Scenarios and possible futures for hospitality and tourism

Abstract

This paper discusses the process and results of a scenario exercise applied to the Portuguese tourism and hospitality industries with a 2020 horizon.

Through a intuitive-logical process adapted to the specific purposes of the research, four alternative scenarios of the evolution of the industry were developed. The exercise involved three workshops, with the participation of a group of experts, academics, representatives from industry and local government.

Based on the nature and dynamics of the key forces and trends, the four scenarios identified are: (1) Southern Experience; (2) Global Emotions; (3) 'Sin Surprise'; and (4) Non-Charming. In all scenarios there is increased global competition amongst tourist destinations. A desire for authenticity opens the opportunity for Portugal as a tourist destination but it also poses challenges for managers and policy makers.

These scenarios are of practical use for managers, policy makers and other practitioners as they provide a framework for the development and assessment of robust strategies and policies, i.e. strategies that will survive several kinds of external development.

The paper contributes to the knowledge of scenario methods in practice and to help policy planners and managers recognize, consider and reflect on uncertainties they are likely to face. The work is also valuable for the international foresight community by discussing the method and addressing some drawbacks of the scenario exercise and recommendations for practice.

Research paper

1. Introduction

The identification of future trends and the anticipation of market changes have become determinant to the competitiveness of organizations. These are critical in dealing with uncertainty, adapting creatively and quickly to major changes, taking advantage of unexpected opportunities and staying ahead in a dynamic economy.

Several innovative methods, including scenario planning[1], have been recommended as tools towards the improvement of decision making and are useful in dealing with change and uncertainty[2]. Scenarios improve decision making by helping managers to broaden their horizons and to recognize, consider and reflect on the uncertainties they are likely to face[3] (Schoemaker, 1995; van der Heijen, 1996; Eisenhardt, 1999). The consequences of the decisions taken now can be hypothetically explored under alternative possible futures (Martelli, 2001). In more recent years, scenario planning in particular has enjoyed a clear revival which is apparent in the 'boom' in published research on the matter (Chermack *et al.*, 2001, Bradfield et *al.*, 2005; Amorim Varum and Melo, 2010).

In this paper we derive possible futures for the Portuguese tourism and hospitality industries with a 2020 horizon. We build scenarios as a mean to explore the uncertainties surrounding the future and the development of external factors that the intended target group, in one way or another, may have to take into consideration in the future ('What can Happen scenarios', Börjesson *et al.*, 2006, p. 727). This was the first stage of a broader exercise (Enterprise of the Future (EdF) Project), conducted with the aim to identify internal factors that would determine hotels' competitiveness under different scenarios.

The use and importance of future studies for tourism related activities is being acknowledged by academic and other stakeholders related to the industry (e.g. Yong *et al.*, 1989; Altinay *et al.*, 2000; Olsen and Connolly, 2000; Hay and Yeoman, 2005; Yeoman and Lederer, 2005; Yeoman *et al.*, 2005; Yeoman *et al.*, 2007a and 2007b; Liu *et al.*, 2008; Pan *et al.*, 2008), but

much of the work done in the field has not been published [4]. Hence, our paper adds value to the knowledge in the field, by focusing on the process and content results of a scenario exercise applied to the tourism and hospitality industry in Portugal, where few incursions in this area have been made. The results are innovative and challenging with practical implications for policy makers and professionals somehow related to the tourism field. The external scenarios can help managers and policy makers to take decisions and to develop robust strategies, i.e. strategies that will survive several kinds of external development (Börjesson *et al*., 2006, 727-728). This paper is also a means to raising awareness with regard to future analytical methods, and in particular, to the use of scenario planning and its potential contribution to the competitiveness of firms. The work is also valuable for the international foresight community by discussing the method and addressing some drawbacks of the scenario exercise and recommendations for practice.

The paper is organized as follows. Next we report the process and the results from our exercise. In the last section we discuss our results.

2. Possible Futures for the Hotel Industry in Portugal

2.1. Empirical setting: Portugal's tourism and hospitality industries

In spite of the recent decline in activity due to the world economic crisis, tourism is one of the most important industries of the world economy, and Portugal is no exception.

In 2010 Portugal's Travel & Tourism is expected to generate a direct impact equivalent to 5.8% of total GDP and 7.5% of total employment (377.000 jobs). Since Travel & Tourism touches all sectors of the economy, its real impact is even greater: directly and indirectly it accounts for 14.4% of total GDP, 18.8% of total employment (943.000 jobs, one in every 5.3 jobs), and 13.8% of total capital investment. By 2020, the contribution of Travel & Tourism to GDP and employment is expected to rise to 16.9% and 23.2%, respectively, and to about 14.3% of total investment (WTTC, 2010, p. 3-4).

Hospitality, the main focus of our exercise, leads in terms of activity within the tourism industry, accounting for over 30% of the tourism value added (INE, 2009, p. 22). Within hospitality, the Portuguese legislation considers four types of accommodation units: namely hotels, hotel-apartments, *Pousadas* (a kind of hotel located in historical buildings), and others[5].

****Figure 1***

Since 2000, the total number of establishments has been increasing, as well as accommodation capacity measured in number of beds. Hotels alone account for the largest share of the supply.

******Figure 2. *****

Algarve the iconic tourist region of Portugal accounts for over 30% of the supply capacity, followed by Lisbon.

In recent years, the growing competition and the internationalization of the Portuguese hospitality industry (with the entry of international groups) pressured hotel enterprises/organizations to change the way they compete and position in the market (Novais, 2008, p. 1773-1774). The hotel industry has become increasingly diversified, more aggressive and some less traditional propriety and management forms, such as the franchise, mergers and acquisitions, and joint-ventures, amongst others, have become much more usual. However, most of the hotels are still small or micro-enterprises, managed by the owner or a relative. In 2008, the grouping hotels had on average less than 208 beds (Figure 3).

*****Figure 3. ****

The UK, France, Spain and Germany are the main countries of origin of international tourists visiting Portugal (INE, 2009). Studies conducted at the tourist level reveal that Portugal's attractiveness factors are much based on natural conditions, i.e. good weather conditions,

landscape and natural beauty, history and culture and a sympathetic population (Kastenholz, 2002[6]; Eusébio, 2006[7]). In spite of the growth over the last decade, the stakeholders in this industry need to look at the future to set out sustainable strategies, and the challenges are great. Indeed, the growth of Portugal' Travel & Tourism is not outstanding when compared to the forecasts for the world market and for other European countries (WTTC, 2010). Scenario exercises such as the one discussed here help managers and policy makers to consider and reflect on the uncertainties they are likely to face, and thus to develop strategies to improve firms' competiveness and the positioning of Portugal as a world tourism destination.

2.2. Methodology

The final aim of the project 'Enterprise of the Future'[8] was to identify and discuss the future critical competitiveness factors for the hotel industry. This paper reports the results from the first stage of the exercise, when we explored scenarios that responded to the question 'What can Happen' to the development of external factors (Börjesson *et al.*, 2006, p. 727). There are various typologies and types of scenarios and various approaches for constructing them (e.g. Bradfield *et al.*, 2005). The literature, most notably perhaps Bishop *et al.* (2007), van Notten *et al.* (2003), Börjesson *et al.* (2006), Popper (2008) and Piirainen and Lindqvist (2010), offers advice on choosing the method. An exploratory scenario exercise seemed the most appropriate taking in consideration our aim, that is, to explore possible developments of external factors in a business context. In these cases, which depend mainly on creativity and qualitative data, an intuitive approach based on logical thinking seemed an appropriate process to develop the scenarios (van Notten *et al.*, 2003; Piirainen and Lindqvist, 2010).

According to the literature, scenarios can look up to 50 years into the future (Ringland, 2002). We focused our exercise on a 13-year period, i.e. our time horizon is the year 2020, thus explicitly allowing for structural, and hence more profound, changes to occur (Börjesson *et al.*, 2006).

Regarding method for data collection we followed a participatory approach (van Notten *et al*., 2003), using workshops with participants with a different interest on the matter (decision makers, experts). This is an appropriate approach to develop explorative scenarios since it facilitates the broadening of perspectives by including techniques to liberate the creativity of the participants (van Notten *et al.*, 2003, p. 432; and Börjesson *et al*., 2006, pg. 731 and 732). The exercise extended for nearly four months in 2007 and included three workshops.

The exercise was developed by two researchers of the project team, aided by two experts on conducting scenario exercises in Portugal. According to the literature special attention should be taken in the selection of the participants. Their representativeness of the industry and their potential contribution to such type of qualitative exercise must be carefully cared for. With this in mind, the participants invited were from academia, hotel managers, professionals from tourism associations and consultants to the tourism sector.

Although there is no standardized process and many differences can be observed between the various approaches within this tradition, there are common elements across the field of scenario planning. For the first stage of our research project, we inspired in Schwartz[9], Piirainen and Lidqvist (2010, p. 24) generic scenario process, and previous empirical exercises (e.g. Hay and Yeoman, 2005) to implement a six-step scenario exercise:

****Figure 4.***

In the following section these steps are presented along with the discussion and outcomes.

2.3. Possible futures for the hotel industry in Portugal

Beforehand, we must remind the reader that explorative external scenarios are plausible alternative futures, and not predictions about the future. Their purpose is to alert managers to possible futures, none of which may actually happen.

Step 1. Explain the focal issue

We explained to the participants that the focal issue of the project was the identification of critical aspects of the hotel's future competitiveness. van der Heijden (1996) stressed the importance of linking scenarios to the 'business idea' of the company as a way to ensure relevance and that the scenarios are actually used. We explained the methodology that was selected and why we would need to develop alternative possible scenarios under which hotels would have to operate in the future. We explained that our explorative external scenarios were stories about plausible alternative futures, and not predictions about the future. Their purpose is to alert managers to possible futures, none of which may actually happen. It was agreed that the participants should focus on 2020 as a time horizon in terms of providing an appropriate boundary to explore uncertainties.

Step 2. Brainstorming of critical aspects, drivers for change

The aim of the second stage of the scenario methodology was the identification of areas of interest for the focal issue. We conducted a brainstorming exercise for 30 minutes, when participants were invited to think about 'external drivers for change', that is, developments that could impact on the evolution of the hotel industry in Portugal. Structured brainstorming in a workshop format is often used in scenario generating (Börjesson *et al*., 2006, p. 732-733). In our case, the process was highly lively and fluent. Participants identified over 200 drivers of change. Drivers that were not external to the organization were excluded and those with the same meaning were clustered together; from 200 factors we retained 134.

Participants were interested in a range of factors that will impact broadly on the destiny of the tourism industry in Portugal, and on hotels' competitive strategies in particular. Participants found this exercise stimulating and interesting, but also revealed that it was difficult to think about 2020. This is a common situation in scenario exercises, probably because most of the

participants will not be in the same job in 20 years' time, and will have difficulty in thinking more than four or five years ahead (e.g. Yeoman and McMahon-Beattie, 2005, p. 277).

The listed items were generic and already predictable. Some issues are specific to the Portuguese context (regulations and country endowments), but most are common to many other economies (e.g. ICT revolution; customers' dynamics; macroeconomic developments; terrorism) and are indeed matters pointed out in exercises conducted in other destinies (e.g. Hay and Yeoman, 2005; Yeoman and Lederer, 2005; Yeoman *et al.*, 2007a). Scenario thinking is not a natural activity for the involved people and getting them to think in this way was difficult, a problem also identified in the literature (e.g. Yeoman and McMahon-Beattie, 2005, p. 277).

Step 3. Prioritizing and clustering of key uncertainties

This step aimed at hierarchically ordering the varied aspects and prioritizing them. Participants were asked to re-examine in-depth the external issues identified during Step 2 in order to rank all of them in terms of unpredictability (0: null to 3: strong) and potential impact on the focal issue (0: null to 3: strong). Accordingly, each uncertainty was represented into a two-by-two unpredictability/impact matrix.

Critical uncertainties are very relevant events that can only be imagined (van der Heijden, 1996). Hence, we focused on the aspects that followed on the quadrant strong impact/strong unpredictability and grouped them into clusters. We classified interrelated aspects into clusters so that they are as similar as possible within each cluster and as different as possible between them. The process is designed to reduce a wide range of issues to a smaller number of broader encapsulating concepts. We identified four main clusters: one related to clients' dynamics; a second one related to Portugal as a tourist destination; a third to territorial planning and sectoral organization; and a fourth one with the industrial structure.

In order to understand the nature of the cluster one must present the issues included on each. As an example, we labelled clients' dynamics and Portugal as a tourist destination from the following groupings:

***Table 1. ***

Step 4. Identifying two key uncertainties

The critical uncertainties identified in Step 3 were explored in-depth to identify the plausible extremes of the uncertainties. At this stage we stressed to the participants that the extremes should be defined in terms of plausibility in relation to what was now known about the 'limits of possibility' for the future, rather than in abstract terms of 'best' or 'worst', a practice suggested in the literature.

****Figure 5. ****

- **Client dynamics and loyalty**: with the extremes being: (a) clients are loyal, competition is less intense and it is possible to retain clients in some segments; and (b) there is extreme competition between destinations and high segmentation, high turbulence and uncertainty, where clients are not loyal and search continuously for new destinies.

- **Territorial planning and sectoral regulation:** this grouping gathers variables related to state intervention, in particular those concerned with territorial planning, regulation of real estate and the construction industry, competition law and administrative burden. The polar extremes being: (a) the state is capable of organizing the territory efficiently, imposing control over the real state and construction activities, it also implements an adjusted competition law and reduces the bureaucracy on economic activity, there is coordination between local and central authorities; and (b) the state is not able to take into force the activities above.

- **Industrial structure** with the two extremes being: (a) fragmentation of the industrial structure, with the predominance of flexible small and medium business; and (b) high

concentration and integration of economic activity, where scale is important and where there are high barriers to entry to new players.

- **Portugal's attractiveness as a tourist destination**, related to the way Portugal is recognized internationally, with the extremes being: (a) attractiveness based on traditional factors (weather, safety, sun and beach) combined with geographical or cultural proximity; and (b) global and strong attractiveness beyond traditional markets.

Having four uncertainties we organized the participants in four groups. Groups were formed randomly but ensuring that each group had the participation of a mix of types of participants. To each group one uncertainty was randomly attributed and the elements of the group had to choose among the other three the one that they considered to have the highest potential impact on the hotel industry. Each group worked with two critical uncertainties, that is, four possible scenarios. Because any group selected 'industrial structure' as second main uncertainty to explore, we reduced the exploration of possible combinations of two uncertainties from 6 to 4. This procedure enabled us to evolve fast, not only by avoiding that all participants had to look at all possible scenarios, but also by reducing immediately the number of possible scenarios from 24 to 16. The participants commented that working in groups in a more focused set of scenarios enabled them to look behind the obvious and to develop a deeper and interconnected comprehension of the different aspects.

****Figure 6 ***

Each group explored one matrix for 30 minutes and then presented the different scenarios and its implications to the rest of the participants.

Then, the participants voted the matrix that reflected the most critical uncertainties with implications for the focus (hotel industry in Portugal). They agreed that the two key uncertainties with potentially the greatest impact on their business were client dynamics and loyalty and Portugal as a tourist destination.

Step 5. Developing scenarios

Based on the two key uncertainties we reduced the analysis to four scenarios[10]. One practice commonly applied in scenario planning (e.g. Hay and Yeoman, 2005; Yeoman and colleagues) is the use of the scenario matrix as a diagrammatical tool to explore further the key driving forces and trends under each possible future (Ringland, 2002). We followed the same approach. Each quadrant of the two-by-two matrix represents one scenario.

*****Figure 7. ***

Based on the nature and dynamics of the key forces and trends, we labelled each of the four futures with a title: (1) Portugal – Southern Experience; (2) Portugal- Global Emotions; (3) Portugal – 'Sin Surprise'; and (4) Non-Charming Portugal.

Step 6. Articulating scenarios

Still working in four groups, the participants were then asked to explore each of the four possible futures in-depth and to develop a story of each of the scenarios. Following a common practice in these exercises, participants were invited to imagine and think how each scenario would be at the horizon year, 2020. Creative techniques such as the development of stories are typically intuitive-logical approaches to scenario analysis (van Notten *et al*., 2003, p. 427). While developing the storyline for each of the scenarios and how contextual forces interacted and evolved to create a different future in 2020, the participants developed on possible driving forces and discontinuities.

****Figure 8 ****

Based on the participants' inputs the research team developed a written outline of the four scenarios[11]. They were used for the identification of critical competitiveness forces, the second stage of our broad exercise. What we report next enables readers to have a

comprehensive idea of the scenarios and the segments with more market opportunities under each.

Scenario 1. Portugal – A Southern Experience

Both the global economy and the Portuguese economy are growing. There is a desire to obtain experiences and products that are original, real, and 'not contaminated by being fake or impure'. Clients are loyal and prefer long stays in safe and authentic destinies. Many destinations have declined in popularity due to problems with increased terrorism and natural disasters.

At national level, in recent decades Portugal has significantly improved its global accessibility and services in general. As part of a broad modernization plan, Lisbon international airport was built and achieved significant relevance as a hub between China-Europe and Africa. The government has put in place strict legislation regarding the organization of the territory and environmental protection.

These developments have created good opportunities for Portugal, a safe region, offering real products/services, natural landscapes, villages and peculiar environments such as cafes and restaurants all marked by tradition and heritage, authenticity and quality. Better accessibility and a more pleasant environment have attracted new clients in the senior and health segments, as well as creating good conditions for the expansion of residential tourism.

There are business opportunities all over the country, emerging from the development of offers at regional level, drawing upon local partnerships, local skills and advantages. The offer, in particular in the interior and locations of natural beauty, is characterized by an environment of safety and fun.

****Figure 9. ****

Scenario 2. Portugal – Global Emotions

The global economy has expanded following market liberalization and the international integration of markets. Disposable income has also increased considerably and international travelling has expanded substantially. Competition between destinies and experiences is intense. In this scenario of 2020, customers are better educated, more sophisticated, better travelled and informed. There has been a shift towards individualism in which the consumer searches for products and services which meet the individual's specific needs. Youngsters, in particular, avoid mass-tourism package holidays. People are concerned with the environment and quality of life. They screen the whole world and all destinations, searching for new experiences and sensations, using short-breaks and low-cost offers. There are many niche opportunities, and the tourist faces a complexity of choice.

These external developments were well explored, and Portugal became a sustainable tourist destination offering authentic experiences. First, a few regions maintained their tranquillity and restricted access. Second, many leisure places have broadened their offers so that a wider range of activities is presented together. These options allow people to maximize the efficient use of their time, explore linkages not only derived from family, local and national attachment but also from lifestyle choices, specific brand affiliations and niche interests. Overall, all sectors have made good use of new technologies, reservation management and pricing strategies to maintain sustainable tourism. In recent decades the government has organized and improved the legislation regarding the organization of the territory, at national and local level, promoted the environment and the rehabilitation of historic and cultural patrimony. Fast and low cost accessibility, combined with a more pleasant environment and diversified offers, have attracted new customers from other traditional markets.

***Figure 10 ***

Scenario 3. Portugal 'Sin Surprise'

In the last decade international travelling has not expanded much due to a worsening of security and environmental threats in many parts of the globe. However, Portugal has somehow benefited from this scenario and remained an attractive location by offering good weather conditions, a natural landscape and safety. Proximity (cultural, historical and geographical) is another variable explaining the flux of tourists in this scenario. However, the recently inaugurated international airport does not have the dimensions and characteristics to become a regional hub. Therefore, Portugal remains dependent on Madrid as far as long distance flights are concerned. The construction of the TGV and better accessibility to Spain created the conditions to speak of an 'Iberian touristic market', being that a significant number of Spanish operators and other tourist agents established in Portugal. Nonetheless, retaining the market was possible only because there were significant improvements regarding the rehabilitation of patrimony and exploitation of Portugal's cultural heritage.

Portugal developed efforts to attract international events and around 2020 Portugal organizes an international football event, which spurred demand.

Nevertheless, customer power and competition pressured margins down. With a constant and traditional demand, the players in the market did not make significant investment to overcome structural limitations: technological limitations, untrained personnel, territorial disorganization, and a deficient and disarticulated health system. As a consequence, it will be difficult in the future to attract high-income clients that look for high quality standards and comfort.

Figure 11 *

Scenario 4. Non-Charming Portugal

This scenario, as the previous one, reflects continuity with the past, but, in this case, turned worst. In the last 20 years Portugal was not able to organize its territory, put an end to the informal economy, nor to regulate or control the real estate offer. Adding to this the country

faces serious safety and environmental problems, with polluted and limited hydric resources and great energy dependency. The development irreversibly damaged natural resources, beauty and heritage, as well as the attractiveness of past icons of tourism.

The offer is very fragmented and not organized. There are two extremes in the market. One, of high quality directed to high-income clients (reduced number of resorts and in very few regions), and, on the other extreme, a large laggard and outdated industry, facing direct competition of emerging destinies from North Africa and the Baltic. All these make it impossible to launch the sector, to retain customers or to implement new strategies oriented to higher income and demanding customers.

***Figure 12 ***

4. Discussion and Implications

This paper presents results on four possible scenarios for the Portuguese hospitality industry with a 2020 horizon. Through a intuitive-logical process we developed four alternative scenarios based on the evolution of external factors, i.e. factors beyond the control of the relevant actors. The exercise involved workshops, with the participation of a group of experts, academics, representatives from industry, tourism associations and local government.

Based on the nature and dynamics of the key forces and trends, the four scenarios identified are: (1) Southern Experience; (2) Global Emotions; (3) 'Sin Surprise'; and (4) Non-Charming. The scenarios achieved explore developments in external factors that the intended target group, in one way or another, may have to take into consideration. These scenarios are of practical use for managers, policy makers and other practitioners as they provide a framework for the development and assessment of robust strategies and policies, i.e. strategies that will survive several kinds of external development (Börjesson *et al*., 2006, p. 27). Within all of the scenarios, tourism exists. The challenge for Portugal is to maximize its potential.

The four scenarios for Portugal focus very much around customer future trends, namely between loyalty or global screening, focus on tradition or the desire for new experiences. But as Butler (2009) wrote, 'at the core of tourism the basic purpose will remain the same,…, namely the pursuit of enjoyment and relaxation in a multitude of forms away from home for a limited period of time (Butler, 2009, p. 348).

Overall, the importance of developing client loyalty goes unchallenged. However, the evidence regarding the effectiveness of loyalty programmes remains mixed and often inconsistent. There is a lack of understanding of what factors drive a successful loyalty programme but: 'the successful hospitality purveyor of the future will be the one that can use technology to meet the customer's needs on the customer's terms' (McCall and Voorhees, 2010, p.57). For all scenarios it seems also important to exploit the opportunities of new markets as the dependence on traditional segments may erode. The application of portfolio analysis, as an instrument of decision-making support, may help on the selection of priority market segments for Portugal (Águas *et al.,* 2000).

The relationship between tourism and the environment is a distinctive feature of the global scenarios (Southern Experience and Global Emotions). The relationship between sun and beach and low-cost is a key feature of the proximity and tradition scenarios (Sin Surprise and Non-Charming). In all scenarios there is increased global competition amongst tourist destinations. There is in all scenarios a search for authenticity, that is, for authentic experiences and for avoiding areas and activities where there is agglomeration of other tourists, indicating a desire to explore the unique. There is high association with nature, culture and history. In at least three scenarios there is a connection to heritage seeking. It is a destination's food, people, culture and places which make up its heritage and its character that determine a destination's own authenticity (Yeoman *et al*., 2007a). Portugal can explore its

potential in this regard to offer authentic experiences and improve its' attractiveness as a touristic destination.

Also, managers, policy makers and other actors related to the tourism sector must be aware of the need to control demand because over-exploration and over-concentration in certain areas may result in the loss of the attraction of Portuguese internationally recognized destinies. Also, because internationalization and changes in legislation and fashion may dilute the originality and homogenize countries in the long run, the future demands visionary managerial solutions and visionary public policy to retain authenticity. Indeed, practitioners and managers cannot do this all alone. Because of their indirect effects over tourism and hospitality industries special attention must be diverted towards the environment, to planning of the territory, to the need to control real estate pressures, (Videira *et al*., 2006), and to the improvement of the qualifications of the workforce. Existing sectoral regulation (towards hospitality, restaurants and other services/products directly related to tourism) needs also some improvement, but, even more, stability, vision and sound enforcement. Strategic planning for tourism development in specific should not only select markets and organize supply, but also cover the strategic modernization of several sub-sectors integrated in tourism, such as the travel and rent-a-car businesses, food and accommodation, as well as promote the networking with leisure activities. For example, further attention must be given to the integration and management of museums, historic buildings and galleries, as demand for them from educated customers is expected to increase.

Finally, from our experience we may derive some suggestions for future practice regarding the processes and contents of scenarios. Overall the explorative intuitive-logical scenario process developed well and produced good results. During the exercise participants acknowledged the importance of an accurate assessment of the future of the business environment for the development of a corporate strategy. Participants were rather enthusiastic

about the process. It was possible to achieve fast results without consuming expert time excessively. By using qualitative techniques we were able to explore the future informed by opinions and judgments based on subjective and creative interpretations of the changes influencing the future.

However, at the same time, because intuitive-logical methods are considered to be methodologically more relaxed as opposed to the rigorousness of statistical scenarios, futures exercises of this type may complement the analysis with more quantitative data and use of quantitative models (e.g. CGE models, see Yeoman *et al*. 2007b, p. 1359). Piirainnen and Lindqvist (2010) for example, discuss traditional scenario practice and present alternatives such as the electronically mediated scenario processes.

Scenarios are based on the assumption that the business world is unpredictable but certain events are predetermined. However, in the current external environment of organizations, 'complexity is growing, causality relationships may be ambiguous, and changes are speeding up' (Postma and Liebl, 2005, p. 165). We observe simultaneity of complex trends and countertrends, some of which had not been thought of beforehand. In the context of tourism, Butler (2009) argues that a rather confused pattern of tourism development is setting in, and a major dichotomy exists in tourism, namely, that between its dynamism and its inertia. Accordingly to him, these tensions make difficult to predict the future patterns of tourism. Because scenario planning deals mainly with predetermined uncertainties it may leave these unknowables out of the discussion (Postma and Liebl, 2005, p. 165). In our case, when analyzing the process and the content of our results, it is evident how difficult it was to identify trends/events not visible yet. For example, while our scenario planning exercise could deal with a number of uncertainties, events like the abrupt 2008 world crisis and the subsequent social and economic consequences were simply not included or considered as possible. It is surprising how in our exercise not much attention was given to possible major

shocks, such as terrorism, diseases and epidemics, oil and energy price rises, the failure of the euro currency, the breakdown of the global financial markets, or to aspects such as changes in taxes or on air passenger duty, a crash or a decline in Internet use. Our scenarios could be more receptive for and oriented towards exploring and discussing unconceivable elements. This may reflect certain weaknesses of the process of the scenarios or the facilitators' lack of creativity and imagination.

Facilitators could have pressured to include unbelievable scenarios and could have been more sceptical with the first set of scenarios created. Alternative scenarios could have been formulated by introducing wildcards (European Foundation for the Improvement of Living and Working Conditions, 2003), that is, unusual events that maybe disruptive to the base-case, surprise-free scenario. A wildcard scenario (Baldock, 1999) 'that disregards all conventional wisdom and turns most assumptions on their heads' (Wright, 2005, p. 98) could also have been considered.

Overall, and in spite of its limitations, the exercise offered the opportunity for hospitality managers and academic researchers to collaborate on a mutually beneficial topic that has both theoretical and practical importance. It also made them more aware about the usefulness of thinking about the future. Our scenarios also proved to be useful in the second stage when we explored the critical internal competitiveness factors for hotels in the future.

In the future, when evaluating the effectiveness of the exercise one should not ask 'did we get it right?' Rather we should seek to reflect upon how the scenarios influenced managers in making better and more effective decisions (Wack, 1985; Schwartz, 1996; Ringland, 2002). Additionally, for policy, decision makers need a framework to drive thinking and actions forward. Exercises, such as the one reported here, may support that purpose. However, if tourism is to be a prominent industry in Portugal, scenario planning exercises should be used

but not as on-off projects. They must be part of continuous process, where work can be continued, expanded and improved.

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Table 1. Clustering uncertainties

#3	Clients' Dynamics	#8	Portugal as Touristic Destination (Local attractiveness factors)
4	Knowledge and information	140	Local context
13	Demanding clients	177	Primitivism of health services
14	Informed clients	23	Organising International events
34	Experienced clients	29	Culture and history
83	Individualism	53	Visibility
148	Personalization	63	Openness
149	Spirituality	64	Racism
96	Experiences	84	Gastronomy
99	Authenticity	88	Promotion
100	Emotions	97	Night life
168	Non planning of vacations	98	Golf
169	Independency	118	Architecture
175	High value of vacation time	156	Festivals
176	Infomed/ sophisticated/ demanding client	160	shopping centres
103	Religion	161	Traditional commerce
92	Fantasy	162	Hand made crafts
113	Tastes	163	Folklore
167	Fashion	164	Biological agriculture
94	Sex		
177	From products to experiences		
71	From products to solutions		
150	Fidelization		
151	Youth		

[1] Over time, a range of terms, such as planning, thinking, analysis, and building are commonly attached to the word *scenario* in the literature and are used interchangeably (Bradfield et al., 2005; Bishop et al., 2007).

[2] Pooper (2008) reviews other common foresight techniques.

[3] The history of the development of scenarios as a strategic management tools is well documented in works by Schwartz (1991) van der Heijden (1996), for example.

[4] At the start of our research we conducted a search at the ISI Web of Science and EBSCO Database and we found only approximately 10 articles related to 'scenarios and tourism'. Out of these, Yeoman and colleagues' work for Scotland are the few that indeed use scenario planning techniques to develop scenarios that add managers' decisions (Hay and Yeoman, 2005; Yeoman, 2005; Yeoman and Lederer, 2005; Yeoman *et al*., 2005; Yeoman *et al*., 2007a and 2007b). With the same end, but using different methodologies, there are also relevant results from broad-based think tanks, such as the one by Olsen and Connolly (2000) on the future of IT in the hospitality industry sponsored by the International Hotel and Restaurant Association; Pan *et al*. (2008) on tourism trends in the Asia-Pacific region by analyzing 766 articles from travel magazines in 2005; Liu *et al*. (2008) who explore trends through consumer preferences and patterns of consumption of 118 U.S. travellers to Costa Rica; Yong *et al*. (1989) who used Delphi panels to identify possible future events that could impact on tourism in Singapore; or Altinay *et al*. (2000) who discuss the future of the North Cyprus tourism industry, in face of the economic integration with Turkey.

[5] Portuguese Law (Decreto-Lei 39/2008). Others include rural tourism units, camping parks, touristic villages, touristic apartments and other units similar to bed & breakfast.

[6] Results from a questionnaire survey to 2280 visitors in the years 1998/1999.

[7] Results from a questionnaire to 2876 visitors to the central region.

[8] This Project has been conducted by the University of Aveiro from 2005 to 2008, financed by the Instituto de Investigação da Universidade de Aveiro.

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[9] Schwartz suggests a eight-step exercise: 1. Identify focal issue; 2. Key forces in the local environment; 3. Driving forces; 4. Rank by importance and uncertainty; 5. Selecting scenario logics. ; 6. Fleshing out the scenarios; 7. Implication; 8. Selection of leading indicators and signposts.

[10] We recall that most authors suggest that at least two scenarios are needed to reflect uncertainty, while more than four may be impractical (Schwartz, 1996; van der Heijden, 1996). The number of scenarios depends to some degree on the complexity and volatility of the environment.

[11] These were used as inputs for the second stage of the broader exercise: the identification of critical competitiveness forces, not reported here.