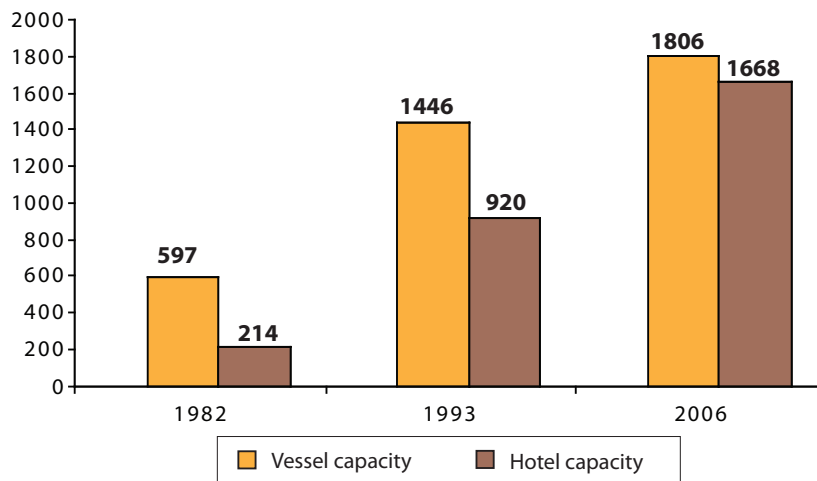
Source: GNPS database, Epler 1993 and Epler 2007.

Cristóbal and Isabela have also seen significant tourism growth in recent years, as reflected in the number of hotels and beds. Growth of the hotel infrastructure on Isabela has been striking: 1 hotel in 1982 compared to 13 hotels in 2006. One factor influencing this growth was the opening of a small airport in 1996, large enough for inter-island flights. New hotels have recently been constructed in anticipation of the renovation of the airstrip and the construction of an expanded air terminal with the capacity for commercial flights from the continent.

Total capacity: boats and hotels

Both vessel and hotel capacities have continually increased since the 1970s, when an emerging tourism industry spurred the initial development of the sector. In 1982, the combined capacity of hotels and vessels was 811, with 26% in hotels and 74% on vessels (Fig. 6). Capacity continued to expand on vessels and in hotels into the early 1990s, but the rate of growth in hotel capacity began to exceed that of vessels. Total guest capacity reached 2,366 per night in 1991, with

Figure 6. Tourist capacity of vessels and hotels: 1982, 1993, and 2006



Source: GNPS database, Epler 1993 and Epler 2007.

39% in hotels. From 1991 to 2006, the number of hotel beds increased by 90%, from 880 to 1,668, while there was only a 76% increase in the number of vessel berths (Tables 1 and 4).

The trend continues. As of 2006, Galapagos hotels and tour vessels could accommodate 3,479 persons per night, with hotels accounting for 49% of the total. The total number of hotel beds is expected to soon exceed the number of berths.

Conclusions

The tourism infrastructure in Galapagos is constantly expanding and diversifying. As tourist operators adapt to growing and changing demands, this trend will continue. Ownership and operating licenses have also shifted, with an increase in the number of vessels and hotels owned by non-Galapagos-resident Ecuadorians who now live in the islands and by the number of

From 1991 to 2006, the hotel capacity grew by approximately 4.8% per year. The total number of hotels in Galapagos increased by 150% and total guest capacity by 90%.

standard and luxury vessels owned by foreigners. Higher guest capacity in both hotels and vessels and a more diverse clientele have led to new trends and more alternatives, such as day tours, for those tourists on a tighter budget. Moreover, each island presents its own growth rate, infrastructure, level of involvement with tourism, and development path. Future planning for development in Galapagos must consider and evaluate the growth trends of the tourism sector in order to ensure a more coordinated and sustainable future for the archipelago.