

A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics.

OPENING POUSADA DA SERRA DA ESTRELA IN COVILHÃ: A TWO-WAY IMPACT ANALISYS – INTERACTING WITH PRIVATE AGENTS

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Executive Summary

In an era where tourism represents almost 16% of Portugal's GDP, tourism management becomes a very relevant thematic. Tourists are increasingly opting for more tailored experiences, and in order to satisfy these needs it must be required to know how to manage a destination.

This work is based on research into networking between private agents related to tourism activities and its contribution to destination development, offering thereby a complementary literature review in social networks.

The fieldwork is carried out in Cova da Beira sub region, more focused in Covilhã, the eastern gateway to the Serra da Estrela. A social network analysis is used to understand the positioning of the private agents of the area and respective relationships.

Key words: Social Network, Destination Management, Private Agents, Interactions

Introduction

The *Pousadas de Portugal* are a chain of 35 exclusive hotels, located throughout Portugal, with the purpose of delivering a unique form of quality accommodation, based on the *Pousadas* atmosphere. They were created in the early 1940s, administered by the state, but since 2003 *Pousadas* have been managed and expanded by *Grupo Pestana Pousadas* (GPP)¹ for a period of 20 years, under the property of ENATUR². The *Pousadas* are installed in historical monuments and buildings, such as castles, monasteries, fortresses and places of special natural beauty, and according to their architectural specificity and privileged location are divided into four segments – charm, history, historic design and nature. Furthermore, *Pousadas* offer programs and promotions such as multi-night passport and extra activities, golf and spa experiences.

¹ GPP - *Grupo Pestana Pousadas*, composed by *Grupo Pestana* (59,8%), *Grupo CGD* (25%), *Fundação Oriente* (15%) and more two companies with 0,2% (*Abreu* and *Portimar*)

² ENATUR – *Empresa Nacional de Turismo*, which the State is a shareholder, is a corporation that holds the concession of the private sector and the supervision of the *Pousadas de Portugal* hotels' operation

Pousada da Serra da Estrela, in Covilhã, is a new expansion project of the GPP, resulting from the rehabilitation of *Sanatório dos Ferroviários*, a historical building projected in the twenties for the purpose of tuberculosis treatment of *Caminhos de Ferro*'s employees, since the location benefits from calmness and fresh air, with its 1200 meters high.³ Now, by the hand of architect Souto Moura⁴, the project to the *Pousada da Serra da Estrela* recreates the storytelling of the historical building.⁵ This *Pousada* has capacity for 92 bedrooms, restaurant, spa, and others.

Portugal is considered as one of the most beautiful countries in the world and one of the most attractive tourism destinations, having won nine Oscars in the global travel and tourism industry⁶. In this small country, the beauty emerges from its diversified landscapes, excellent weather and climatic diversity, a wide range of historical monuments and rich gastronomy and handicraft. Portugal has a privileged location, bathed by the Atlantic Ocean, has good accessibilities by land and by sea, and is safe.

The tourism sector plays an important role in the Portuguese economy, directly contributing⁷ to 5.7% of GDP (€9.4 billion) in 2012, and is expected to growth by 2% by 2023. In 2012, Portugal generated €11.1bn in visitor exports and counted with 13 million international tourist arrivals (by 2023 is forecasted more than 16mn). This sector attracted capital investment of €3.5bn in 2012, and is expected to rise to €4.4bn in 2023⁸. Moreover, it generates 7% of total employment in Portugal and it is forecasted to grow a total of 1.5% by 2023. Accordingly, the tourism sector has a strong potential in boost the Portuguese economy and is a sector where Portugal has clear competitive ad-

³ “Sanatório dos Ferroviários.” *Monumentos Desaparecidos* 8 Nov. 2010: Blog

⁴ Recognized Portuguese Architecture, winner of the Pritzker Architecture Prize

⁵ “Souto Moura promete preservar traça do Sanatório.” *Notícias da Covilhã* 13 Apr. 2011: Web

⁶ Portugal conquista nove “óscares” do turismo europeu. *Público* 1 Sept. 2013, p. 21

⁷ Economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services, but also restaurant and leisure industries supported by tourists

⁸ Data from World Travel & Tourism Council: Travel & Tourism Economic Impact 2013

vantage (Portugal ranks 20th to most competitive European country⁹).

Portugal follows an extremely challenging strategic plan in fulfilling the objectives to the tourism sector, *Plano Estratégico Nacional do Turismo* (PENT), and in particular to Serra da Estrela, the strategy involves maintaining momentum of growth of Portugal residents' market and diversifying new markets and segments, especially Portuguese descendants; this goes through the structuring of touristic circuits, health tourism and eco-tourism for international promotion.¹⁰ PENT allows public and private agents aligning strategies, mutual understanding their objectives and defining common actions more effective and coherent. The cooperation and consolidation between agents, particularly the smaller, is fundamental to overcome difficulties of scale.

The city of Covilhã

Covilhã is one of the main urban centers of Beira Interior region, known as the town of wool and snow, due to its proximity of the mountains. In Covilhã the tertiary sector dominates, being the commercial and tourism services (linked to hydrotherapy, housing and hospitality) the most important activities, followed by the industrial activity, including wool, textiles, civil construction, sawmills and metalwork.¹¹

Entangled in the crisis situation, Covilhã suffers a high unemployment rate, mainly in the service sector, and an ageing population.¹² Because of its location in the Interior of the country, there is less accessibility to the region. Nonetheless, Covilhã is relatively close to both Lisbon and Oporto, two major urban centers of Portugal, arranged with airports and several bus and train connections. More, it has been emerging in national context with the improvement of accessibilities, from the roadways to railroad network,

⁹ Data from the World Economic Forum - Travel & Tourism Competitiveness Report 2013

¹⁰ Plano Estratégico Nacional do Turismo – Revisão e Objectivos 2013-2015. Turismo de Portugal, I.P.

¹¹ Covilhã, in *Infopédia*

¹² See *Pordata*

facilitating mobility to major national and European urban centers. Another advantage is the proximity to the Spanish market; considering the triangle Lisbon – Oporto – Madrid, around 40 million people are included, which means a greater flow of citizens.

However, Covilhã is not a purely tourism destination, it has been necessary to embrace the whole region, mainly Serra da Estrela. A touristic product created around the diversity environment would be particularly valuable to Covilhã. The heavy seasonality allows skiing in the winter, being the ski resorts more appropriate for families with children and beginners in the sport, or hiking, camping and mountain climbing in the summer, or simply leisure all year.

Purpose of the Work Project, Scope and Methodology

The aim of this Tourism Management Field Lab is the analysis of the impact of the new *Pousada da Serra da Estrela* in the Covilhã Region related to private sector. The business opportunity arose from the need of offering to Covilhã a luxury place with greater capacity for overnights.

This work project is based on the interaction with the existent private agents of the Covilhã Region, in order to increase its competitiveness in the market. At the same time another two work projects are being made, one purposing an interaction with the existent public agents of the Covilhã Region, and other analyzing the *Pousada da Serra da Estrela's* value chain. The work projects are complementary and represent an analysis from a macro to a micro perspective of a social network.

The research question to this work project is: *is there a social network configuration in Covilhã capable to support Pousada da Serra da Estrela and to maximize the social impact on the destination?*. To answer this research question, other sub-questions have to be analyzed: *What are the existing private players in Covilhã related to tourism sector?, Is there any type of relations between the players? What are they?, What are*

the challenges Covilhã will face to improve its social network?, How to improve entrepreneurship in Covilhã Region?, What the Pousada can bring to Covilhã Region and from what resources can it take advantage?.

To start this thesis the group had meetings with GPP and kept in contact with them during a first phase of the work. Throughout the work project, a theoretical research on social networks based on academic peer-reviewed journal articles, leading journals and books was made. Afterwards, the group departed for field work and identified the local players of Covilhã, conducted interviews with critical stakeholders, which could serve as a reference. During the interviews, a snowball technique was used to identify other stakeholders with relevant characteristics and importance regarding the purposes of the study, which contributes to identify more valuable actors to the network. Then, in order to collect more detailed information, individually a survey was developed and filled out by the self by hand or e-mail, or answered via telephone, by local craft shops, restaurants, tour operators, rent-a-cars and touristic activities agencies. From here it was collected the primary data, inserted in the software that draws the social network, fundamental to understand the position and role of private agents in Covilhã region.

Literature review

The public and private sector always formed relations between them; however, in the last decades, it has been given more importance to the interactions of these partners on managing sustainable tourism. In order to manage this net of relations, actors are now implementing networks, which allow examining the links and potential influence of ties between them. In this environment, it is referred to structural networks, which considers aside from the social context, economic relationships between the entities, allowing in this sense to attain or sustain a competitive advantage over competitors, with compromise and trust as main coordination mechanisms.

In recent years these concepts have been applied to characterize tourism as *a complex dynamic information network business*. From a management perspective it is fundamental to tourism the concept of destination, in order to manage all the components that determine the success of a tourism destination (Ritchie and Crouch, 2003). It has also been given considerable importance to destination competitiveness (Bornhorst *et al.*, 2009; Scott *et al.*, 2008), generally associated with the destination management organizations (DMOs) which hold the greatest legitimacy and power over others in destination development. In order to go along with the complex reality of interactions, destination has been characterized as a network of relationships between business organizations related to tourism activities.

To analyze this complex system, many tools have been developed, of which Amaral and Ottino (2004) identified three main classes: nonlinear dynamics, statistical physics and network theory, being the last one the most auspicious method. The social network analysis (SNA) was one of the first attempts to model the network perspective (Hakansson & Shenota), and comprehends three levels of analysis – actors, links and networks. The actors are entities, companies or organizations; the links are the relationships between the actors, such as, money transfers, support, or exchange of resources like information; and the networks, patterns formed from the combination of all the actors and links within the system, characterized by density and centrality.

With this theoretical framework it is possible to reach a better understanding of the general behavior and dynamic of a tourism destination and to evaluate the implications for it. The stakeholders involved are the critical actors in destination development, by building synergies (links) among them, and represent both public and private sector.

The private players in Covilhã, their relationships and resources exchanged

The private sector plays a vital role in the growth and development of tourism. The pri-

vate actors drive economic growth through investment, employment and business. In order to assure Covilhã Region as a sustainable touristic destination, be recognized *the inter-organizational web of loosely articulated groups of independent suppliers linked together and embodied in destinations, and as a set of nodes and the interconnected relationships within the destination* (Pavlovich, 2003). That is, all of these players must interact, formally or informally, and exchange some type of resources between them.

In this section are identified the private agents, relationships and resources existent in Covilhã Region's social network, distributed by industries.

- **Hospitality**

Nowadays, **hotels** have become a differentiated product in order to achieve the different market segments, originating from mass tourism. A hotel must follow the 4S policy: *Sophistication, Specialization, Segmentation and Satisfaction*, or the 5S, if it added a fifth S of *Seduction*. According to Swarbrooke (2003) a hotel can be a tourist attraction if, by itself, attracts visitors (e.g hotels and restaurants that lead people to travel just to “experience” it), and, generally, these hotels are associated to a high quality service. *Casa das Penhas Douradas, Design Hotel e Spa***** (CPD) an accommodation with 18 bedrooms, can be an example of that for the visitors looking for to be inserted in the middle of nature. They are carrying out two projects, one touristic with the hotel in the mountain, and the other industrial with a wool factory and stores with the products. CPD takes great advantage of the surrounding, organizing activities on the *Parque Natural da Serra da Estrela*, with which it maintains a relationship, like walking tours of intellectual interest, mostly prepared by the hotel. Only when it is required a thorough knowledge of subjects as geology or botany, appeals to the experts of CISE¹³.

Apart from this, in the context of animation, it does not have partnership with

¹³ CISE – Centro de Interpretação da Serra da Estrela, belongs to the Municipality of Seia, with the mission of promoting the knowledge and the environmental heritage of Serra da Estrela, by developing environmental education projects and fostering nature tourism (Source: <http://www.cise.pt/>)

entertainment and sport activities agencies; but for the purpose of distribution, it has partnerships with adventure tour operators like *Papa-Léguas*, benefiting from clients.

Furthermore, still related to distribution, the hotel uses the Internet as main means of clients' acquisition, through their own website, booking websites (booking.com and trivago.pt), and travel services websites (e.g. tripadvisor.com). As the hotel has low capacity, tour operators do not have great relevance as commercial distributors.

Despite CPD's core is not radical activities, they have a partnership with Bikotel, "a lodging that offers specific amenities to answer the needs of those who consider cycling the best thing in life"¹⁴.

The hotel has its own **restaurant**, where offers a menu authored by Chief Luís Baena with regional flavors; therefore it does not have agreements with other restaurants. Most restaurant customers are people lodged in the hotel, especially for dinner; however, for lunch, the demand is much by outsiders.

An important player of the region is *Natura IMB Hotels*, since it is one of the largest hotel chains, and responsible for positive changes in the way the destination is being managed and promoted. The group strongly supports Health Tourism, having invested EUR 15 million in the recent *H2otel – Aquadome* – a hotel totally integrated in the landscape. Unfortunately, after several attempts to contact, it was impossible to gather information about their partnerships and external relations with agents of the area.

Caravan tourism has gained huge acceptance around the world by people who want freedom and flexibility during holidays. Caravan promotes family oriented tours even in circuits or destination which not have proper hotel accommodation. A pre-requisite for Caravan tourism is the existence of **Caravan Parks**, where caravans can stay overnight in places providing basic or advanced amenities and facilities. This sector would attract

¹⁴ Source: www.biketels.com/

a wide range of market segments including young and senior people, families and international tourists. This happens at *Clube de Caravanismo e Campismo da Covilhã*, a 40 years club, with 160 fix caravans and space reserved to accommodate tents, caravans and campers. The club is more demanded during the summer period, more by foreign tourists than Portuguese, but in the winter the demand is balanced. In order to promote it, the club is included in the *Roteiro Campista* booklet, an online platform with over 200 of Portugal's campsites; on the website and Facebook, it publishes an annual plan of activities in the club and promote them frequently. For those activities it has patronage from its partnerships, both monetary and in advertisement, with *Câmara Municipal da Covilhã*, *Rádio Covilhã*, etc.. Beyond that, the club has a partnership with *Campos Melo* high school, from which students are received to do internship.

- **Travel infrastructure and facilities**

There are two major groups of road transport, the self-drive, which includes private and rental cars, and the non-self-drive, such as bus and taxis. Rental car companies are the most structured segment in self-driven tourism.

There are three **car rental** companies operating in Covilhã, AVIS, Europcar (two large international companies) and *Pereira & Antunes* (a small, generally locally based), with fleet cars available for hire to individuals or private companies. The business owes a substantial proportion of its revenue through local clients, associated with leisure, small companies, associations and public entities. While in total only from 20% to 40% of car hire is through tourists, being the vast majority national tourists or emigrants.

It is critical to the car rental business to establish good relations with hotels and tour operators, once it can maximize opportunities and generate huge volumes of business.

AVIS, for 15 years in Covilhã, maintains frequent and lasting relations with the *Universidade da Beira Interior* (UBI) and mainly with its Academic Association, with

hotel groups like *IMB Group* and *Turistrela*, insurers, with *Rede de Judiarias de Portugal*, and at national level it has agreements with tour operators like *Viagens Abreu* and *GeoStar*, from which it takes away the biggest benefit of customers. Some other relations, for example with the municipality or with construction companies and textile, are already extinct. Additionally, when looking for developing a new project, the company takes for advice AECBP¹⁵. Regarding to *Pereira & Antunes* rent-a-car, since 1995 in the business, the frequent contact with UBI is performed through a protocol with Erasmus students, and beyond the relations with the hotel groups, they have close relationships with local restaurants when necessary.

As mobility is an essential issue for tourists and, an alternative to private transport, which few decide to have or even cannot afford, is the **public transport** system has a fundamental role. Hence, it must adapt and accommodate to the new demand of tourism and leisure, which does not mean a higher investment, but an optimization of existent resources. In case of Covilhã, the public transport is focused within the city (urban area), performed by a private company, *Covibus*, which won the concession of public collective transport in 2009. Their relation with the municipality is merely of concessionaire, being restricted their formal partnerships with it. Regarding informal partnerships, punctually *Covibus* contact with hotels, where their clients can be embedded in the existent routes, having the benefit of more advantageous rates; occasionally they have partnerships with UBI, during the freshmen reception week, and at the end of the academic year, offering occasional transport overnight.

Tour operators are an essential bridge between travel suppliers and customers, purchasing separately the elements of transport, accommodation and other services and combining them into a package that are directly sold to consumers. Their role of

¹⁵ AECBP - Associação Empresarial da Covilhã, Belmonte e Penamacor

intermediaries makes tour operators responsible for influence the consumer choice, supplier practice and help tourism to develop patterns of destination. This means, that tour operators can make an important contribution to develop sustainable tourism and protect environmental and cultural resources of the place.¹⁶

More and more, there are information and brochures available on the websites of tour operators about the desired tourist destination, and, thus, tourists are going ever more prepared with information about the destination, which leads to a reduction in demand for the travel agents located in Covilhã by tourists. The majority of the clients of the local travel agencies are the people of Covilhã and nearby for booking their travels to other destinations. Thereat, tour operators in Covilhã maintain informal relationships with some players of the region, such as UBI, municipality of Covilhã, RUDE¹⁷ and Paulo de Oliveira¹⁸, in order to obtain frequent clients and advertisement.

Regarding formal partnerships, they have to work with tourist service providers. However, the local agencies like *Viagens Abreu* and *GeoStar* are not responsible to make these agreements, but rather the decision making of these organs is centralized in the headquarters (in Lisbon). Entering in contact with *Viagens Abreu* headquarter, after analysis of the questions purposed about existent relationships between the tour operator and entities in Covilhã, *Viagens Abreu* was not capable of cooperate in the thesis due to confidentiality issues. From *GeoStar* there was no answer back.

- **Leisure facilities**

Nowadays, **entertainment tourism** is a popular niche of tourism; rather than just going on a sightseeing tour and sitting on the beach all day (World Tourism Organization 1999), tourists often search for more diversified experiences like adventure activities or

¹⁶ Source: *Sustainable Tourism: The Tour Operators' Contribution*, Tour Operators' Initiative for Sustainable Tourism Development, 2003 (available on http://www.toinitiative.org/fileadmin/docs/publications/sustainable_tourism.pdf)

¹⁷ RUDE – Associação de Desenvolvimento Rural

¹⁸ Paulo de Oliveira is one of the biggest worsted Iberian producer, and the best textile mill in Portugal

with cultural or gastronomic elements. The entertainment tourism should be characterized by enjoyment, self-expression and satisfaction, and it should not be an obligatory undertaken, that is, should come freely (Swarbrooke et al 2003).

In Covilhã exists a great diversity of entertainment activities, from the adventure to the relax activities. *Adrventura* is a nine years private company whose core business is currently promotion of sport activities.¹⁹ On the one hand, they organize thematic programs, where the traditions of the region, such as wool, cheese, cherish and shale, are the heart of these programs. As such it, form part visits to the *Museu dos Lanifícios* and the *Museu do Queijo*, but also to historical villages and farms, including food tasting and ateliers. On the other hand, the company organizes walking tours through the valleys of Serra da Estrela, full of historical and geographical interest. Furthermore, *Adrventura* has also the adventures activities like BTT and paintball.

In order to promote and develop these programs, *Adrventura* has a wide variety of formal partnerships in the region, from hotel groups like *Quadra Hotéis*, *Natura IMB Hotels* and *Turistrela*, tourism bodies (the former *Turismo Serra da Estrela*), Covilhã Municipality, to bike shops (rental agreements), with which it works quite frequently, depending on seasonality. When requested by the hotel groups, beyond the current programs' offer, *Adrventura* draw up specific and exclusive programs. Regarding informal partnerships, from an institutional point of view to the client, the company gives the possibility to visit the museums and farms aforesaid, and craft shops; from the collaborator point of view, *Adrventura* looks for training opportunities held by AECBP. *Animactiva* is a Covilhã's private company of sport activities and entertainment events, intervening mainly in Serra da Estrela, Serra da Gardunha, Serra da Malcata and Cova da Beira areas. Their activities are intended to instill ecological, patrimonial and cultural

¹⁹ In order to answer to the tourism industry needs, *Adrventura* will cease activities with this name, and will expand the core business to cultural and gastronomic activities with a new company (Source: *Adrventura*)

value of the region, and are both tourist and entertainment oriented. In addition to these main areas of intervention, the company also handles the management of sport infrastructure, having currently a gymnasium in Covilhã. More specifically in the tourist sector, *Animactiva* has several agreements with hotels in the region, restaurants, museums, and other entities that allow them to offer certain gastronomic, cultural, geological and biological activities.

- **Tourism Support Services**

RUDE is a rural development association of private rights with intervention in Cova da Beira sub-region, which embraces Belmonte, Covilhã and Fundão municipalities. They participate in the General Meeting of *Turismo do Centro*, which means RUDE has some weight on the decision making related to tourism activities. Furthermore, they have a preponderant role in spreading and promoting local development strategies and in mapping studies in the local and regional production, as well as, through innovative initiatives, in contributing to the well-being and quality of life of local populations, mainly in rural areas. This continuous intervention has resulted into more partnerships, more competencies for rural areas, more opportunities and more rural development.

RUDE is an intermediary organization of PRODER²⁰, and thereby maintains relationships with the three municipalities, fruticulture associations, cooperative wineries, private organizations (as investors), and *Turismo da Região Centro*.

Its relation with tourism is fundamentally through the PRODER subprogram ‘three’ “Stimulation of Rural Areas”, in order to create touristic products, namely ecotourism, and wine, religious, health, and cultural tourism; to promote touristic accommodation, in guest houses, in rural country houses, campsite and caravanning; and to develop small infrastructures, such as nature’s observation centers, routes and pathways, and

²⁰ PRODER – rural development program, a strategic and financial support for rural development, for 2007-2013, approved by the European Commission (Source: <http://www.proder.pt/homepage.aspx>)

touristic animation. Some examples are the design of the route of wool and thematic urban routes, and the investment in Cheese Museum.

Additionally, RUDE has an animation plan, which includes an annual fair, *Feira do Mundo Rural*, where are placed a wide offer of gastronomic products, and invite their associated agents to participate; and is developing an online marketplace with the offer of local and regional products.

The tourism sector has become increasingly important in rural development, once it requires a great diversity of products, a new revenue source, and the creation of new experiences and contents, with association of reinforcements between small players.

AECBP, a business association acting in three municipalities of the region – Covilhã, Belmonte and Penamacor –, delineates a set of strategies that intends to promote the development of the economic, social and cultural potentialities of the region, directed to their associates. Similarly to RUDE, AECBP participates in General Assembly of *Turismo do Centro*. They promote the image of companies associated, improve their competitiveness, and defend its specific interests. AECBP also has the role of continuously identifying strengths or potential threats in the region to their associates. In Cova da Beira region, it holds as associated from 35% to 40% of commercial companies, and 30% of restaurants. However, there is still some resistance in supporting new ideas and establishment of companies when they are not associated to AECBP.

Relating to tourism, AECBP from the institutional point of view, combines efforts to transmit that tourism is an engaging of every individual or collective player, and is more beneficial the more interactions with the surrounding environment it has. Moreover, the association participates in tourism forums of Serra da Estrela and fairs, and maintains relations with the *Associação Empresarial do Porto*, with the municipalities, UBI, *Conselho Empresarial do Centro*, and occasionally with hotels to hosting guests.

Study findings and discussion

The maps of destination networks illustrate the position of Covilhã Region's stakeholders in the tourism network (Graph 1). What is true for Covilhã could be different to other cities, there is no one single network structure for destinations.

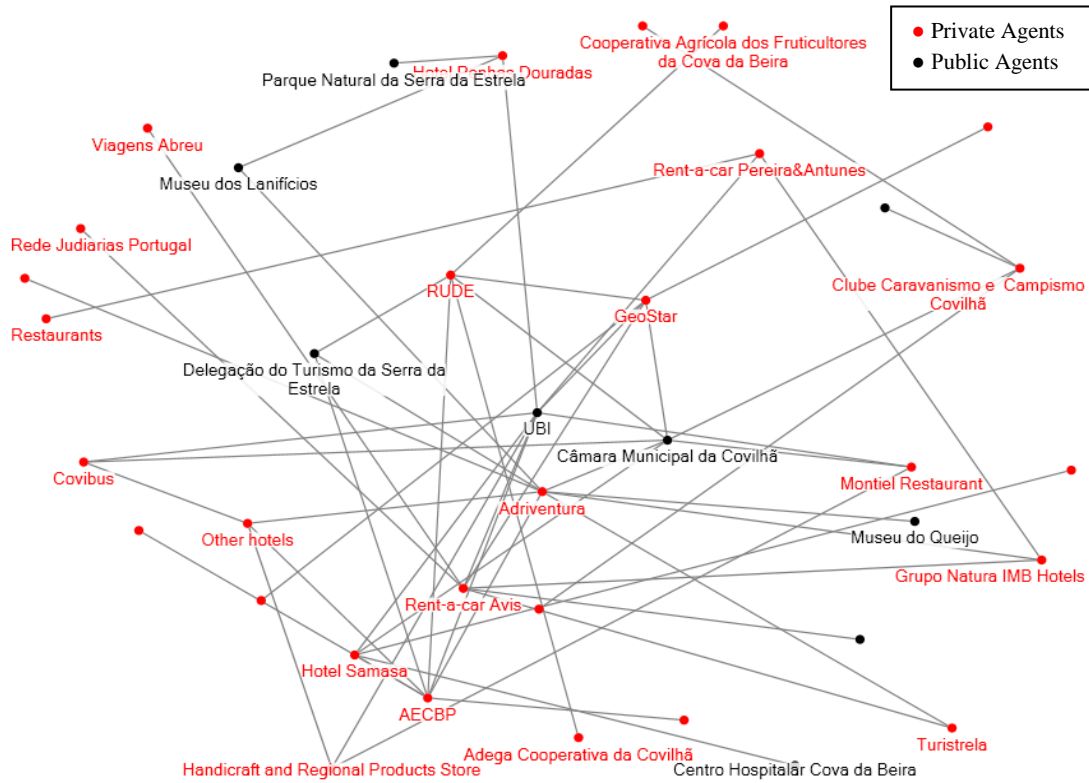
Tourism development cannot be totally left in the hands of private sector. Tourism industry depends also upon public sector to provide basic infrastructure, such as accessibility, security and access to the region's information, to attract and accommodate tourists. This industry requires interaction and cooperation, "dynamic and not static" relationships, between public and private sector (Elliot, 1997: 210). Due to this fact, in the network map (Graph 1) are named some public agents are named, referred by the private agents, fundamental to their proper daily operations.

However, this network map is not complete; it was impossible to reach all relationships between private stakeholders of the Covilhã region, because there is a large number of organizations that may not be qualified respondents for the study, once they operate outside the Covilhã region. Besides that, the developed survey, presented on Appendix 1 had lower adherence. Five answers were obtained in thirty five respondents, which constitute a response rate of 14%. Given the small number of responses some efforts were made to increase its adherence; the survey was mailed among companies, with instructions that top management must complete it. To increase the response rate, the agents were contacted by telephone and the survey was directly conducted. Some agents answered and provide information; other, unfortunately, some key organizations, refused or no answered. The survey was intended to get the position, relationships, partnerships and contribution to tourism of the private agents on Covilhã network.

NodeXL, a Microsoft Excel template, was the software chosen to perform the social network analysis. From the primary data, the NodeXL assumes the actors and links

between them in the format of vertices and edges, and through the number of correspondences it determines the graphic illustration, with the central and peripheral actors, and calculates some graph metrics, which allow analyze the network.

Graph 1 – The network of Covilhã actors related to tourism sector



Source: Prepared by the author based on data obtained in Social Network Analysis, using the software: NodeXL (December, 2013)

Those relationships are graphically depicted in Graph 1. The picture shows a dense connected central core surrounded by a sparsely linked set of nodes. Even though key actors did not respond, some other respondents identified their links with them.

The main graphic metrics for the Covilhã network were calculated through NodeXL software. There are 37 nodes and 55 links in the analysis. The network is considered to be undirected, once the relations between two actors are symmetrical.

The density of links found is quite low (0.041), considering that the value ranges from 0 to 1, which results in a network very sparse, also confirmed by the small value of the clustering coefficient (0.061). As it can be seen in the map, the entities are very

dispersing, meaning that the destination stakeholders are not very involved between them in getting a sustainable tourism destination.

The focus on a network is the centrality of a node (or actor) with respect to the others. Graph 1 shows UBI, entertainment agencies and Covilhã Municipality near the network's center, closely surrounded by AECBP, international car rentals, tour operators, and small hotels.

More peripherally are located cultural attractions, greater hotel chains, small car rentals, and the local DMO, *Delegação do Turismo da Serra da Estrela*.

The players in the center are the key destination stakeholders, which are able to manage information flows and communicate their opinions to others more efficiently. The analysis suggests that local governments' involvement in destination management is convenient, once they are seen as the most powerful stakeholders.

UBI can be explained by the role it has in the region's economy, by the multiplying effects in accommodation, entertainment agencies and possible attraction of economic activities to serve students, but also by the role in acquire and transmit knowledge, and the emergence of new industries in the region; regarding the Municipality, it describes the strong and solid power it has in every organism of the city and how everything goes through and is approved by this public entity; the entertainment agencies are in the center of the network because of the need of supporting their development and having access to more extensive resources and knowledge more quickly.

AECBP, as explained before, has a great involvement with tourism agents; the hotels are also perceived as a powerful player in destination development, once they seem to have a great influence on the others stakeholders, being one of their greater contributors of resources (with clients), and the destination is dependent upon their product.

In Covilhã Region, the local DMO – *Delegação do Turismo da Serra da Estrela* has not

highly centrality, which according to Krackhardt, 1990 and Wasserman & Faust, 1994, means that as few connections to other stakeholders, little is the power over the network structure. It is verified that the other stakeholders are minimally dependent upon the DMO; thus, most private stakeholders indicated the DMO as not being part of the destination development. Even as cultural attractions are also in the periphery, which means they have few influence in Covilhã's destination development.

Challenges to the improvement of social network in Covilhã

The results obtained allow stating that the Covilhã social networking practices in the tourism sector are still misunderstood and not very well accepted, and the efforts to move forward have been taken mostly by smaller and less powerful entities, which are more sensitized to the cooperation and interdependence between the tourism private agents. *Delegação do Turismo da Serra da Estrela* (DMO) should assume its role as central actor in destination management, in the design of shared policies and actions to help stakeholders to collaborate between them, contributing positively to environmental, social and economic sustainability, and keep up with innovation within the industry.

But not only should the DMO have the responsibility of contributing to a sustainable tourism destination. The emphasis is on destination marketing; the local tour operators must adopt a prominent role of promotion of the destination in the city itself, so as a way to raise awareness to their visitors and passersby of the city's main attractions.

Regarding hotels and other types of accommodation, it would be advantageous the existence of relationships between them, rather than compete with each other and act behind closed doors. Together they can promote evenly Serra da Estrela destination and attract more tourists to the region. To improve those links, an annual meeting between hotel top managers and other types of accommodation owners to change data and ideas, promote packages of different overnights' experiences (e.g. rural houses, hotels, guest

houses) and entertainment activities (e.g. gym, spa, riding, live music) within the different types of accommodation. This would centralize those types of accommodation in the networking map and increase the exchange of resources between players.

Covilhã network relies almost on a local network, where the private players have links with local agents, except for companies at national or international level like *Viagens Abreu* and *Avis*. Networks between tourism firms can extend to a global level, according to their sizes, in order to become competitive in the global tourism market. In tourism sector is necessary to have strong relations with global supplier firms, to provide services to the destination that attract global consumers.

It is very important for both private and public sector agents the understanding of the power differentials between actors, which is essential in determining strategies to encourage commitment and to collect the contributions of players with greater influence. Also it is relevant to have the awareness of the different opportunities for actors to participate in leadership of the industry.

Covilhã network analysis considerations can help destination stakeholders in understanding who is involved in the network and what efforts must be done to increase the density of relationships in order to make well informed decisions in the network.

What can ease this process is the creation of a kind of a control room, where the actions for marketing the destination would be coordinated and agents' relations would be more active. The communication process between agents would be more efficient, and consequently, would improve the spread of knowledge and best practices, and can encourage a more collaborative atmosphere.

How to improve entrepreneurship in Covilhã Region?

According to literature in Regional Entrepreneurship Networks (Holley, J. (2005)), working locally was for years the practice to economic development, by competing

against other communities; nowadays, specialists realized that working economic development in a regional context can increase its impact on local economies associated, by working with their counterparts throughout the region. Within a region, considering the rural area and urban center, there are sufficient businesses serving similar markets, and vice-versa, to form groups and develop a set of services, resources and infrastructures. When this system is well-coordinated and provides sector-specific assistance, it is possible to foment entrepreneurship in the region, in order to create value through unfulfilled opportunities of a new product or service.

There are some basic elements involved in the process of creating a regional entrepreneurship system; one of the steps is identify and build on assets of the region, starting with the “natural capital” – land, people and heritage. In Covilhã, the agricultural and textile sectors are the dominant economic activities, and to these can be added the food and the wood industries. Nowadays, has been verified an expansion in the tourism sector, due to its rich historical and natural heritage. All this can play a powerful role in entrepreneurial development because place-based and natural capital entrepreneurship makes a region a superior place to live and attracts businesses.

On the one hand, to increase asset-based entrepreneurship it must be found niche opportunities, identifying the region’s assets in the more diversified areas, both in urban and rural areas, such as agriculture, tourism, artisans, and technology; and then must be linked those assets in a unique regional offer to provide diverse tour experiences.

Cova da Beira is a traditionally agricultural region and has excellent climate conditions and soil; however it is more important to the peripheral parishes of Covilhã. Its focus is mainly on vineyard, olives, cereal grain and fresh fruits crops, being the cherry one of the most significant fruit to Cova da Beira’s economy, followed by peach and apple. Also the forest is constituted of chestnuts, eucalyptus, and few species of mushrooms.

One of the most relevant private players related to agriculture is the *Cooperativa Agrícola dos Fruticultores da Cova da Beira*, a distribution channel of its current 912 associated farmers, which allows conservation in cold, storage, promotion and commercialization of their agricultural products. Moreover, it offers training and technical support to their associated to foster quantity and quality improvements on production. The cooperative can select the proper farmers and ensure the best product to the entrepreneur. Then, in order to work with the selected fruit, a link with *EPMFundão*²¹, whose recent graduates can be favorable in developing recipes and work appropriately with the fruits and innovate with them. Moreover, agreements with hotel groups, traditional restaurants and craft shops could be useful to distribute the final products and also to organize show cooking on those places in a way to promote them.

Among the traditional products of Cova da Beira, stand out mainly in the craftwork area, the embroidery, works with wood and linen, the basketry, among others.

Through *Associação de Artesãos da Serra da Estrela* is a way to encounter 300 artisans associated specialized in their products. The association undertakes the mission of promoting and disclosing the handicraft, ensuring the flow of work of their associated and it strives for the dignity of manual labor, assuring quality in products. Ensured the best workers with each type of material, in order to innovate in shapes, colors, and in what is used each craft, a partnership with UBI can be relevant, through the bachelor and master in Fashion Design, focused on the industry and market needs, where it can be recruited recent graduates with knowledge in materials, textile science and technology. Currently, there is a wide number of factories abandoned and closed that can be totally recovered with the authentic equipment restored, in order to produce the

²¹ EPMFundão – Escola Protocolada do Município do Fundão provides qualified initial training for young people, in order to they exercise professions in tourism, hospitality and catering areas

final products. Also, those factories can be open to the public, the production be visited by the interested, and the items exposed and sold in the local.

On the other hand, there are people in regions that want to start their own business, but do not have support and do not recognize resources; in entrepreneurial communities local leaders mentor small entrepreneurs and encourage them to move on. Entrepreneurship education is key to introduce the skills needed for starting a business; the *i-start*, a non-profit association that aims to promote, develop and accelerate entrepreneurship, innovation and startups in the region of Beira Interior, is a driver to easier for locals access specialized knowledge to develop startups.

What the Pousada can bring to Covilhã Region, and vice-versa?

When the *Pousada da Serra da Estrela* is set to open doors, quality accommodation is a critical element of both leisure and business visitors' experience. Some standards must be provided, such as safety and security, maintenance, cleanliness, physical quality, staff on duty 24 hours a day, among others. Through these services, the *Pousada* can have a direct positive impact on some Covilhã's agents by interacting with them, mainly private agents.²² In addition to accommodation, the *Pousada* must develop recreational facilities, to promote leisure activities, both outdoor and indoor throughout the region of Serra da Estrela. This includes vacation packages, urban biking trails, mountain walking while learning biological and geological diversity. For that, it is necessary to elaborate some agreements, some more formal than others, although all are important.

Since the *Pousada* is in Penhas da Saúde, six kilometers away from the center of Covilhã, and the only access is a national road, which during the winter, needs some precautions in driving, transportation should be one of the main concerns of the hotel.

²² See the complementary work project *Opening Pousada da Serra da Estrela – Value Chain Analysis* for further details of the Covilhã's agents with whom *Pousada* can collaborate to meet their standard requirements to ensure quality hotel accommodation

Thus, it must make agreements with the transport services available on the city, for example with the car rentals mentioned earlier, in order to transfer their clients to the center of the city and to other attractive locations like *Torre*, the highest point of Mainland Portugal, or Belmonte, one of the Historical Villages of Portugal, with the presence of the ancient Sephardic Jews' community. For the clients who prefer to go alone and do its itinerary, the hotel can develop in the reservation system, both by telephone or website, the option to rent a car as part of the accommodation package or, another option could be the hotel offer of a desk space for the car rental company in the reception area, to the client, by himself, rent a car and make its own itinerary.

A most practical and cheaper option to *Pousada's* clients can be using public transportation. Although *Covibus* transportation area is in the main city, it could be arranged with the Covilhã's more relevant hotels the opening of extra routes, which would carry tourists from the Covilhã center to the main attraction of the region – Serra da Estrela, picking up tourists in the hotels belonging to the agreement, and stopping along the route in the most interest spots from the tourist point of view. According to literature, it is important a city to consider the number of tourist arrivals when designing urban transport supply; Sarma (2003) finds that *transport within destination is an important factor in determining the attractiveness of an area as tourist destination*.

Over recent years have been emerging new forms of tourism, especially eco-friendly and sustainable tourism, as it is example cycling tourism. For this purpose, it is strongly recommended to the *Pousada* join the Bikotel community, as the *Casa das Penhas Douradas* case. Being associated with this brand is a way of promoting and advertising the hotel, once the user is directed in the website to an accommodation of the desired location. To be a Bikotel, the *Pousada* must meet certain mandatory requirements, such as an outdoor bike parking, a bike secured garage, an overnight cycling clothes laundry,

a bike washing facility, an appropriate cycling menu, a mini-bike repair station with basic tool set and pump, and bike routes for road and/or mountain biking. As the *Pousada* has spa facilities, it can provide this complementary service to cyclists and, making arrangements with local bike shops, like Art’Bike in Covilhã, it can even provide assistance for repair or making available on the hotel bikes and GPS to rent, and with rent-a-car to provide emergency transfer services from/to the *Pousada*.

Serra da Estrela main attraction is the abundant occurrence of snow during winter, however has been promoted cultural and environmental tourism in the remaining seasons. For the winter time, *Pousada* must develop agreements with *Turistrela*²³, the group which has the sole, the tourist operation than the level of 800 meters, the Serra da Estrela, in order to offer to its clients ski packages in mountain resorts of Penhas da Saúde. However, the current situation is different, *Turistrela*’s strategy does not include agreements with competing hotels; the competitor’s clients, in order to enjoy the ski resorts of natural snow, have to address to *Turistrela*’s infrastructures. Additionally, in the summer *Turistrela* has chairlifts operating. In alternative or complement the *Pousada* can have a partnership with *Skiparque*, a space projected with synthetic ski tracks, for learning and more advanced practice purposes, located in Manteigas municipality. For the remaining seasons, the hotel can develop tourism on foot, with their local staff guiding pedestrian walks through the *Parque Natural da Serra da Estrela* and explaining its flora and fauna diversity, and as alternative, can make agreements with local entertainment activities’ agency, such as *Adrventura* or *Animactiva*, in order to provide a complete offer of activities and experiences throughout the Covilhã and surroundings with specialists.

²³ During the work project elaboration, it was tried to get in contact with the *Turistrela* group management but so far with no success of answer; however, it was possible to gather some information through the Ski Resort department

Furthermore, the opening of the new *Pousada* can have an indirect positive impact on several agents, if the hotel is considered itself a tourist attraction – the demand for Covilhã and surrounding area may increase. As the number of overnights in Covilhã is being satisfied by the number of existing hotels in the region²⁴, the new *Pousada* does not come necessarily to answer the demand for accommodation in the region, although it may answer to a more sophisticated demand. Complementarily, with the restore of an historical building, the *Pousada* must be a pull factor to attract people who otherwise would not go to this location, both for leisure and business tourists. The first to live the story the place tells and try the same fresh air with healing properties, and the latest looking for well-equipped conference rooms.

Conclusion

The social network of Covilhã's private sector described in this work is representative of the several businesses that contribute for the tourism activity, and consequently, that work to develop a more attractive destination. This study suggests some indicators and techniques to implementing network analysis in Covilhã and the trust that must be developed between agents in order to have commitment and shared value.

There are some resources that may not be currently underused. By fostering entrepreneurship and giving the needed tools for who wants to invest, it is possible develop a more complex social network, which helps to boost the local economy.

Although the social network in Covilhã exists, it is not receiving the adequate attention and not being carried out. The *Pousada of Serra da Estrela*, by integrating in the network, may have a preponderant role in its developing and prosperity.

²⁴ In 2011, there were hotels with total capacity of 1,290 rooms, for an annual demand of 162,672 overnights and 96,492 hosts (Source: Anuário Estatístico da Região Centro 2011, *INE, I.P.*)

Appendixes

Appendix 1 – Survey for private agents related to tourism activity in Covilhã

Cara organização/empresa,

O objectivo desta pesquisa é documentar que parcerias e ligações existem entre organizações e o que significam para o sector privado da Covilhã, ou seja, saber como é feita a comunicação e se as entidades estão de alguma forma conectadas. O problema a ser endereçado é: “Como é que as organizações do sector privado se ligam para aumentar a cooperação e acrescentar valor económico?”.

A minha tese de Mestrado tem a colaboração do Grupo Pestana, onde o meu tema inclui um estudo das redes sociais, em particular do sector privado, da Covilhã. Agradeço a sua colaboração no preenchimento deste questionário, e que encaminhe o documento preenchido para patricia.cristina.2012@novasbe.pt. A análise das suas respostas será de grande valia para a pesquisa em curso.

Patrícia Cristina

Qual é o seu tipo de negócio (hotel, restaurante, loja de conveniência, ...)?

Há quanto tempo a empresa exerce esta actividade?

Qual a sua actividade na empresa?

É o(a) senhor(a) quem entra em contacto com os parceiros da Região?

Se sim, continue a responder ao questionário. Se não, peço que encaminhe o questionário para a pessoa que se relaciona com as entidades.

Nomeie cinco entidades da Covilhã que considera importantes para a sua rede profissional. Poderão ser parcerias ou acordos, formais ou informais, com entidades públicas ou privadas (restaurantes, hotéis, lojas de artesanato, agências de viagens, Câmara, escolas, ...) com que mantêm contacto e a respectiva frequência de contacto.

_____	Frequência: _____
_____	Frequência: _____
_____	Frequência: _____
_____	Frequência: _____
_____	Frequência: _____

Para cada entidade mencionada anteriormente indique como beneficia delas e quantifique numa escala de 1 a 10 (1 – menos benefícios; 10 – mais benefícios).

	Publicidade	Clientes	Produtos	_____
Outro:				
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Para além das entidades mencionadas anteriormente, com que outras entidades já colaborou/trabalhou no passado na Covilhã que agora já não mantém contacto?

Quando quer desenvolver um novo projecto/promoção, que entidades na Covilhã procura para pedir conselho, opinião, experiência, apoio?

Qual a percentagem aproximada de clientes é turista?

Turistas (Nacionais / Internacionais) _____ / _____

Locais _____

Como contribui para o Turismo da sua região? O que mais poderia ser feito?

Como combate a sazonalidade?

Como acha que a nova Pousada da Serra da Estrela vai beneficiar a sua organização?

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