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### **Tourism Development Potential in an Insular Territory: The Case of Ribeira Grande in the Azores**

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## **RESUMO/ABSTRACT**

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The Autonomous Region of the Azores is one of the most sustainable destinations in the world. Being an archipelago comprised of nine small islands, quality and sustainability are critical features in the tourism sector, inducing the need for thorough and technical strategic development processes. Ribeira Grande is an important municipality in the Azores, which envisioned tourism as a strategic sector to develop when the partial liberalization of the air passenger transport sector occurred in 2015. However, this destination had little tourism maturity and competitiveness and required some structural planning work. The development of a strategic plan for tourism for the municipality of Ribeira Grande, including the selection of tourism products, is explained in detail in this article, which highlights the main challenges and results of the process.

Key words: Azores tourism, strategic planning, destination planning, destination competitiveness, product development.

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# **Tourism Development Potential in an Insular Territory: The Case of Ribeira**

## **Grande in the Azores**

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### **Abstract**

The Autonomous Region of the Azores is one of the most sustainable destinations in the world. Being an archipelago comprised of nine small islands, quality and sustainability are critical features in the tourism sector, inducing the need for thorough and technical strategic development processes. Ribeira Grande is an important municipality in the Azores, which envisioned tourism as a strategic sector to develop when the partial liberalization of the air passenger transport sector occurred in 2015. However, this destination had little tourism maturity and competitiveness and required some structural planning work. The development of a strategic plan for tourism for the municipality of Ribeira Grande, including the selection of tourism products, is explained in detail in this article, which highlights the main challenges and results of the process.

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### **Introduction**

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The Azores are one of the outermost regions of Europe, facing specific challenges that arise from a distance to the main markets and economic centres, as well as from the fragmentation and dispersion of its internal market. Nevertheless, the natural and cultural riches and diversity allow this nine-island archipelago to be a very attractive tourism destination. In 2015, a new air transport system was introduced in the Region, ending the long-time monopoly of the local public airline and allowing the start of the operation of low-cost airfare companies (LCC) like Ryan Air and Easy Jet. This new system was a major shift in the paradigm of the Azorean tourism sector, inducing a need for a highly professional and technical approach to destination and spatial planning. Realizing the virtues and challenges of this new reality, the municipality of Ribeira Grande, in the island of São Miguel, whose economy is historically linked with agriculture and industrial activities, decided to implement a rigorous strategic plan for tourism to prepare its territory, resources, local community, businesses and economic structure for a new era of development. In fact, Ribeira Grande was the first municipality to develop such work and our team of specialists was involved in that process, allowing for an upfront vision of what was done, how it was done, which models sustained the work and inducing some critical conclusions of the results.

Ribeira Grande has interesting natural conditions, including diversified resources that allow the development of different tourism products. However, economically, this municipality has a specific reality considering the Azorean economic base. Historically, the industrial sector, which comprises construction, has been the most important in Ribeira Grande. It has been the one that generates the highest gross value added and the highest turnover of the economy although the creation of jobs and businesses is higher in the tertiary sector. The total population is around 32.000 habitants (about 13% of all the Azores) and is the youngest in the Region, with an average of 32,4 years of age. On the other hand, education levels are low, which is an important hindrance to tourism development. This reason magnified the effects of the recent economic crisis, one of which was the huge increase in unemployment due to the insolvency of numerous construction companies. The majority of the newly unemployed people had very low education levels and, consequently, great difficulties finding a new job. Therefore, in spite of the great endogenous potential, the poor competitive levels of the local tourism sector demand a deep change in structural elements and a strategic course of action.

Vieira et al. (2013) point out that tourism is regarded as a sector that can contribute to the development and growth of the Azores and is, thus, of high strategic significance. As the international tourism market continues to grow and emerging markets are increasingly competitive, Santos et al. (2011) alert that the success of the Azores in the fight for this market will depend upon the quality of the products and services that they have to offer visitors. Considering that Smith (1994) states that tourism products are fundamental experiences, the municipality of Ribeira Grande was facing a very demanding trial due to a certain lack of know-how, poorly qualified human resources and the frailty of its main tourism value chain links.

However, a clear line of thought and a strong political agenda from a newly elected Mayor were determinant for a committed approach to tourism as a strategic development sector. In fact, there was an incredible window of opportunity, considering that the 2014-2020 Multiannual Financial Framework of the European Union had just started to be implemented in the Azores and that the new air transport system was about to be deployed. While the first had excellent conditions for public and private investments in the tourism sector, the latter was expected to substantially increase the demand and exterior visibility of the destination. Moreover, the regional Research Smart Specialization Strategies projected tourism as one of the key areas to invest in the development of the Azores, harnessing a strong position to this sector as one main priority for public investments until 2020.

In a nutshell, there were great expectations for tourism in the Azores, considering the existent potential and the natural resources of all nine islands. The Azores have been recognized as one of the most sustainable destinations in the world, with multiple international awards and highlights. In 2010, National Geographic Traveler selected the archipelago as the second-best islands in the world for sustainable tourism. Four years later, in 2014, the Azores were acknowledged as the first and only destination in the world with the Quality Coast Platinum Award. In that same year, the Region was designated the world's most sustainable destination by Green Destinations. In fact, as Vieira et al. (2013) notice, each Azorean island has its own identity, not only sharing an extraordinary natural legacy, but also having their own unique strokes in their landscape, traditions, cuisine and architecture. Nevertheless, Santos et al. (2011) clearly state that landscape and built heritage are not enough to thrive in this market and it is important to create and promote skills that allow the satisfaction of the world's most demanding standards of quality.

Philips and Moutinho (2014) made an extensive literature review about strategic planning in tourism and hospitality, covering the timeframe from 1995 to 2013. They identified various flaws in these research fields where it is critical to developing additional work. Among other conclusions, they maintain that, in spite of the growing importance of strategic planning in tourism, academic research has not kept up the pace with practice. Therefore, there is the need to develop more theoretical and empirical studies of this subject. This paper intends to contribute to that end, revealing the process that was implemented to put together a strategic plan for the tourism development in the municipality of Ribeira Grande in the Azores Autonomous Region. It is especially focused on destination planning and destination competitiveness and aims to contribute to the knowledge and discussion about strategic planning praxis – as defined by Wolf and Floyd (2013) – in the tourism sector, following the strategy-as-practice approach.

Following a literature review, the method that guided all the work is disclosed and its various stages are explained. After that, the main results achieved, as well as some of the arguments that sustained the value proposition for the destination, are exposed. The final section provides the main conclusions and outlines possible future research studies.

### **Literature Review**

Butler's (1980) application of the product life cycle approach to tourism products and the inputs from Briassoulis (2002) reveal the negative effects coming from the lack of touristic planning and territorial planning. Concerning the life cycle approach, Buhalis (2000) ascertained that each destination experiences different socio-cultural impacts during the various stages of development. Consequently, there is the need to use marketing processes – integrated into strategic planning – to encourage sustainable practices for both consumers and industry as well as to communicate environmental and socio-cultural policies. Briassoulis (2002) also emphasizes that the lack of territorial planning and the inability of strategic orientation of tourism development have irreversible impacts on a destination's competitiveness and sustainability, as long as there can be decisions originating environmental impacts that decrease the natural capital of a certain area, rendering it less self-sufficient and attractive. This is particularly relevant in vulnerable and fragile regions, such as islands and remote destinations, which is the case of the Azores.

Jackman et al. (2011) conclude that, in an effort to nourish the sustainable development of the tourism industry, political decision makers of small Island developing states (SIDS)

– whose reality is similar to the Azores as far as the tourism sector is concerned – have focused their efforts on increasing their competitiveness. They found that, in spite of their improvements, none of the countries at any point in time displayed a strong comparative advantage. Therefore, the authors argue the need to elevate the quality and the planning of tourism products, aiming for an increase of the destinations' competitiveness and the sustainability of the touristic activity. Smith (1994) has also established that an improved understanding of the structure and functioning of the product will also assist developers, entrepreneurs, and planners in creating more successful products for the marketplace. That is a core function of a strategic development planning process for tourism.

Philips and Moutinho (2014) maintain that strategic planning in tourism is critical because it allows the ability to shape opportunities for competitive advantages and provide a direction for stakeholders to follow. As such, there is the need to improve and refine strategic planning in tourism and to consider the specific effects of the political, cultural and environmental characteristics of each destination in particular. Butler's (1980) and Buhalis' (2000) interpretations of the product lifecycle approach emphasize that these features are particular determinants for the planning of tourism destinations, mainly for those in the early stages of development. In fact, as companies, regions and countries increasingly invest in quality as a competitive advantage (Santos et al., 2011), the lack of an adequate strategic planning process will ultimately lead to unsuccessful destinations and the inability to seize market opportunities.

It is also relevant to note that McMinn (1997) maintains that, to become sustainable, tourism should bring economic advantages, create social benefits for local communities and not harm the environment, assuring its present and future continuity. However, Buhalis (2000) highlights that, perhaps, the most difficult problem is ensuring a rational use of zero-priced public goods as landscapes, mountains and the sea, for the benefit of all stakeholders and, at the same time, preserving the resources for future generations. Moreover, Briassoulis (2002) claims that the economic well-being of host communities, although often improved in the early stages, is not promoted when overuse generates direct and indirect pecuniary costs such as low income and lack of employment opportunities. Inversely, underuse or abandonment creates long-term economic inefficiencies. Both situations cause irreversible environmental damage, reducing the attractiveness and competitiveness of the destination.



McMinn (1997) claims that by retaining and enhancing local environmental features, tourism development will help ensure its longevity in that location, with concomitant economic benefits. In this regard, Buhalis (2000) cites Chon (1991, 1992) and Baloglu & Brinberg (1997) to uphold that, before visiting a certain place, tourists develop an image about destinations as well as a set of expectations based on previous experiences, word of mouth, press reports, advertising, and common beliefs. Therefore, the author postulates that, according to the reference literature, local environmental resources become a central asset for destinations, as tourism suppliers and their sustainability become a core function of tourism marketing due to the fact that consumers are increasingly prepared to pay premium prices for them. This is a critical feature for the Azores, considering the present positioning of the destination, its core products and its international acknowledgement as one of the most sustainable tourism destinations in the world.

This paradigm is even more complex, since, as Buhalis (2000) notes, tourists, during their holiday, “consume” a destination as a comprehensive experience without often realizing that each element of the product is produced and managed by individual players. Consequently, the importance of strategic planning in tourism, the adequate product development and the suitable preparation of a destination such as the Azores are critical for the establishment of synergies and competitive advantages, avoiding, at the same time, decisions with negative and irreversible impacts on their most attractive resources as well on their brand’s perceived value.

Baldacchino (2006) refers that the majority of the studies about the touristic development of small islands is essentially focused on warm or subtropical regions. The author clarifies that, comparatively, cold water island destinations have a much more limited touristic potential, especially because atmospheric and sea conditions are frequently adverse. So, due to a reduced touristic demand and high seasonality, the development opportunity of the tourism sector in those territories is limited to niche tourism, generally linked to local culture and history and to nature and adventure tourism, based on environmental observation and interpretation and on nature sports. This is clearly the case of the Azores, since the climate is mild, with high levels of humidity and regular rain, although the rainy periods are generally short, and the main characteristics of the destination are based on peace and quiet, an unspoiled nature, various outdoor activities (ranging from extreme sports do golf) and heartfelt hospitality (Vieira et al., 2013). In fact, the findings of Santos et al. (2011) reveal that the landscape, weather/climate, hospitality, cleanness and safety

were the partial indicators of quality that were most appreciated by tourists in the Azores, during their research. Furthermore, Vieira et al. (2013) demonstrate that higher levels of satisfaction with climate, security, nature and landscape, environmental quality and quality/price of regional hotels contribute to a higher probability of overall satisfaction with the Azores as a destination.

It is safe to say that, since tourism is a resource-intensive industry, ranging from significant natural, cultural and social resources (Philips and Moutinho, 2014), the Azores have a high touristic potential due to the quality of their natural resources. Nevertheless, that potential is in some way hindered by the limitations imposed by the Region's climate, which can be overcome through quality since it is an important factor in the Region's distinction (Santos et al., 2011). It is implicit in Philips and Moutinho's (2014) and in Smith's (1994) researches that quality is a result of a careful strategic planning and product development process, which is directly linked to the intangible value of the overall experience.

## **Method**

The design of the strategic plan for tourism development in the municipality of Ribeira Grande was carried out in three main stages: a diagnostic work on the destination (including the perspectives from both the supply and the demand) and to the market dynamics; a strategic planning process; and the assembly of an action plan. Each of these stages was thorough and deployed by highly qualified human resources. The main goal of the process was the detailed analysis of Ribeira Grande as a tourism destination, the identification of potential market opportunities, and the preparation of value proposition that could guide the development of the sector based on its endogenous resources. The structuring of this process was the result of various regional touristic development plans analysed, including the National Strategic Plan for Tourism (developed by the Portuguese Government in 2007), the Spatial Plan of Tourism of the Autonomous Region of the Azores – POTRAA (developed by the Azorean Government), Lisbon Strategic Tourism Plan 2011-2014, the Long-term Strategy for the Icelandic Tourism Industry, the New Zealand Tourism Strategy 2010, among other national, regional and municipal plans.

Ribeira Grande City Hall outsourced the work to a local consultancy and strategy planning company, as they were looking for a very professional plan and an independent, critical and impartial judgement of the local tourism potential and state of development. They offered a very important level of support throughout the process, especially on the

diagnostic stage. A permanent communication channel was established through one of the officials, which was the person appointed to operationalize entrepreneurship and tourism development in the municipality. Access to the Tourism Post's information was granted, namely the records about the number of tourists that went there and their general profile (this did not include individual or personal data). The City Hall also helped to identify critical local tourism actors and access to maps, legal documents and contacts.

### *First Stage – The Diagnostic*

The development of the plan was based on good practices and academic research techniques. This work was structured in multiple tasks, involving a qualitative and a quantitative approach, allowing for an extensive and thorough data collection.

The first task was an in-depth information compilation, which included scientific papers, regional political and development documents, statistics, other strategic tourism development plans, laws, technical documents and case studies. Multiple documents – around eight dozens, of which around two dozens were scientific papers – were analysed to gather as much information as possible, since the destination was in a very early stage of tourism development. The goal was to understand the specific problems and challenges of Ribeira Grande, considering the reality of the Azores and its inherent limitations, as well as to develop a benchmark with other municipalities and regions and their planning processes. In this regard, it is relevant to state that the information about Ribeira Grande was incomplete and caused various difficulties to the workflow. Nevertheless, the information granted by the Tourism Post (which is under the City Hall's direct management) was very important to clarify some aspects, namely the tourist profile.

The statistical databases of the Azores Statistics Regional Service (SREA), the Statistics National Institute (INE), the World Tourism Organization (UNWTO) and the World Travel & Tourism Council allowed for a first glance of the reality of tourism sector at an international, national and regional level. The majority of the performance indicators were available or could be calculated, although the information about the Azores was sometimes inconsistent. However, the information about Ribeira Grande was incomplete and often non-existent, which posed a great challenge for the comprehension of the local tourism market dynamics.

For a more detailed information about the demand, the team developed a questionnaire to be applied to tourists that stayed in Ribeira Grande accommodations. This was another

challenge, as Ribeira Grande had a narrow supply of accommodations, so there was the need to widen the area of the research and to approach tourists that were staying in Ponta Delgada (the main town in the Island of São Miguel and a neighbouring municipality of Ribeira Grande). The questionnaire was structured in four groups of questions (as follows) and 312 answers were gathered:

- Information about the trip: with the aim of understanding what was the objective and the characteristics of the stay in the Island of São Miguel;
- Information about the trip's planning process: with the aim of understanding the ability to gather information about the destination and the decision-making process;
- Information about the stay in the municipality of Ribeira Grande: to identify the most activities, main attractions visited, as well as the key differentiation elements of the municipality;
- Information about the satisfaction of the visitor: to evaluate the general satisfaction with the destination as well as the satisfaction with specific products and services.

We also conducted interviews with business people and specialists operating in the tourism sector in Ribeira Grande (designated tourism players). These local actors were selected based on their activity (accommodation, restaurants, tourism animation, guides, travel agencies, DMC, marketing, etc.), level of experience and local market dynamics knowledge. The City Hall had a valuable contribution to this selection and granted various contacts for some of the players. The interview was structured in main topics that require detailed information and inputs: 1) strategic perspective for the tourism development in Ribeira Grande; 2) strengths and weaknesses of the destination; 3) local tourism products; 4) structural conditions; 5) development guidelines. For topics 1, 2 and 5, were used open questions to collect ideas supported by structured arguments. For topics 3 and 4 we used a quantitative approach with closed questions to introduce some objectiveness. The interviews were sent by email after a previous phone conversation to ensure participation and explicitly eliminate any doubts concerning the questions. In total, we could gather the contributions of 21 players from many activities of the tourism main value chain.

The diagnostic was deepened through a mixed analysis that involved a quantitative and qualitative approach developed through various checklists that covered 147 elements.

These checklists were the result of an in-depth research on the touristic features analysed in other tourism strategic plans, as well as numerous indicators collected from reference literature. The topics examined were as follows:

- Touristic attractions:
  - Natural attractions (13 elements)
  - Cultural attractions (13 elements)
- Accessibility and transports (13 elements)
- Supply's qualifying elements:
  - Accommodation (13 elements)
  - Restaurants and similar activities (4 elements)
  - Commercial activity (7 elements)
  - Touristic animation (13 elements)
  - Sports and recreational infrastructures (6 elements)
- Support services and equipment:
  - Health and security (4 elements)
  - Touristic Information (7 elements)
  - Other support services and equipment (10 elements)
- Attractiveness features (44 elements)

The diagnostic was completed and enhanced by a specialized architecture, urban and territorial planning analysis. Among other tasks, there was the identification and evaluation of the built heritage, listing all buildings with cultural or historic value, while, at the same time, classifying their strategic importance for the destination.

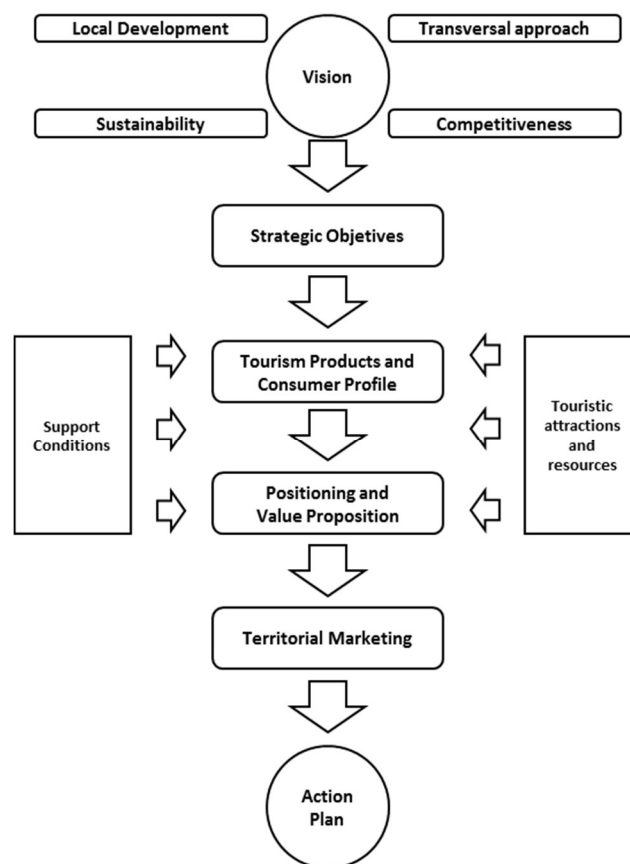
### *Second Stage – Strategic Planning*

The thoroughness of the diagnostic stage allowed a rich and solid knowledge about the municipality of Ribeira Grande. From the data collected and analysed, we were able to elaborate a SWOT Analysis and to understand that a careful approach was needed. Therefore, we decided to apply a typical strategic planning process, enriching it with some inputs that we gathered along our work.

We started by defining a vision for the strategic development of tourism in Ribeira Grande, based on four different features: tourism potential, political vision, market trends and installed capacity. Moreover, considering the uniqueness of the destination and the

window of opportunity at hand, we analysed the speeches and objectives of the main political agents of the municipality and of the Regional Government of the Azores, identifying four critical elements that had to be an implicit or explicitly part of the vision: local development, transversal approach, sustainability and competitiveness. Based on the vision and on the needs of the destination, we formulated four strategic objectives, each one supported by the need to potentiate different strengths or opportunities or mitigate different weaknesses or threats.

Figure 1 - Strategic Planning Process for the tourism development in the municipality of Ribeira Grande



After defining the strategic objectives, we identified which tourism products could add more value to the fulfilment of the strategic vision for the destination. The municipality of Ribeira Grande has a great diversity of attractions and resources that allow for the development of various tourism products. However, some have more potential or have better conditions to be competitive in the market. For that reason, we decided to outline two categories of generic tourism products for the destination: strategic products and complementary products. The inclusion of specific products and tourism activities on each of these categories was determined by the maturity state, attraction potential,

differentiation prowess, competitive advantages and the ability to create value for the local economy. To be able to analyze all these dimensions, we had to study for each potential product its core definition, market segments and “production” process, consumer profile, development requisites and conditions, matching with the local resources and evolution perspectives.

The matchup of the tourism products and the assessment already made to the support conditions and touristic attractions and resources allowed for the formulation of the value proposition for the destination and defined the desired positioning to be worked out on the market. This procedure was enhanced with the evaluation of 44 attractiveness features, selecting those that differentiated Ribeira Grande as a tourism destination.

Following that, we established the basis for a territorial marketing approach that could create value for the local community and be enticing and satisfying for the tourist. We made sure that it was aligned with the overall strategy for the destination and focused on the territorial brand development (using Kapferer’s [1992] model), internal marketing and the fundamental guidelines for the marketing-mix.

### *Third Stage – Action Plan*

Ultimately, we designed an objective action plan that could be implemented almost as a roadmap. That document was structured according to the strategic objectives already established. For each of the four strategic objectives, we defined specific objectives, which, in time, were supported by a specific set of actions.

This work was enriched with the clear indication of structural projects that were envisioned of strategic importance for the destination due to their market potential, differentiation ability or multiplying effect. Each of these projects was analysed *per se*, defining from the get go their relative importance, degree of investment required, ideal location and timeframe needed.

### **Results**

There are multiple topics with interesting results in all this process, so it is relevant to analyze them separately. We will reveal the main results coming from the questionnaires applied to tourists, the interviews done to tourism players, the tourism products selection and hierarchy, as well as the nature of the structural projects indicated.

From that questionnaire, we learned that the majority of the tourists of the island were not planning to spend much time in Ribeira Grande, estimating only one day to visit this municipality's main attractions. This was influenced by the very low accommodation supply. We also found that visits to museums and cultural sites as well as walking trails were the most popular activities. Lagoa do Fogo (a natural lagoon born on a volcano crater), Gorreana's Tea Plantation (one of the two unique tea plantations in Europe – the other one is also in Ribeira Grande) and Caldeira Velha (a hot spring near Lagoa do Fogo) were the most visited attractions. A vast majority of the interviewees (around 75%) elected the natural landscape as the most differentiating feature of the municipality. Quietness and tranquility were also considered as characteristic identity marks. Although a great range of factors exceeded the tourists' expectations, they were least satisfied with the structure and diversity of the supply, including accommodation, entertainment, nightlife, cultural activities, nautical activities, building conservation, commercial activity, signalling and adventure programs. Interestingly, almost 80% of the interviewees expected to return within a short timeframe.

Globally, the tourism players interviewed envisioned tourism as a fundamental sector for the development of the municipality of Ribeira Grande, considering the local potential and the effects of the economic crisis on other sectors, such as construction and agriculture. Nevertheless, they noticed that there were many flaws in the entire sector and the overall lack of preparation of the destination, requiring strategic and structural investments. They also considered that the development of the local tourism strategy and promotion should be articulated with the global strategy for the Azores, although working for an internal differentiation of the touristic supply. In fact, the lack of structure and quality of the supply, especially concerning accommodation, entertainment and touristic activities and animation, was the most criticized aspect by the interviewees. On the other hand, nature, the sea, the thermal resources and the local culture and traditions are pointed out as the factors with more potential to develop the tourism products and activities. In this regard, one should notice that Nature Tourism harnessed an average of 4,85 (on a scale from 1 to 5), clearly being the highlight and the most prominent feature of the destination.

Regarding our assessment of touristic resources, attractions and support conditions, nature, once again, is the top performer. The landscapes are an important feature and the volcanic origin of the island allows for diverse attractions, including cliffs, caves,



lagoons, trails, woods, hot springs and a huge amount of streams. The extension of the rural territory also has a great cultural value and a great variety of interesting industrial facilities, although much less preparation for tourism activities. Cultural assets and heritage are varied along all the municipality, in spite of the limited dimension and operational capacity of cultural services/structures. Health and security support services are in excellent shape, as are land transport and accessibilities, but there are more difficulties in accessing some rural zones. One of the main weaknesses of the destination is the lack of an airport and a maritime passenger terminal, which are all concentrated in Ponta Delgada. Accommodation is limited and generally of poor quality, except for rural tourism units. Restaurants were evaluated as good, but nightlife is almost nonexistent and the commercial establishments are of little value to tourists. Touristic animation and entertainment are also limited and with low diversification. Touristic information was incomplete, dispersed and, generally, of poor quality.

The very thorough SWOT analysis was put together with all this information. We found that Ribeira Grande has incredible strengths, mainly based on natural and cultural resources, and that the young population represented a great potential for future development. On the other hand, the low qualification of the population is something that needs to be addressed and the low structuring of the supply, as well as the poor state of some support conditions need to be improved. The main opportunities for the local tourism arise from the new regional air transport system, the exploration of new and specialized market segments (like ecotourism, adventure tourism and wellness tourism), the innovation in the various activities of the tourism sector value chain and the exploration of web channels and new technologies in touristic experiences. Threats are essentially linked to a high seasonality, the dissatisfaction with the local lack of preparation and experience in tourism and the potential impact of high volumes of tourists on fragile ecosystems.

Consequently, the strategic products identified were Nature Tourism, Cultural Touring, Nautical Tourism and Wellness Tourism. These were clearly the most solid products to invest in, considering their development state, potential and local resources.

- **Nature Tourism:** With great potential in soft and hard segments. There is a great diversity of natural resources and attractions, and the identity of the Azores as a whole is specially positioned on this market product. Both tourists and tourism players in Ribeira Grande identified this product and activities associated with it

as the richer and most important experience in the municipality. However, sustainability is one key feature that has to be privileged, so a case study comparison was established with the development of the Monteverde Cloud Forest in Costa Rica.

- **Cultural Touring:** It is the product that is more mature in the destination and Ribeira Grande has a great diversity of cultural heritage and features. Nonetheless, many of these cultural structures and services are limited, demanding a structuring and integration work to establish a good cultural experience. The development of routes and the coordination between these various attractions was critical for the development of this product, so it was suggested that the good practices be adopted on the Freedom Trail in Boston.
- **Wellness Tourism:** Ribeira Grande's geothermal resources are unique and have a great potential for wellness activities and specific products, along with the fact that quietness and tranquillity are local characteristic features. In fact, there are historical wellness spots in the municipality that make the most out of thermal hot springs, like Caldeira Velha or Caldeiras. Furthermore, as Ribeira Grande is the only municipality in the Azores that presently has a fully functioning geothermal power plant, whose thermal water is extremely rich for leisure and therapeutic purposes, its location and natural ambience have the potential for the development of a structure and an experience similar to the world known Blue Lagoon in Iceland.
- **Nautical Tourism:** Ribeira Grande has a historical relationship with the sea, although the aggressiveness of northern shore sea in São Miguel Island limits some touristic activities for a great part of the year. Nevertheless, there were good structures and conditions to invest in this product, including wave spots that allow for world-class surfing competitions. The development of tourism in Nazaré town, in Portugal's Mainland, making the most out of surf and giant waves, is an example of how a resource like this can be differentiating and able to create value for the local economy.

As complementary products, industrial tourism, sun and sea tourism, culinary tourism, sports tourism and senior tourism were selected:

- **Industrial Tourism:** exploring the historic importance of some industries and factories associated with the processing of agriculture produce;
- **Sun and Sea Tourism:** taking advantage of paradise-like beaches, namely Santa Bárbara, Moinhos and Monte Verde;
- **Culinary Tourism:** valuing great gastronomical experiences based on local traditional products and dishes;
- **Sports Tourism:** exploring the various infrastructures in the municipality and a historical predisposition for sports, including running and surfing;
- **Senior Tourism:** supported by an evident market trend and the existence of great conditions for this end, including quietness and tranquillity, good food and diversity of cultural and religious sites and attractions.

Ultimately, Ribeira Grande was defined as the destination of adventure in nature and reverence of the sea, enriched by tranquility, tradition and authenticity. The brand signature and corresponding positioning were stated as “Inspiring nature, surprising adventures”. The resulting action plan comprised of around 80 concrete actions, ranging from professional training to promotion initiatives, and 8 structural projects to support the development of the strategic tourism projects and the overall experience and quality of the destination.

## **Discussion**

The municipality of Ribeira Grande is before a new paradigm of development, facing challenges to its local economic base. Tourism is one of the key sectors elected to support this evolution, aiming not only for the increase in the touristic activity but also for the enrichment of the destination. Therefore, a strategic planning procedure was critical to promoting the success of the local tourism development.

The diagnostics to the municipality clearly showed a great potential for tourism development, but there were a lot of flaws and weaknesses to surpass. Ribeira Grande has interesting natural conditions with diversified resources that allow the lure of different markets. However, the historic lack of importance of tourism in the municipality imposes a big challenge to the local economy, education, services and infrastructures. For instance, accommodation is meagre, representing only 336 beds (the Azores’ total is 8.816, more than 50% being in Ponta Delgada). Furthermore, the supply of tourism services was unstructured and supported by individual and isolated initiatives, without a common

strategic course. Furthermore, the high seasonality of the Azores destination was also an important challenge and one that had caused inefficiencies along the local touristic value chain. Therefore, the strategic planning process was long and thorough and had to include various critical dimensions, services and areas. The goal was to develop a strategy that could increase the competitiveness of the local tourism sector, enhance the attractiveness of the destination, increase the length of the stay of tourists, reduce the effects of seasonality and stimulate the creation of value to the local community.

The lack of preparation of the destination was evident. Tourism products associated with cultural tourism were more mature than all the others and, in fact, tourists were mainly going to museums and cultural and religious sites. Nevertheless, nature tourism products are the ones with more potential but they lack the due supply and players. Tourists explicitly indicated that adventure packs and more walking trails would be on their wish list for future visits. It is also relevant to notice that the unique and differentiating resources and attractions were not being used as promotion assets or even used to develop exclusive experiences or products.

The lack of detailed information (and, at times, the complete absence of data) was the main hindrance of all the process. This is a critical feature on decision making and it was very difficult to establish some objectives and consequent measures when there was absolutely no information to compare or analyse. There were also important limitations when applying the questionnaire to local tourists. Ideally, the questionnaire would be applied to tourists staying on local accommodations, but the supply was so incipient that there was the need to go to neighbouring municipalities. Also, tourists were reluctant to answer the long questionnaire, as they wanted to enjoy their holidays. One should also notice another relevant difficulty that arose from other political, planning or legal documents, since they imposed some restrictions to tourism development and spatial planning.

Nevertheless, the results that were obtained were very interesting, not only on content of the plan itself, but also on the mobilization of Ribeira Grande municipality around a new tourism development perspective. The inclusion of very important local actors was critical to this situation, as they felt integrated in the process and the responsibility to contribute in a consequent manner to the fulfilment of the structural and fundamental ideas resulting from the plan. The City Hall also acknowledged these results and immediately developed an internal scheme to apply the strategic plan and the inherent

action plan, that include a revision of major local legal frameworks. Investors gained confidence on the City Hall's commitment and new dynamic has been deployed in the municipality. The next few years will be very interesting to follow as some structural changes will arise and the local tourism sector will certainly be much more prepared to generate added value to all stakeholders.

The strategic planning process for the tourism development of the municipality of Ribeira Grande was challenging, but also very rewarding. The large amount of information gathered and analysed, the diversity of diagnostic instruments and techniques and the participation of a broad range of agents and players are conditions that support the work that was done and reduce the risk of the decision-making process. The benchmark with the work done in other destinations was of great importance for this context and favoured the quality of the results achieved. Nevertheless, the tourism strategic plan developed will need to be evaluated in a mid-term horizon because the Azorean tourism market is evolving so fast that it is causing abrupt changes and shifts to the demand and supply.

## **Conclusions**

The Autonomous Region of the Azores is facing a new paradigm in the tourism sector, which is potentiated by the opportunities that arise through the 2014-2020 Multiannual Financial Framework of the European Commission. That window of opportunity has been perceived by the municipality of Ribeira Grande as a critical and decisive factor to focus its local economic development on the tourism activity, surpassing some of the negative impacts of the recent economic crisis. However, the lack of preparation of the destination and some intrinsic limitations were big challenges to this shift, requiring a well thought-out strategic planning process.

The limited and incomplete information was one of the toughest challenges in all the process. In fact, we have to acknowledge that information is critical for a coherent and adequate strategic planning process. Nevertheless, the application of a large diversity of data collection instruments and techniques were critical to knowing the local tourism sector, its potential, as well as the characteristics of its supply and demand.

The decision to diversify the economic base of Ribeira Grande through tourism seems understandable and pertinent. The extension of the territory within the island, its location, its intrinsic characteristics and tangible and intangible heritage favour an interesting tourism potential. The regional context is also favourable to this goal, increasing the

success probability of a thought-out strategy in this sector. The money coming from the European Commission allowed the creation of interesting incentives for investments in tourism-related activities. Moreover, the partial liberalization of air transport in the Azores is increasing the number of tourists (especially first-time tourists), introducing a huge change in the local market functioning.

Nevertheless, there were some challenges to overcome in Ribeira Grande, implying a need to restructure all the tourism supply, especially in accommodation and touristic animation, as well as the preparation of the community and services. In fact, some of the major weakness of the municipality that could hinder tourism development are the poorly qualified human resources and the lack of cultural predisposition to dealing with tourism. This is quite a paradox since hospitality is one of the most appreciated characteristics of the population.

Natural resources are clearly the most valuable assets of the municipality, harnessing a great potential to differentiate the destination and to develop exclusive experiences. Tourists were satisfied with the natural elements and the landscape, and tourism players elected Nature Tourism as the top product to enhance the local tourism development. This had to be a major feature in the value proposition structured for Ribeira Grande.

Globally, the municipality of Ribeira Grande has excellent conditions to develop its touristic activity, based on nature, culture, wellness and nautical activities. There is a lot of work to be done, but the new value proposition and desired positioning offer a clear strategic path to guide that work and favour the most import local features and assets as critical success factors for that strategy. In this sense, Ribeira Grande can evolve as a more prepared destination, increasing the time spent by tourists in local venues and events, improving the overall experience of the tourist and carrying out more adequate and targeted promotions.

It is important to note that the process that lead to these conclusions and to the strategic planning work previously done resorted to the findings of Benckendorff and Pearce (2003) that revealed that destinations attractions with highest level of planning tend to have higher levels of perceived performance and be more profitable. Moreover, sustainability issues were also considered in the strategic planning process and in this paper, since Rodriguez-Dias and Espino-Rodriguez (2008) regard that it is critical to integrate measures to ensure sustainability in the re-launch of a destiny and, as stated, this is one of the most evident strengths of the Azores.

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