



Tourism and hospitality strategy in the Azores

Report on peer-to-peer panel in the Azores

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Foreword

This document reports on a specific peer-to-peer review, which took place in the Azores in September 2011. This review was conducted at the same time of a Summer Course organised by INTA and OTA and both activities were closely linked, feeding one each other.

A Panel, composed of a mix of international and local experts, researchers and practitioners, went to visit 3 different islands (Pico, Terceira and San Miguel), interviewed local stakeholders of the tourism sector, especially hotel owners, visited their premises and, at the end of the week, made some proposals about the tourism and hospitality strategy in the Azores.

However, it is important to say few words of caution from the outset. This Panel was a response to an invitation by the Observatory of Tourism of the Azores (OTA) and its partners:

- to enlarge the international base of experiences of OTA by sharing practices and knowledge on tourism development,
- to evaluate the trends in the hospitality industry of the Azores.

The mission spent only a few days in three islands of the Azores, with a limited time for analysis, discussion and access to information. Therefore, it is not a new master plan, or a scientific research, but rather some reflections from experienced academics and practitioners on issues raised by the current situation of the hospitality sector in the archipelago.

The mandate for this peer-to-peer review was:

Hotel strategy: which course to propose to optimise the hotel offer on the island?

How to introduce more services into a tourist package, how the hotel industry on the islands could become more service oriented?

Air transport policy and strategy: how to reconcile public service and open competition?

Can stakeholders use common delivery (marketing) instruments?

This report aims at, through an understanding of the tourism situation in the Azores, proposing some orientations for innovative products and services built upon a strategic governance of the tourism industry and local stakeholders.

This report could not have been realised without the support of many local stakeholders. The Panel would like to express its gratitude and thanks the following persons and organizations:

Secretary of Economy, Regional Government of the Azores

Carlos Santos, President, Observatory for Tourism of The Azores,

François Vellas, Professor, University of Toulouse, Chairman of the Commission on Tourism, Ethics and Development of Acting for Life

The Mayor of Madalena, Pico Island

The Mayor of Praia do Vitoria, Terceira Island

Governo dos Açores

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www.inta-aijn.org

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SGS

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União Europeia, Fundo Europeu de Desenvolvimento Regional

Azores, a top destination with capacity for improvement

A top destination



The Panel acknowledged the touristic potential of the destination, well preserved, with a variety of activity and products that can be promoted. However, even though there are some top facilities in some places and for some segment of the tourism sector, it seems that there is a margin of improvement needed to cope with the evolution of the demand (contraction of the market), and a crucial need of differentiation and identification. Innovation in the processes and services can be made to improve the destination and support the economic development of the archipelago.

Insular tourism: policy goals

The tourism policy, specialised and focused on insular specificities has to reach some common goals, to attain self-sustaining economic growth by securing targeted increases in the number of tourist visits and the amount spent by each tourist.

Can the island communities absorb and manage the impact of higher number of tourists? In other words, what is the compatibility with the threshold carrying capacity?

It is required to improve and redefine the positioning of the destination on the international tourist market; to increase foreign tourism industry “engagement” at all levels of the industry and to improve and enhance the overall quality of the Azores tourism product around *diversification*, *destinations* and *distinction*.

Tourism in the Azores: a distinctive case

The Panel, during its discussions with the local stakeholders collected basic data on the tourism sector. The interpretation of these data revealed a contrasted reality.

The industry is recent and fragile, as it began approximately 10 years ago and has gained a relative importance in the regional economy: 6.4% – 6.8% of regional GDP, 4 700 jobs in the hospitality sector i.e. 4% of total employment and 7% of the service sector. The archipelago receives about 400 000 guests per year.

Three main points make the tourism sector especially fragile:

Dependent on external agents: 90% of visitors come through tour operators

Unbalanced sources of tourism: 52% came from mainland Portugal

High level of rate of occupancy needed to break-even economically: 55%

	2008	2009	2010	2011
INTERNATIONAL ARRIVALS				
WORLD	2,1	-3,9	6,6	4,5
EUROPE	0,5	-4,9	3,3	3,0
AZORES	0,8	-7,2	6,1	
INTERNATIONAL RECEIPTS				
WORLD	9,6	-9,4	8,0	
EUROPE	8,8	-13,0	-1,1	
AZORES	-0,6	-10,0	-0,5	
INTERNATIONAL RECEIPTS TOURIST				
WORLD	9,6	-9,4	8,0	
EUROPE	8,8	-13,0	-1,1	
AZORES	-1,3	-3,0	-6,2	
INTERNATIONAL BED NIGHT IN HOTELS				
EUROPE	-0,8	-7,3	5,1	
AZORES	-4,8	-10,9	3,0	

It should be mentioned that bed occupancy recovers in 2010: 34.1 %, 2 points higher compared to 2009. The last year, the length of the average stay decreased despite an increase in the number of tourist arrivals and in the overnight stays; that means that the tourists spent less time in the islands than in the previous years

At first look, all the indicators of the Azores are close to those of Europe in numbers and evolution. It can be said that the Azores suffers the same slow tourism recovery that Europe; however, for 2011 it is foreseen that the trend will probably exceed the rest of Europe (+ 3 % in international arrivals).

Nonetheless, the bleak economic growth outlooks of Europe may affect the tourist in the Azores in 2012. On the longer term, it seems that the recent tourism master plan and the marketing plan will produce the expected results with a 2 to 3% average growth rate of arrival in line with the global forecast by WTO.

Collected impressions

Meeting the many stakeholders in different islands (Pico, Terceira and San Miguel) allowed the Panel to build a contrasted picture with some contradictions of the hospitality situation in the Azores.

Smaller private hotels are satisfied with the present occupancy and revenue and all of them underlined that they do welcome every year a number of repeaters. Those repeating guests return to these small hotels for the service and ambiance of the place. The small hotels operation is based on enthusiasm, good will and strong desire for success. Despite these positive feelings, the owners, in general, are not very experienced hotel operators (some are new in the trade) and not able to make the best use of the data from their front desk reservation system.

The large hotels from 80 to 200 rooms, with the better ones based in San Miguel, are facing a different situation. A number of visited facilities are not in line with international standard and need improvement in furnishing, service and management.



Trends and changes: an unbalanced market

Anticipate the coming changes

Climate change has become a constraint to be taken into account in tourism development, on remote islands in particular. It will strongly impact the economic activities: agriculture, herding in the mountains, forestry, tourism, marine activities, accompanied by an intensification of natural hazards. The energy crisis, marked by the programmed depletion of fossil fuels, invites territories to link tourism development to new sources of energy (wood, water, solar energies). Ultimately, tourism and recreation should anticipate changes in the costs of travel that could upset relations between mainland and islands, between urban and rural areas and mountain.

Changing lifestyles impact the understanding and practice of tourism and leisure: new family pattern, individualized behaviours, increase of consumption, and widespread use of ICT, are factors influencing the strategy. The aging population is becoming more pronounced; it results in increased dependence and limited mobility, leading to requests for special housing needs, and changing nature of tourism and leisure products.

Tourism: an European challenge

European tourism faces major challenges, which are at the same time opportunities. On the one hand, the industry must adapt to social developments which will influence tourist demand; on the other, it must face up to the constraints imposed by the sector's current structure, its specific characteristics and its economic and social context. European tourism has recently faced a difficult economic situation, aggravated by the eruption of the Eyjafjöll volcano. The economic and financial crisis affecting all economies since 2008 has had a considerable effect on demand for tourism services. Although they have continued to travel, Europeans have adapted their behaviour to circumstances, in particular by preferring less distant destinations and reducing the length of stay or their spending.⁸ Tourist activity in Europe therefore fell by approximately 5.6% in 2009. This overall figure conceals wide disparities: some regions, especially in eastern or northern Europe, were particularly affected and recorded a net fall of up to 8 % in the number of tourists. The crisis is ongoing, and the prospects for growth in tourist activity are poor. Thus, although WTO estimates foresee a rise in international tourist arrivals from 2010 and later, it appears that recovery will be slower in Europe than in other regions of the world such as Asia.

As it was said previously, the tourism sector in general and especially in the Azores is depending on the global economy and is affected by the bleak of the European economic growth.

On the whole, the outlook for the hospitality and leisure industry is upbeat, with regular growth expected. Growth, however, will not be uniform across the sector: the EU/US economy sector is not growing as fast. Consumers are looking for additional offerings and are migrating to mid- and up-scale brands, as price value becomes more of a factor.

Regions, too, will experience growth differently: there will be a great amount of growth in Asia Pacific, led by China, as well as continued growth in Europe albeit rather slowly.

What is expected is a disparate growth in the sector, with the top-end niche and bottom-end value sectors doing well at the expense of the middle market sector: players in between are under increasing pressure due to the lack of brand differentiation, consistency or innovation. The supply and demand trends continue to provide opportunities for development of new tourism properties and facilities, most notably in the mid- and upscale segment.

However, it has to be stressed that for the archipelago, the crisis may be ahead. Global issues are influencing the market. The EU economic difficulties draw the attention to the urgency for the tourism sector to reduce costs and to increase productivity, i.e. innovate, to remain both competitive and attractive.

Regional issues are impacting the economic model of the tourism sector in the Azores:

Changes of economic model – privatisation of Portuguese transport system

Uncertainty in the decision-making of the visitors (very late reservation)

Plan now the end-of-crisis scenario

The expected economic recovery makes necessary to reposition the tourism strategy, to promote targeted investment, and more visible and readable communication.

Revisiting the tourism strategy of the islands: make people come

It has been acknowledged that already exists a framework for action, the Tourism Spatial Planning of the Autonomous Region of the Azores, which is a detailed normative document that can only be changed by an act of the Regional Parliament. It seems a too rigid and inflexible instrument that deserves a better-elaborated vision to be shared by all stakeholders.

Its main aim is to support the development of tourism structures. The master plan basically focuses on two main aspects: the carrying capacity of the archipelago and on prioritizing few tourism products. The Plan seems far too complex and detailed to provide proper guidelines for development of the sector. Branding and marketing policies are not considered in sufficient depth.

Tourism is as an innovative industrial sector. Today, it seems to be based more on a real estate than an economic logic. Developing a culture of tourism and services – *service is not servitude*, emphasizing the importance of vocational training with international inputs could help to built a structured and profitable tourism industry based on *diversification, destinations and distinction*.

Heritage and urban tourism

In the archipelago and in small towns and villages, activities and heritage supports of the tourist attraction are numerous and varied. They include the traditional places of heritage tours, monuments, but also the character of villages and hamlets, the remarkable elements of the religious and civil architecture. This heritage dimension might be, when it is operated, a major motivation for choosing a tourist destination but is no longer the only source of attractiveness. It is now more widely the cultural offer that is mobilized in all its components: museums, exhibitions, live performances, events, works of art in public spaces, "cultural wasteland", remarkable sites...



Angra do Heroísmo, Terceira Island

This heritage cultural and urban tourism is an important lever for the development and enhancement of urban and rural areas because it also requires working on all components (access, routes, traffic, public spaces, accommodation, additional services) and invited many actors to work together.

The development of business and seminar tourism

The business tourism requires specific infrastructures, most of them already existing in the Azores, especially in San Miguel:

- proximity of major transport infrastructure (airport, ports);
- accommodation facilities and complexes suitable for this type of tourism (golf, spa, meeting places);
- accommodation caring for the target audience, including a qualitative improvement of hotel facilities;
- a level of equipment and accommodation matching the classification of the premises;
- links with urban and "excellence" functions such as University, Research and Technology, combined with cultural, sporting, economic events...;
- in rural territories, and to prevail on the competition, an image of tourism based on the quality of the natural environment coupled with other features able to attract the interest of business people: seminar facilities, spas and wellness centre, high-end hotels de *charme*.

Innovation in term of products

The tourism strategy should reinforce the value chain between the tourism attractions, stakeholders and final markets to guarantee the competitiveness and sustainability of the destination.

A wide number of tourism attractions and products (tea plantation, cultural routes, health and wellness resorts and spa, gastronomy, nautical activities, etc.) have been identified in the destination that requires an inter-dependent development to overcome their isolation, complementarities and relatively homogenous profile of tourism products.

The tendency of the new products is to base their value on the services they offer and in the visitor's experience: *feel nature rather than see nature*

According to Portuguese and European market studies:

- 76% of the inquired people say that it is important to have in Azores, health and wellness resorts
- 72% nautical tourism

Another segment could be Senior Tourism when the proportion of people over 60 years old is expected to rise from 22% to 35% between 2011 and 2050.

Studies carried out by the Observatory (OTA) identified new products such as the Pilgrims' Road and Health and Wellness opportunities. The 250km Pilgrim's Road, which promotes nature and built heritage, is an innovative and sustainable product which has the advantage of bringing many stakeholders together:

- The land use planning department of the Government
- The Pilgrims' Association
- NGOs concerned with environmental and cultural protection
- The municipalities

It is estimated that to develop and implement this product would cost in the region of €150,000 to €200,000.

Increased accessibility: providing the means to come

Air and sea accessibility

In terms of tourism, the objective any air transport policy is to connect Azores with European and North American markets. SATA, the regional airline company, is providing connection from all the Azorean islands to mainland Portugal and from Ponta Delgada to USA, Canada and several European destinations.

Air transport access to Azores could be improved in two ways:

First: Connecting Ponta Delgada to one of the majors' international European hubs such as Frankfurt, partly because of the existing links between SATA and TAP with Star Alliance. Alternatively, that could be Madrid (One World Alliance) or Amsterdam (Sky Team Alliance).

Second: Upgrading and modernising SATA long-range network replacing the old and very costly Airbus A310 by new aircraft with less fuel consumption.

The air transport policy must care as well for local population in all the islands and for the needs of the business and tourism sectors in terms as well of capacity and fare to support competitiveness

Other forms of accessibility in the islands

The individual car provides a significant share of transport in the islands, a phenomenon reinforced by the growth of "dispersed" leisure and the widespread trend of shorter tourist stays. The consequences are negative: exposure to road and traffic congestion in urbanised areas, consumption of valuable space by cars, degradation of the either aesthetic or spatial environment. Continuing this logic, the effects of the regular growth of this system of access to tourist and leisure areas could affect the tourist economy itself. Transport has become one of the limiting factors of island tourism development. In this context, it would be useful to encourage progressive change and mobilization of local actors to promote new tourist and leisure mobility - on-demand car or bus service, car sharing, electric cars, electric bicycles for hire, electrical rickshaw, etc. A "car-free tourism" may be tomorrow a strong incentive and a distinctive factor in tourists' choice.

Urban development as leverage for tourism

New tourism dynamics can take advantage of the modernisation of the infrastructure in the archipelago: airports, ports, marinas, freeways, ICT, education, R&D, etc.

Governance of tourism development and attractiveness: engaging the stakeholders

It mainly depends on the determination of elected representatives to make tourism an important sector. The population and the economic sector have to embrace the development of the tourism sector to achieve this objective. Stakeholders have to be informed and engaged themselves in supporting the Tourism Master Plan. The tourist services (i.e. the hotels) in the islands need a coordination mechanism so that all stakeholders work to improve the tourist sector in the archipelago, without individual logics, typical of the islands context and micro-enterprises.

Regarding the marketing dimension, promotion and branding, the Strategic Marketing Plan of 2008 gives some input. Consumer insight, innovation and marketing – or rather its underdeveloped state in the hospitality and leisure industry – is clearly an issue. There are needs to have a higher understanding of the power of consumer data and how to use it – and a more systematic approach to brand development.

Promotion and distribution

Special attention should be given to the Internet and social media and networks:

- Presence on search engines

- Price comparison

- Marketing “Online”: sponsored links (“Pay Per Click”); E-mail Marketing; Social Networks; Blogosphere; etc.

Continuous monitoring of the effectiveness / cost of different channels of promotion and distribution.

Marketing dimension

Defining a marketing program, oriented to medium and high segments of demand mainly in Europe, America, Japan and China should be the priority.

The gap in the sector seems to be a lack of strategic thinking about consumer expectations and behaviours. The sector could do a better job segmenting the market and a better job at marketing in a consistent manner. The islands need more integration between themselves, in order to offer at the tourists a composite product. The islands need a more innovative promotion to reach the tourists that are already visiting the islands i.e. a tourist must have the possibility to know everywhere the resources of the other islands, in order to visit them or to come back in another time.

Brand building

Azores has to sell its brand as a whole territory, the "Atlantic archipelago", and then sell some specific products, which are the different islands.

Hotels need to develop their own brands, with distinctive character, but in line with the global Azores brand. It is indeed not easy to find the drivers for brand building in the hotel industry. It helps to have loyalty programmes, points, cards, but the real success in brand building is to have a very powerful local market. Experience shows that sometimes location can go against the brand, as people will choose a particular hotel because it is in the right place irrespective of the brand. But Azores needs defining clearly its own branding, and also positioning the brand in the international markets.

Innovation and sustainability in the hospitality sector: the capacity to host

Sustainability in the hospitality sector

An effective way to make operational the concept of sustainable development in the corporate world is to apply what John Elkington called the “triple bottom line”: Economic Prosperity, Social Equity and Environmental Protection (*profit, people, planet*). This strategy maintains its first focus on an operation’s profitability, but it also includes people and environment.



Technology can help:

- to decrease resource consumption per unit of delivered services/goods
- in generating environmental impacts and dealing with them
- In disseminating relevant information and knowledge
- In facilitating the communication between stakeholders
- in processing vast amounts of information and managing complex systems
- in enhancing in multiple ways the quality of the travel experience.

Innovation in the tourism sector can take multiple aspects:

- The food industry is mainly developing towards *safe and healthy food*, while also the *convenience consumer* is within the food industry. Convenience is also the main topic for the recreation and tourism sector.
- The construction sector is evolving towards *smart buildings* enabled by advances in technology, while the public and the government are promoting *sustainable building and construction*.
- The *information society, network economy and new business models* are evolving from communication and related sectors.

- Innovation waves like sustainable energy, smart consumer electronics, sustainable regions and efficient and effective health care also have cross-relationship with the developments within the hospitality sector.



Figure 3: Related sectors along with their innovative themes

Innovation could be effective both for the front and back office operations:

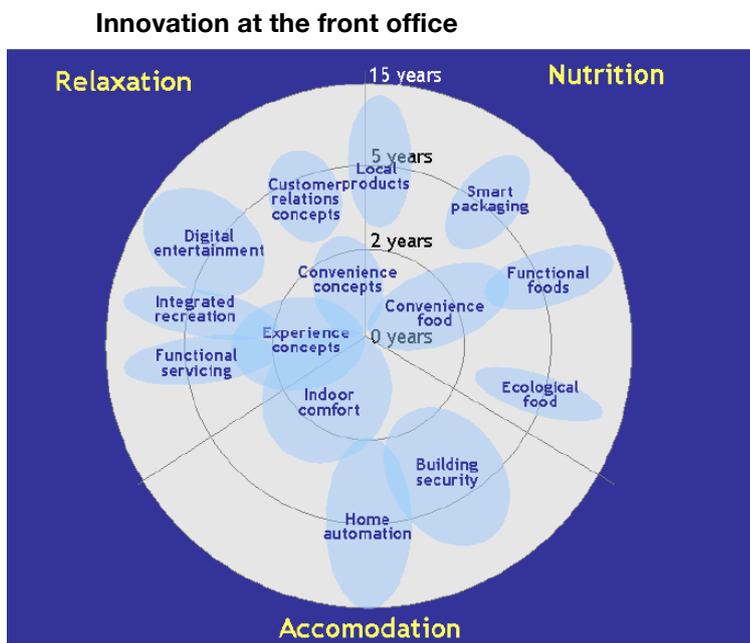


Figure 4: Innovation radar at the front office

Dutch Board for the Hotel and Catering Industry, TNO 2006

Accommodation: renewal is expected in the field of customer safety and security, and increasing comfort, which in the future will be increasingly automated.

Nutrition shows a wider diversification for the client across the hospitality sector. Depending on the formula, image and target group a hospitality undertaker can go for more convenience, healthiness, local and/or ecological food. The customer can also expect more smart packaging to increase or communicate the food quality, food safety or convenience.

Relaxation within the hospitality sector develops towards a wide variety of experiences, going to more extremes, designed to a specific function and/or integrating several forms of recreation into one concept. Additionally, the convenience in the customers' leisure time is also increasing with several concepts and customer relations are developing into a new era with ICT. Finally, digital entertainment will be more widely available within the hospitality sector.

Innovation at the back office

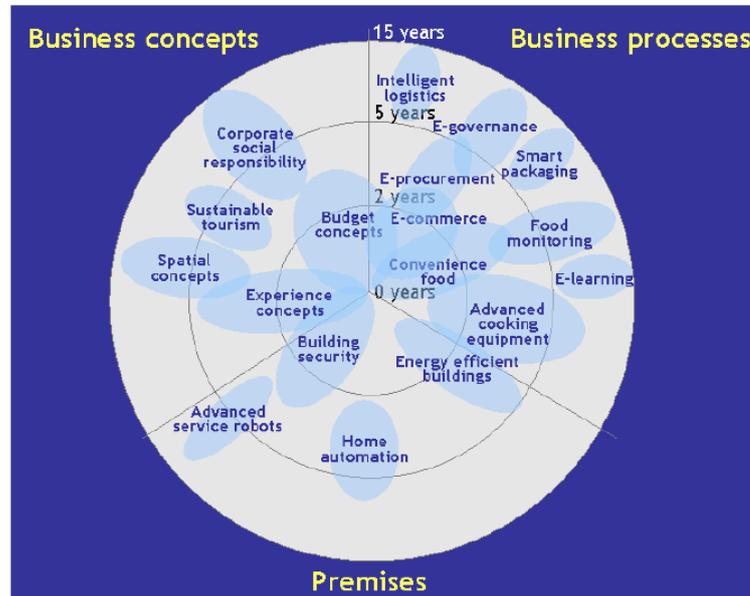


Figure 5: Innovation radar at the back office

Dutch Board for the Hotel and Catering Industry, TNO 2006

Within the premises, the hospitality sector develops more safety and security for the employees. While costs of energy and employees are cut by energy efficiency, home automation and advanced service robots.

Daily business processes will be enhanced in a wide variety of internal activities. Renewal in food preparation is concentrating on speeding up the delivery time and assuring high quality with convenience food, advanced cooking equipment, food monitoring and smart packaging. Marketing, education, logistics and administrative work are increasingly supported by ICT or, to be more concrete, by e-commerce, e-procurement, intelligent logistics, e-government and e-learning.

Business concepts will be more oriented on experience and/or on the short-term budget. Their surroundings and sustainability issues also increasingly affect formulas.

Hotels commitment to innovation and sustainable development

A hotel is a great forum to raise the awareness of the public to issues of Sustainable Development because of the continuous flow of customers. Hotel industry is also well positioned to demonstrate sustainable development within the travel and tourism business. As a major player, the hotel industry can reach many families and individuals through a good communication plan. Travel and tourism represents one of the most important sources of economic activity in the world and its parts are very much intertwined; therefore a single hotel has many industry stakeholders it can influence as well as in its dealings with suppliers. See at Annex1 the sustainable hotel development strategy of the Willard Intercontinental Group in the USA.

How does eco-labelling relate to the hotel industry? The hotel industry doesn't make or grow anything, the lodging industry is a major consumer of resources and products. Consumption includes land, construction materials (carpet, paint and wood), fixtures and furnishings, cleaning supplies, food, and equipment (air conditioners, computers, elevators, furnaces). Then there is the daily consumption of water and power. Hotels are active 24 hours a day, seven days a week, year in and year out, using water and power throughout the day for general operations, cleaning, and guest use. With this massive

ongoing use of products and resources there is a need for environmental action to preserve the environment and conserve resources for future generations. Environmental action needs to be with purchased products and daily operations. The ideal is the products brought into the hotel operation will have been produced with environmental care, both at the source and for the guests' health. And the resources consumed daily like water, power, newspapers, and cleaning supplies, are minimized to reduce the strain on the environment. Just as consumers want to buy products according to their environmental sensitivities, they also want to buy their hotel "product" and experience according to their preferences and needs; they want to choose hotels that have an environmental awareness.

Location is an asset

Tourism is unthinkable without the spatial dimension. It is above all the commoditisation and marketing of attractions. These are the raw materials of tourism. It is with this raw material that the market creates destinations. The visitor chooses the destination that seems to offer the greatest utility. He is willing to pay for destination goods. His willingness to pay increases with the uniqueness of the destination. In most cases these are public goods or common resources such as protected landscapes, or land reserved for agricultural use. Destinations have a life cycle like any other product, and it is not always possible to extend this life cycle by simply rejuvenating the products and services. In such situations, the solution is to invest in new economic activities.

It is the local attractions that give the products of the destination their distinct flavour. They also limit the product innovation possibilities, as these innovations cannot be produced without the incorporation of destination goods. A tourism country with a variety of attractions can reposition itself on the market. Spain's tourism industry for example is trying to make better use of the nation's cultural resources, in an effort to diversify a tourism portfolio that has relied too heavily on seaside attractions. The fate of destinations depends on a great many independent variables. These include the location and potential of source markets as well as the accessibility as expressed in transport and time-related costs. These variables cannot be influenced either by the private or the public sector. Moreover they determine the nature of product innovations to a great extent. The challenge for the local entrepreneur is therefore to create additional customer value with new products.

Each island of the Azores should provide the means to:

- look for an upgrade of all types of accommodation in a context of increasing demands (new customer demands, professionalization of the sector, access to sites and buildings, upgrading of facilities);
- fill the gaps identified in certain segments of the tourist accommodation, taking into account the potential demand and the specificity of each tourist destination.

Planning the appropriate facilities to match top quality destination with top quality accommodation like:

- 5 stars resort to care for the high-end market,
- Well-located golf courses,
- Restructuring the excess capacity.

Managing the accommodation capacity

If carrying capacity is exceeded in Ponta Delgada, some of the major hotel structures that are not achieving adequate ROI or even running at a loss could be converted for other uses such as living accommodation for single people, university residences, retirement apartments, etc...

The maintenance of a diffused accommodation capacity in several islands (Pico and small islands) is essential to the discovery and the attendance of the archipelago. Accommodation related to private project sponsors (cottages, guest houses, lodges and accommodation) should be encouraged in regional and local planning documents.

Preserve the forms of collective accommodation is also required, and the tourism stakeholders must be mobilized to preserve the traditional hotel and hospitality, which should be improved qualitatively and environmentally taking into account recent international standards. The location of the hotel projects must also be given special attention in order not to encourage a hospitality area (commercial, business), unless it responds mainly to the need of the function of the area. The

installation of a 5* standard hotel could help to strengthen the image of the Azores destination, including international. Attention should focus on new projects of tourist residences, even though they necessarily will affect the performance of existing residences like the hotels. They are therefore to be considered with caution: only niche products (homes connected to an health function and physical rehabilitation) would address a new need.

The support of hosting outdoor (camping) and other free accommodation is also necessary while preventing the uncontrolled proliferation of campsites classified or not, thus paying attention to the relevance and the distinctive character of the projects: pristine natural areas for camping, camping at the farm, with fewer empty serviced slots and more rented accommodation of the new generation - light leisure residential unit, mobile homes, bungalows, lodges, furnished tent, etc.

For all of these accommodations, the impacts of development must be controlled: water supply and sanitation, promotion of renewable energy, research slight and reversible settlement patterns with little impact on the environment, respect for proximity to nature and landscape integration.

New products in hotels and resorts

Innovation in tourism is no longer a question of a giant leap forward. Innovation is more often constituted of a series of small steps that lead to incremental growth. Innovation is a feedback process. One innovation inevitably leads to another one. Innovations improve products and reduce the cost of processes. The innovation process has thus become an investment process. Large companies set aside a significant part of their total budget for research and development. In this regard, investments in innovation are not that different from investments in installations or equipment.

The innovation process does not function in a satisfactory manner in the destination-oriented small-business tourism industry. The main drawback is a lack of staff and funding. Tourism SMEs are above all concerned with the day-to-day needs of regular customers. They are not in a position to set aside funds for research and development. Moreover, in this field there are no patents that would compensate for the cost of innovation by providing monopoly profits.

Parallel to quality programs to meet customer expectations (information, service quality, staff training), hospitality conditions pass through the quality of accommodation. To facilitate the implementation of tourism strategies of the territories, it seems necessary to play the card of the diversification of the tourist accommodation, creating accommodation suitable for all seasons, to meet the diverse clientele and to encourage varied stays.

A list of measures to be undertaken in the hospitality sector could be:

- Customized products according to the localization and characteristics of the hotel and/or resort
- Leverage of resources and products associated with the destination
- Health and wellness products resulting from the integration of existing resources to sell cosmetic, pharmaceutical, and merchandising products
- Definition of anchor products for the hotel and resort
- Eco-efficiency and use of green energy
- Use of best practices
- Strong belief in knowledge and training
- Continuous monitoring
- Restoration of various types (diet, vegetarian, regional Portuguese, Asian, etc.)
- Business centre for MICE segments
- SPA with health, wellness, and fitness centres
- Leisure, sport and entertainment: spaces and equipment for activities outdoor and indoor
- Green spaces
- Animation
- Use of qualified local supply
- Offer tailored programs considering different demand segments and different seasons.



Human resources and quality

Many hotel and restaurant managers and owners do not have formal training in their profession and therefore have antiquated attitudes to the standards and new methods needed in today's hospitality sector. Although, students receive high quality training and education at the hotel school, this is often wasted because they are not able to put it in practice in the workplace. It would be appropriate for the managers and owners to attend training courses on modern hospitality during the low season to reach the standards already attained by the students that they employ.

Therefore, it would be needed to implement an appropriate human resources management, particularly in terms of recruitment, competencies, training and wages and to improve the quality certification of the hotel and resort according to ISO 9001 and 14001. However, "the Portuguese labour law seems not adapted to the seasonal hospitality industry, and hotels might consider during the high season a part of the staff from outsourcing companies to minimize costs during low season".

Staff training should become a high priority with standards so that staff can be held accountable for their performance. The authorities might enlarge the categorisations of the hotels less on square meter of the hotel rooms and more on the offered quality, facilities and amenities.

Final Remarks

Delivery vehicle

There seems to be a lack of regular communication between the public sector and the private sector, especially on important issues that affect the tourism sector. There is a need for a structure and a system to allow the sector to respond in a coherent manner to public sector requirements and private sector needs so that it can flourish.

The Observatory of Tourism of the Azores – OTA - is in an ideal position to provide a platform and forum to bring the stakeholders together to debate issues of common interest and to reach consensus on the way forward. This crucial role would provide the bridge between the sectors.

Talking about delivery vehicle implies also raising the issue of the training in the tourism sector (see above). Indeed, one of the main objectives is to improve the management and welcome processes. Internal staff training can be done to complete the initial course to enhance the human resources management. Politics training as well as sensitization to the tourism sector, and good practices are also part of the development of the tourism as a leverage for economic development. The creation of the Observatory of Tourism of the Azores has brought new dimensions and revealed the importance of the tourism sector and the effort has to go on.

Conclusions

At a time when local growth slows in the Azores and when unemployment starts to increase significantly within a business model where it is in the construction industry that most jobs were created, it is important to find new sources of growth in the short and medium terms. Tourism provides appropriate responses to economic needs and as such must be retained as a Strategic Development Policy by all local actors. That means focusing on the development of local resources and capture of external resources for a self sustainable economic return including direct and indirect jobs creation, with a variety of skill levels required as a response to the situation of local employment.

The Azorean themselves must be convinced that tourism is a credible development sector in the archipelago. Tourism development is also a vector of pride by putting forward the local cultures outside of the archipelago and a vector of internationalisation by boosting air supply and increased trade. Tourism development is a vital need to get the growth the Azores need to reduce unemployment and to give the local society the development tools to continue to include the archipelago in the world system.

The responsibility of all stakeholders is therefore engaged towards the present and future generations. As with all complex and multi-player projects the key is to take action. The main issue is to have a strong leadership (the Region, the OTA) to steer the work of operational platforms (supply / demand) pulling together all those concerned alongside a practical action plan whose progress and results are reviewed regularly.

More information about the Panel and the Summer Course, all the presentations and pictures at www.inta-aivn.org

Annex

Willard InterContinental development strategy

	Objective	Strategy	Tactics
Economic viability	Create superior value to our shareholders and our guests	<ul style="list-style-type: none"> • Increase revenues by accessing the growing market for sustainable travel accommodations • Reduce operational costs by deploying a disciplined approach to optimizing resource consumption and use • Review all buying practices 	<ul style="list-style-type: none"> • Enhance the Willard's image and reputation as a premier hotel offering sustainable accommodations and services • Develop database and communication with clients • Engage Avendra and all buying partners in SD strategy
Governance (ownership and management company)	Ensure 100-percent confidence in hotel's business conduct	<ul style="list-style-type: none"> • Guarantee transparency and ethical responsibility in management practices 	<ul style="list-style-type: none"> • Apply Sarbanes Oxley law principles • Establish highest scores in IHG's CSA process (self assessment of management practices)
Social responsibility (community and suppliers' committee)	Take a leadership role in improving our local and global community	<ul style="list-style-type: none"> • Determine areas for focus and marry areas of need to a realistic application of our capabilities and strengths 	<ul style="list-style-type: none"> • Engage employees in community service actions • Incorporate supplier involvement • Engage community leaders • Establish a signature event to raise funds and awareness for a specific causal
Social responsibility (customers and employees committee)	Create an inspiring experience for our guests and our staff	<ul style="list-style-type: none"> • Develop employee well being • Entice guests to embrace SD principles 	<ul style="list-style-type: none"> • Ensure competitiveness in employee compensation and benefits • Encourage a work-life balance • Encourage diversity and inclusion • Provide a safe environment for employees and guests • Communicate regularly with clients • Add an SD information channel to the in-house TV system
Environmental impact (consumption, waste, energy, GHG emissions committee)	Improve our impact on the local and global environment	<ul style="list-style-type: none"> • Drive improvement by minimizing waste, maximizing efficiency, and purchasing goods which do not endanger the world's natural resources 	<ul style="list-style-type: none"> • Obtain ISO 14001 certification • Implement "signature" environmental initiatives which have high relative impact and high brand value • Develop a more sustainable F&B offering • Apply ISO 22000 principles in F&B • Publish a "conservation tips" document to offer to guests and employees

	Objective	Strategy	Tactics
General	Embed a permanent SD culture into strategic and day-to-day decisions and behavior	<ul style="list-style-type: none"> Engage the workforce broadly by frequently communicating SD messages, developing programs and procedures, assigning responsibilities, and encouraging ownership of further improvements 	<ul style="list-style-type: none"> Introduce SD strategy during recruitment process Provide appropriate training to all staff Incorporate SD into policies, practices, and SOPs Integrate expectations into HR programs Department heads to support participation in committees by two staff members Conduct gap analyses between current and desired practice in key areas and assign responsibilities to specific individuals Communicate frequently with staff on issues, successes, and challenges
	Receive external recognition of the Willard's SD efforts and achievements	<ul style="list-style-type: none"> Seek opportunities to raise the profile of the Willard's sustainability efforts 	<ul style="list-style-type: none"> Apply to IH&RA environmental award Obtain a social responsibility award (Business Ethics magazine award) Be active in industry activities which support sustainability Maintain involvement in organizations that support the Willard's sustainability ambitions (e.g., CSR, DC SBNOW) Develop simple, understandable communications for various audiences, including customer relationship management, media, government, and corporate leaders

Panelists

Vitor Ambrosio, Portugal

Lionel Bécherel, UK

Dirk Blik, The Netherlands

Philippe Jean-Pierre, Reunion Island, France

Christine Lor, France

Bruno Marqués, Martinique Island, France

Ana Moniz, Azores

Manuela Sarmiento, Portugal

Giovanna Sclafani, Italy

Damià Serrano, Spain

Michel Sudarskis, France

François Vellas, France

Interviews

Carlos Armando, Town Councilor of Praia da Vitória Municipality

Verónica Bettencourt, Tourism Delegate in Terceira

João Cogumbreiro, Representative of the Association of Hotel Directors of Portugal in the Azores

Rui Cordeiro, Representative of the Bensaude Group

Marco Costa, Vice Mayor of Madalena

Gualter Couto, Chairman of APIA - Invest in Azores Agency

Catarina Cymbron, APAVT

Miguel Cymbron, Regional Director of Tourism

Alda de Sousa, Representative of the Airline TAP in Azores

Luís Duarte, President of the Portuguese Hotel and Restaurant Association in the Azores

José Eduardo, Regional Tourism Association

Claudia Faias, representative of Hotel Ponta Delgada

Alexandra Ferro, Representative of Hotel Lince

Luís Filipe Silva, Mayor of São Roque do Pico

Horácio Franco, President of the Skall Club of S. Miguel

Francisco Gil, Representative Tourism Association of the Azores

Francisco Gomes Menezes, Architect

Andreia Jacob, Aviation Marketing, ANAM Aeroportos da Madeira

Cecília Jorge, Administration Member of ACIP

Arnaldo Machado, Regional Director for the Support of Investment and Competiveness

António Menezes, President of SATA – Regional Airline of the Azores

Marcia Paim, Division Manager, Hotel do Caracol in Terceira Island

Humberto Pavão, Representative of Portugal Hotels Association in the Azores and Director of the Plátano Hotel Group

Carlos Reis, President of Atlanticoline - Maritime Transport Company of the Azores

Filipe Rocha, Director of the Azores Tourism and Hospitality School - EFHTH

Cota Rodrigues, Town Councilor of Angra do Heroísmo

José Romão Brás, Representative of Investaçor Hotel Group

Daniel Rosa, President of ACIP

Ana Silva, President of the Association of Tourism Guides of the Azores - AGIRA

Roberto Silva, Mayor of Lajes do Pico

Luisa Terra, Chairman of the Tourism Commission of the Association of Commerce and Industry of the island of Pico

Hospitality facilities visited

Aldeia da Fonte, Pico

Pocinho Bay, Pico

Casa do Ouvidor, Pico

Hotel Caravelas, Pico

Cancela do Porco,

Quinta do Martelo, Terceira

Atlantida do Mar, Terceira

Varandas do Atlantico, Terceira

Quinta da Nasce Agua, Terceira

Hotel do Caracol, Terceira

Hotel Atlantico, San Miguel