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Empresas Familiares: O caso da Ilha Terceira,
Açores

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**THE IMPACTS OF TOURISM SEASONALITY
IN FAMILY BUSINESS: THE CASE OF TERCEIRA ISLAND, AZORES**

Gustavo Neves-Lima

ABSTRACT

Tourism services are the fastest growing industry worldwide and a key sector for some destinations, especially for remote areas where they play a central role given the lack of economic alternatives. Tourism seasonality is a complex phenomenon and it's one of the biggest challenges faced by this industry. It is, as well, a recognized problem for most family businesses that are especially dominant in peripheral regions.

The aim of this dissertation is to investigate the seasonality of tourism in family businesses, fundamentally in a supply-side perspective. Their impacts and mitigation responses are of great importance for the survival and growth of businesses, families and destination in general.

To carry out this study, firstly tourism seasonality in Terceira Island in Azores was measured and characterized, and then nine semi-structured interviews were prepared and applied to nine managers of family businesses in some sub-sectors of tourism and hospitality. Other data sources were used to triangulate the research. This multiple cross-case-study had a qualitative data analysis and was interpreted by a critical realism perspective.

This study serves to support and extend the conceptual framework of tourism seasonality mitigation strategies in family businesses, with the model "cope, combat and capitulate", adding collaborative strategies and other strategies from the literature of service management in order to face irregular capacity fluctuations. In this manner, it has implications for science, family businesses, as well to other stakeholders and developers of public policies connected to tourism.

Keywords: tourism seasonality; family business; seasonality mitigation strategies; peripheral region; qualitative study

OS IMPACTOS DA SAZONALIDADE NO TURISMO EM EMPRESAS FAMILIARES: O CASO DA ILHA TERCEIRA, AÇORES

Gustavo Neves-Lima

SUMÁRIO

Os serviços de turismo são a indústria mundial que mais cresce e um sector fundamental para alguns destinos, especialmente para as regiões periféricas onde desempenham um papel fulcral dada a falta de alternativas económicas. A sazonalidade no turismo é um fenómeno complexo, sendo um dos maiores desafios enfrentados por esta indústria. É também um reconhecido problema pela maioria das empresas familiares que são especialmente dominantes em zonas periféricas.

O objectivo desta dissertação é o de investigar a sazonalidade do turismo em empresas familiares, fundamentalmente numa perspectiva do lado da oferta. Neste sentido, os seus impactos e respostas de mitigação são de grande importância para a sobrevivência e crescimento das empresas, famílias e destino em geral.

Para levar a cabo este estudo, primeiramente a sazonalidade na ilha Terceira nos Açores foi medida e caracterizada, e de seguida nove entrevistas semi-estruturadas foram elaboradas e aplicadas a gestores de empresas familiares em vários sub-sectores do turismo. Outras fontes de dados foram utilizadas para triangular a investigação. Este estudo de casos múltiplos e transversais teve uma análise qualitativa dos dados e foi interpretada através de realismo crítico.

Este estudo serve para suportar e alargar o quadro conceptual da sazonalidade no turismo em empresas familiares, com o modelo de “*combat, cope and capitulate*” adicionando estratégias de colaboração e outras estratégias da literatura de gestão de serviços para fazer face a flutuações irregulares da procura. Desta forma tem implicações para a ciência, para as empresas familiares como também para outros *stakeholders* ligados ao turismo e à elaboração de políticas públicas.

Palavras-chave: sazonalidade no turismo, empresas familiares, estratégias de mitigação da sazonalidade, região periférica, estudo qualitativo

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ABREVIATIONS

CCAH	Câmara do Comércio de Angra do Heroísmo
EC	European Commission
EU	European Union
FB	Family Business
GDP	Gross Domestic Product
INE	Instituto Nacional de Estatística
MICE	Meetings, incentives, conventions and exhibitions
PEAT-GC	Plano Estratégico de Animação Turística para o Grupo Central
POTRAA	Plano de Ordenamento Turístico da Região Autónoma dos Açores
SATA	Sociedade Açoriana de Transportes Aéreos
SME	Small and Medium-sized Enterprise
SREA	Serviço Regional de Estatística dos Açores
TAP	Transportes Aéreos Portugueses
TS	Tourism Seasonality
UNEP	United Nations Environment Programme
UNWTO	United Nations World Tourism Organization
USA	United States of America
WMO	World Meteorological Organization

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1- INTRODUCTION

1.1- Background and research gap

Tourism services are the most rapidly expanding industry in the world, representing 40% of the global trade in services, 6% of all trade (UNWTO, 2006) being certainly a fundamental contributor to the global economy (UNWTO, 2009). Although some years ago it was considered a luxury (Mathieson & Wall, 1982), nowadays it is “an economic and social activity of vital importance for many countries worldwide covering all social classes” (Nikolaos, 2007:57). Tourism is a very important and strategic sector for some destinations, especially in peripheral regions where tourism industry is often of great economic importance, given the lack of alternatives (Commons & Page, 2001 citing Page, 1993 & citing Blomgren & Sorensen, 1998; Baum & Lundtorp, 2001; Getz, Carlsen & Morrison, 2004). We can also say that in peripheral (Baum & Hagen, 1999 citing Wanwill, 1997) regions there is a:

- decline in traditional agriculture;
- dependence of the resources from the sea that are being deployed;
- employment that is provided in big part by public services;
- a lack of technology transfer and research;
- prominence of SME;

Seasonal variation in tourism, usually called tourism seasonality, with its related social, economic and environmental impacts is a major issue for the tourism industry and all the stakeholders involved (Mathieson & Wall, 1982; Butler, 1994; Donaldson & Preston, 1995; Lee, Bergin-Seers, Galloway, O’Mahony & McMurray, 2008). To Butler (1994:5), seasonality is “the most typical characteristic of tourism on a global base”, nevertheless the nature and the degree varies considerably for different tourism commodities (Wilton & Wirjanto, 1998) Seasonality changes substantially around the world, and between different type of markets and locations, but the existence

of seasonal variation is almost an universal phenomenon (Hinch, Hickey & Jackson, 2001; De Groote, 2009).

Seasonality exists not only in tourism, but also in several other sectors (Koenig & Bischoff, 2005). It is a complex phenomenon, because it tends to persist in spite of several public and private attempts to reduce it over the years. While it is a very important and wide accepted phenomenon, it is, at the same time, one of the least understood topics in tourism (Hinch & Jackson, 2000). It does not have been adequately tackled (Butler, 1994) due to the complexity of its phenomenon, or the various stakeholders and incentives and process decisions involved (Koenig & Bischoff, 2004).

The impact of the variability of seasonality demand is one of the biggest problems in tourism, determining policies and operations by privates and state (Baum & Lundtorp, 2001), representing this a central theme in the academic literature on tourism for tourist managers and also for policy makers (Koenig & Bischoff, 2005). For Lundtorp, Rassing and Wanhill (1999:100) it is “one of the biggest challenges faced by tourism industry in general”.

Seasonality issues are not new to the industry, but the tourism environment is changing fast, and will continue to change fast, not being identical to what it was a decade ago (Lee et al., 2008): communications and technology (*e.g.* better access to information by the internet and cell phones), transports (*e.g.* increase of the quantity and reduction of price and time to travel), climate changes – instability, warming up, destructing and erosion are causing changes in tourism (Hamilton, Maddison & Tol, 2005; Wall, 2007). It is now accepted that climate and seasons are now experiencing instability, and they cannot be taken as permanent or predictable as it was believed, influencing local and sub-regional levels in various factors (UNWTO, UNEP & WMO, 2007; De Groote, 2009).

Some previous attempts to address and ameliorate seasonality impacts have been difficult to achieve. Consequently, some strategies employed may not be transferable across the industry (Lee et al., 2008). Anyhow, many seasonality studies use “lessons drawing” to extract conclusions (Baum & Hagen, 1999; Baum & Lundtorp, 2001 citing Rose, 1993). Baum considers that its applicability to seasonality has considerable

merit (Baum & Lundtorp, 2001 citing Baum, 1999). Tourism owners operate in a complex mix of variables, operating with a unique economic structure and environment that will vary the degree of impacts according to its context and location (Goulding, Baum & Morrison, 2005; Bishop, 2010).

In a specific environment like rural and peripheral areas Family Businesses (from now on FB) are especially dominant and substantial because of traditional land-owning patterns due to the impracticability of operating larger corporations in marginal economies (Getz et al., 2004; Getz, 2004). Several studies support the importance of FB in the western economies, reporting that family firms account for over than two-thirds of all businesses (Getz et al., 2004 citing Westhead, Cowling & Thomassen, 1992, & Lank et al., 1994), and 95% of tourism businesses, generating perhaps one-third of total tourism revenue (Getz et al., 2004 citing Middleton, 2001). In the USA family firms generate 40% to 60% of the GDP (Getz et al., 2004 citing Ward & Aronoff, 1990) and employ half of the workforce (Getz et al., 2004 citing Gersisk et al., 2007). In Australia, FB make up 83% of all private-sector companies and employed more than 50% of workforce (Getz et al., 2004 citing Smyrnios & Romano, 1999). In Portugal, it is estimated that between 70-80% of companies are FB, and that they contribute to 60% of employment and 50% of Gross Domestic Product (Tecnivest & KMU Forschung Austria, 2008).

The strategic responses to seasonality are of great importance to the family life, enterprise, to all community, development, and competitiveness of the destination. Families are interconnected and therefore members that depend on each other (Getz et al., 2004). In many countries, statistics on the scope and significance of FB are poor or non-existent, partly because the term FB is not used or understood (Getz et al., 2004) or off screened of the statistics into the categories of SME in which it is ignored that ownership makes a huge difference in terms of reasons to start, grow and decline a business (Getz et al., 2004).

The rise of service sector and tourism included is generating new opportunities for family ventures (Getz et al., 2004) that should and can be exploited. In their extensive review book, Getz, Carlsen and Morrison (2004) argue that because of the big statistic issue, little is known of FB about

management in tourism and hospitality. Getz and Carlsen (2000), in their exploratory study in Western Australia reported that seasonality of demand in family and owner operated business was a “typical rural tourism problem”, where 61% of those who were interviewed agreed that their business was highly seasonal (Getz & Carlsen, 2000:554). Smith (2006) added in his paper that replicates and compares the goals and characteristics of family-owned small businesses between Middle America and Western Australia and have added that “the issue of seasonality raised more questions than the one’s that were answered” and that “additional research on this topic would likely bear fruitful results” (Smith, 2006:21). Smith (2006) also referred that the study of family-owned and operated business in tourism and hospitality was still in its “infancy”.

Tourism and Hospitality businesses impose a number of special challenges on the family, particularly seasonality in demand (Getz et al., 2004). Seasonality in demand in peripheral and island destinations has a complex and compound impact on the overall performance of the industry and on the whole economy (Baum & Hagen, 1999) that puzzles all the stakeholders evolved in tourism. It is important to study this phenomenon because general trends suggest increasing seasonal concentration rather than the reverse, increasing the gap from off peak to peak time with the increasing of tourists in a destination (Nikolaos, 2008). Nikolaos (2008) says that tourism seasonality is “a relatively recent phenomenon that is intensified year by year” (Nikolaos, 2008:59). The opposite happens in certain development stages of the destination, for example, in a more mature destination like Belgium, it had been more widely spread over the years (De Groote, 2009).

Also in the research needs of the study from responses of FB to extreme seasonality in demand, and in the search of answers for this study the author tend to agree with Getz and Nilsson (2004:29) when they recommend that more “inquiry can improve theoretical understanding of seasonality by revealing more about how owners and investors cause or perpetuate it in different environments”, and said also that “a great of more attention to this widespread issue” was deserved. Koenig-Lewis and Bischoff (2010: 397) on a newly study to develop effective strategies for tackling

seasonality in tourism industry argued that there was a “clear shortage of empirical studies” in responses of FB to seasonality.

Moniz (2006) found on the ownership patterns that around 96% of the subsector of the accommodation in Azores were owned by independent organizations, and therefore concluded that that subsector in Azores was not very dependent from external strategies of hotel chains or international groups. Moniz (2006) also found that more than 80% of the funding in Azores islands was made with local capital which suggests a high prevalence of FB. Networking within family and community is considered an advantage of FB (Getz et al., 2004), and this activity is considered important for their survival (Ahmad, 2005). However connections of networking to tourism seasonality issues have not been explored in any depth yet.

The way to tackle seasonality correctly should be a matter of great importance to public and private sectors (Baum & Hagen, 1999 citing Baron, 1975 & Butler, 1994). This is a growing sector, and if the seasonality phenomenon is not well managed it can be extremely harmful to all the stakeholders.

A research gap can therefore be identified: service businesses on tourism and hospitality face specific challenges due to their inherent specificities (Baum & Lundtorp, 2001; Getz et al., 2004; Koenig & Bischoff, 2004); there is a need for further studies on the lack of mitigation of tourism seasonality research in ultra peripheral islands with a FB concept connection (Getz & Nilsson, 2004; Smith, 2006; Koenig-Lewis & Bischoff, 2010); other studies are important and needed to confirm findings and generate knowledge (Getz & Nilsson, 2004); tourism seasonality in FB is not a static concept; the tourism environment is changing quickly, and a deeper understanding of these concepts could help the avoidance of social, economic and environmental disruptive changes and impacts (Mathieson & Wall, 1982; Lee et al., 2008; Bishop, 2010).

On the next section, the purpose of this study will be exposed.

1.2- Purpose of the study

The purpose of this master thesis is to understand and describe the strategies used by tourism FB in Terceira Island-Azores- to overcome, or reduce, at least in part, the large swings in seasonal demand, and to explore how the state or other stakeholders could help the FB to face it. Even though there are some studies on FB and network theory, no studies were found connecting seasonality in tourism and FB conjoined with collaboration issues.

The focus will be on FB managers of services connected to tourism. FB are important for the sector since they are the deciders of the strategy to adopt in their businesses. Goulding, Baum and Morrison (2005:216), presented the “importance of appreciating the structure and dynamics of destination small tourism businesses”, and referred that a “macro” analysis was “meaningless without a profound understanding of the motivation and behavior of the actors”. (Goulding et al., 2005:216). Koenig-Lewis & Bischoff (2010), acknowledged that only a few actors recognized the fact that “there might be differences between businesses in perceptions of seasonality” (Koenig-Lewis & Bischoff, 2010:396), and they joined owners/managers points of view, as well as they took for a contextual reason “ a more aggregated view of the sector” (Koenig-Lewis & Bischoff, 2010: 396).

The purpose of the study may then be synthesized in one basic research question:

What are the tourism seasonality FB mitigations strategies?

The research question addresses the problematic of the phenomenon of seasonality and FB main strategic reactions and mitigating strategies.

On the next section, the scope of this study will be exposed.

1.3- Scope of the study

As mentioned, the aim of this study is to explore the strategies for matching capacity and demand of services in FB in an ultra peripheral island as well as to examine which stakeholders could help alleviate this challenge and support it.

This study starts being described in terms of what it is and what it is not about. In particular, this study is not about Demand (tourists), or demand forecasting. The study will not analyze tourist attributes, satisfaction or expectations, from peak or off peak, nor season's differences (Koenig & Bischoff, 2004; Spencer & Holecek, 2006) for a matter of research focus.

This study will be focused in FB in more than one sub-sector of tourism and hospitality reaching a holistic view. It will not be about general businesses, because FB are the heart of many small communities (Getz et al., 2004). The geographical focus will be Terceira Island instead of Azores Islands given the limitations of time and resources, and generalization issues (further contextualization of Terceira and seasonality in Terceira in chapter 4).

It will focus on a mild weather and water temperature and ultraperipheral region, and not in peripheral islands in North of Europe like Ireland (Kennedy & Deegan, 1999), nor Bornholm in Denmark (Lundtorp et al., 1999), nor in New Zealand (Commons & Page, 2001; Mitchell & Hall, 2003), nor in the North of Europe, and America, nor in the rest Oceania continent where most of the case studies are from. There are also, some studies, from Mediterranean countries in which many followed the strategy "sun, sea and sand" (Baum, 1998; Krakover, 2000a; Nikolaos, 2008).

1.4- Key concepts

All discussions, especially multidisciplinary require a brief introduction to its key concepts. In fact, according to Getz et al. (2004), researchers in tourism and hospitality are well advised to state their operational definitions.

On the next sections, tourism seasonality, FB, and ultraperipherality will have operational key concept statement.

1.4.1- Tourism seasonality

Seasonality exists not only in tourism but in other sectors. In the tourism and hospitality literature it has many definitions, but only a few explicitly consider a more precise one. It can be simply defined as a: “cyclical pattern that more or less repeats itself each year “(Jang, 2004:819).

As a pioneer, BarOn (1973), defined seasonality as: “effects occurring each year with more or less the same timing and magnitude”(Koenig & Bischoff,2005:3 citing Baron, 1975). Actually global warming, new trends, new technology, social changes, and new transport tariffs are changing these magnitudes (Koenig & Bischoff, 2005 citing Butler and Mao, 1997).

For Butler (1994:5) it is:

“a temporal imbalance in the phenomenon of tourism, and may be expressed in terms of dimensions of such elements as number of visitors, expenditure of visitors, traffic on highways and other forms of transportation, employment, and admissions to attractions.”

For Allock’s (1989) the “most significant aspect of seasonality evolves the concentration of tourists in relative short periods of the year”(Lim & McAlleer, 2001 citing Allock 1989:387). For service operation managers (Fitzsimmons & Fitzsimmons, 2008) and the author Lundtorp (2001) seasonality is a problem of inefficient use of capacity.

For the purpose of the present study, it was adopted a new following working definition:

Tourism seasonality is a complex and systematic phenomenon that is caused by natural and institutional elements that should be contextual and timely analyzed. These movements don’t have to be necessarily regular (daily, weekly, monthly or yearly) and are reflected by the decision of consumption

by the agents, their expectations and preferences (demand issues) and the services available to them in different places (supply issues). Tourism seasonality causes in the organizations problems of inefficient use of capacity that together can generate negative and positive social-cultural, economic and environmental impacts in the destination.

This working definition was adopted because all the others available have not gathered with the mix of issues from supply and demand and with the mix of seasonality types (daily, weekly or monthly, yearly).

It is caused by natural and institutional factors (very debated in the literature), that should always be analyzed in time and space (the tourism sector is changing quickly, and the mix of variables create very diverse scenarios, with the need of different actions).

The consumption of tourism can be divided in two components:

- the demand, accomplished by the needs and preferences of the consumers;
- the supply, that are the services available on the whole market (due to internet, transports-accessibilities, or even the quantity of services provided).

This working definition aims to also state the service problem of managing capacity and acknowledges, not only, the negative social-cultural, economic and environmental impacts of the phenomena, but also the positive impacts. When viewed as a problem, time, money and effort is spent to modify these patterns through the development and implementation of private and public strategies designed to extend the “shoulder seasons” or to create “all seasons” destinations (Wilton & Wirjanto, 1998). When viewed as a positive prompter it approaches the sociology, psychology and ecology frameworks.

1.4.2- Family business

FB has no commonly accepted meaning (Getz et al., 2004). In a comprehensively review of literature 34 definitions were found (Getz et al., 2004 citing Sharma et al., 1994, & Chua et al.,1999).

Due to the significant role of FB in the European economy, the EC nominated in 2009 an expert group. They adopted a common European definition (EC, 2009:10), and according to it, a firm is a FB if:

1. The majority of decision-making rights is in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.
2. The majority of decision-making rights are indirect or direct.
3. At least one representative of the family or kin is formally involved in the governance of the firm.
4. Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25%: of the decision-making rights mandated by their share capital.

FB can be very diverse: they can be small, medium sized or large, listed or unlisted.

At a basic level, it can be defined as "an enterprise which, in practice, is controlled by members of a single family" (Getz et al., 2004:4, citing Barry, 1975). Or "consists of any business venture owned and/or operated by and individual, couple(s) or family" (Getz et al., 2004: 5). And this is the working definition for business families adopted in this thesis. Getz, Carlsen and Morrison (2004) stated that there is no need to invent new definitions on industry-by-industry basis.

1.4.3- Ultraperipherality

The definition adopted in this thesis is the one of treaties and agreements of the EU that are based in several factors. These factors have conditioned the evolution and social economic development of these regions throughout their history (MCRIT, 2004). The territorial determining factors of Ultraperipherality and its process are resumed in annex (see annex I).

1.4.4- Other definitions

Other definitions are adopted in this investigation, UNWTO definitions are the glossary that has international consensus and was approved in the United Nations (UNWTO, 2007). Other definitions that are not the ones above and are not from UNWTO were expressed along the thesis whenever they were considered needed.

On the next section, the structure of this dissertation will be presented.

1.5- Structure of dissertation

In **chapter 1**, the phenomenon under study was presented in terms of theoretical background, research gap, purpose and its scope, as well the most important definitions. Other definitions, if important will be presented along the study.

In **chapter 2**, the theoretic context of seasonality in tourism and FB will be reviewed. Key concepts will be presented its, as well as the more important frameworks and general findings, which will present this study within the previous research in terms of seasonality and FB in tourism and hospitality. Destination and organizational mitigation strategies will be reviewed and some insights in strategic alliances will be reviewed as well. The *a priori* framework for analysis is also presented at the end of chapter 2.

In **chapter 3**, it will be present the methodological approach of the author, in order to present the empirical research in Terceira Island-Azores. This study will be qualitative in nature, being a multi cross-sectional case study, analyzed from a critical realist perspective. This chapter will present the bridge between theory and the data gathered.

In **chapter 4**, the author will contextualize the setting and measure and quantify seasonality intensity in Terceira Island. After, the author will discuss the evidence, from the selected cases in terms of an analysis of the data gathered from the supply part, by analyzing the data of nine interviews (FB managers), presenting at the end of this chapter my final theoretical

framework about FB tourism seasonality mitigation strategies in peripheral regions.

This work will end with the final conclusions in **chapter 5**. In this chapter it will be present the main findings for theory building in general (and main theoretical propositions), the implications and recommendations for the destination (for policy makers and to the main stakeholders involved) and the implications and recommendations for FB in tourism and hospitality. This dissertation will be concluded with the limitations of the study and suggestions for future research.

2- LITERATURE REVIEW

Introduction

This chapter reviews with more detail the theoretical context of the study of tourism and hospitality seasonality in FB.

Two main research traditions can be found in seasonality: one more connected to the measurement, quantification and modelling of the demand patterns in a more macro environment (regional, national) and another, more exploratory, connected to the research of its causes, implications, and deeper understanding of its impacts with different ways of mitigating it in a more micro and organizational segment. It will be done an overview of the main models and main literature, and after, a literature review in FB in tourism and hospitality.

In FB, the research tradition is in an initial phase. FB research is academically related to the traditions of entrepreneurship; owned-managed businesses and small and medium-sized businesses. Overlap of these traditions result in a complex interaction of themes, issues and approaches (Getz et al., 2004 citing Neubauer & Lank, 1998).

In an even earliest stage is the research of FB in tourism and hospitality. On the framework for FB research in tourism and hospitality from Getz, Carlsen and Morrison (2004) “cyclical demand” (seasonality) appears on the “industry specific modifiers”. Getz & Carlsen (2005) with their state of art in FB in tourism review the four biggest themes and topics in FB tourism literature, being one, the FB and Entrepreneurship, in where “cyclical demand: coping with seasonality” is a subtopic. The main advantages and disadvantages of being a FB will be reviewed. A brief insight in the literature review of collaborative strategy in FB will be given. After, the existing framework on the FB seasonality mitigation strategies of tourism and hospitality will be exposed.

At the end of this chapter the *a priori* theoretical framework will be presented for analysis of the FB tourism seasonality mitigation strategies.

2.1- Tourism seasonality

Introduction

As mentioned in chapter one, seasonality is a complex, open system and one of tourism's biggest problems that face a complex mix of variables, operating with unique environment and economic structure, that will vary the degree of impacts according to its context and location. In this section, a review on literature will be done on the causes, models of influences on patterns of seasonality (demand and supply) and its main models, some special issues on location and type of tourists, and will narrow to the supply views (in which this study focus), narrowing even further for destination seasonality mitigation strategies and organizational seasonality mitigation strategies.

2.1.1- Causes

Despite the fact that some broad causes of seasonality can be easily identified, it's stressed that they are not well understood (Koenig & Bischoff, 2005). Several ways of identifying and catalog causes of seasonality can be found in literature (Koenig & Bischoff, 2005; Lee et al., 2008; Chung, 2009). The main categories, generally accepted, could be grouped in two: natural factors and institutional/social factors. To better understand the extent of causes of seasonality in tourism, a summary is presented below in table 1.

Natural	
Baum & Hagen (1997); Commons & Page (2001); Jang (2004) citing Baron(1975), & Hartman (1986) ;.	Weather (<i>snow, rain, wind</i>)in demand side and supply side
Commons & Page (2001); Goulding, et al. (2005).	Climate (hours of daylight, temperature) in demand and supply side
Butler (1994) citing Budyko (1974) & Boucher (1975), & Mauss &	Geographic location- coastal, alpine, urban, peripheral regions, <i>island</i> ,

<i>Beuchat (1979); Commons & Page (2001).</i>	<i>distance from equator</i>
Institutional and Social	
<i>Butler (1994); Goulding et al. (2005); Koenig & Bischoff (2005)</i>	<i>Holidays (School and industrial holidays) Public/Religious events (Christmas, Easter, New Year's)</i>
<i>Commons & Page (2001)</i>	<i>Availability of leisure time</i>
<i>Butler(1994); Commons & Page (2001)</i>	<i>Health of the economy affecting travel expenditure, transports and services available</i>
<i>Butler (1994); Commons & Page (2001); Goulding, et al. (2005); Koenig & Bischoff (2005);</i>	<i>Travel habits (Christmas/New year holiday, Short winter breaks), tastes, inertia from demand (and supply), motivations (often due to tradition, social pressure, fashion)</i>
<i>Koenig & Bischoff (2005)</i>	<i>Supply side constraints- competition from other sectors, alternative use of facilities</i>
<i>Jang (2004); Koenig & Bischoff (2005)</i>	<i>Business customs events (snow, skiing, surfing, golf), conventions and trade shows, governments , political campaign tours, sporting seasons</i>
<i>Koenig & Bischoff (2005) citing Frechtling (2001)</i>	<i>Other calendar effects- number of days in the month, number of weekends in the month;</i>

TABLE 1

Causes of seasonality in tourism demand

Source: Lee et al., 2008 adapted with new material italicized

De Groote (2009) study, considered that the main influencing factors were: climate; type of tourism (city tourism, MICE); institutional aspects (e.g. - school and public holidays) and demography (retired people), showing that a

trend analysis of the market was important (retirees with money, high qualified students living at their parents until later times, low budget flights, etc.) depending on the regions analyzed.

2.1.2- Model of the influences on patterns of tourism seasonality

One of the most comprehensive studies of the factors influencing the phenomenon is the work in 1997 of Butler and Mao (Baum & Lundtorp, 2001; Lee et al., 2008).

In their study, they identified three basic patterns: single peak, two peak and non peak. Single peak occurs when there is an extreme seasonality, for example, a summer peak. Two peaks seasonality occurs when there are two seasons, usually a major summer one and a minor winter one. Finally, non-peak patterns occur mostly in urban destinations (Baum & Lundtorp, 2001 citing Butler and Mao, 1997).

Butler wrote (1994) that:

“It is the interaction between the forces determining the natural and institutionalized elements of the seasonality of tourism in both the generating and receiving areas as modified by actions of the public and private sector which creates the pattern of seasonality in tourism that occurs at a specific destination” (Butler, 1994:8).

In 1999, Baum and Hagen added “competition from other economic sectors” and “the alternative use of touristic resources” as supply side constraints” (Goulding, et al., 2005:214 citing Baum & Hagen, 1999) and was by Lee, Bergin-Seers, Galloway, O’Mahony and McMurray (2008) encouragement/facilitation by the state to the model (Lee et al., 2008 citing Commons & Page, 2001) in order to demonstrate the importance of the stakeholder state in the seasonality challenge. This framework even though is frequently quoted by several authors does not appear well tested yet but it’s important to show the general panoramic view on tourism seasonality.

The modifying actions in this model are the same as destination mitigation strategies, and those will have further literature review in section 2.1.9.1.

The basic model, from Butler and Mao (1997) adapted is shown below -figure 1.

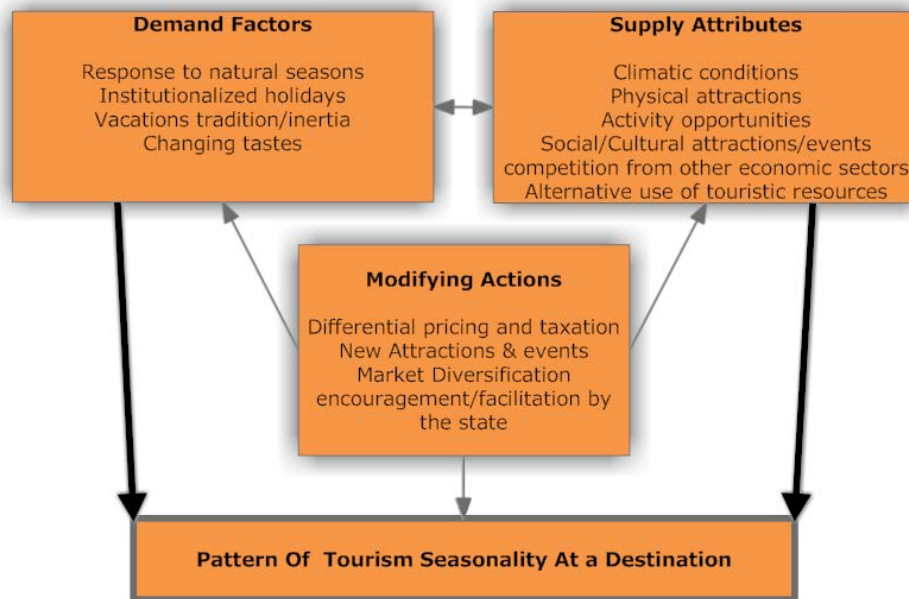


FIGURE 1
Model of the influences on patterns of tourism seasonality

Source: Baum & Lundtorp, 2001 with adaptations from Baum & Hagen, 1999 and Lee et al.,2008

In the same direction is the work of Goulding and Hay from 2001 (De Groote, 2009:3 citing Goulding and Hay, 2001) with their framework on the Perspectives of Seasonality where the authors used a multidimensional approach, with demand-driven perspectives, supply-driven perspectives, analysis of causal factors and resource implications (see annex II).

2.1.3- Model of push and pull factors

Other model to summarize the causes of seasonality is the Push and Pull factor model (see annex III) that groups the reasons in push and pull factors to “go or not to go to” a destination. It is used “Push” when the

reasons to go, or not, to the receiving area, are in the generating area- e.g. the tourists having free days of holidays to use. It is used “Pull” when those reasons come from the receiving area-e.g. a soccer game at the destination (Lundorp et al., 1999; Koenig & Bischoff, 2005).

It was stressed that these factors are not independent of one another and that they interact (Koenig & Bischoff, 2005 citing Butler and Mao, 1997). The authors also stressed that the physical factors and the climate in the receiving areas were the fundamentals for the true “tourism seasons”, and that the temporal distribution of cultural, ethnic, religious and social events and activities in the receiving area profoundly influence the characteristics and the number of visitors. To tackle the challenge of seasonality it is important to know where it is generated (Koenig & Bischoff, 2005 citing Butler and Mao, 1997). This seems to be an over simplistic view, because inside of these generating nationality segments are special niche segments that can and should be exploited.

2.1.4- Other emerging models

Jang (2004), using financial portfolio theory and efficient frontier in tourism seasonality argued that although many suggestions are made for measuring the problems of seasonality, researchers had made only limited effort to arrange methods of overcoming them. He also argued, that there was a scarcity of research exploring quantitative approaches to smooth out this fluctuation. In his study, using respondents engaged in pleasure travel to Canada (from a demand side view), Jang exposes that financial portfolio theory could serve as an effective tool for reducing seasonality, and his research had important implications for tourism industry, suggesting that destination marketers should “select a mix of segments that fall along the frontier given a demand-risk target” (Jang, 2004:834). The financial portfolio theory has extensive literature that will not be reviewed here. Anyhow it can be used to help finding optimal solutions to seasonality, and to give a practical tool to assist tourism industry to mitigate this challenge.

Another framework for understanding tourism seasonality is the leisure constraints theory (Hinch & Jackson, 2000), a framework with leisure theoretical background. The authors argue that research in seasonality should develop a better understanding of the phenomenon and change the present approach by using leisure constraints research, which provided a useful theoretical framework to explore that feature of tourism.

Hinch, Hickey, and Jackson (2001) have stated that hierarchical and non hierarchical constraints framework held much potential for gaining insight into the causes of tourism seasonality (also from a demand side view).

Hierarchical model of leisure constraints (See annex IV) from Jackson, Crawford and Godbey in the 90's incorporates the broadly accepted as well as the emerging understanding in the seasonality area (Hinch & Jackson, 2000; Hinch et al., 2001). A key characteristic of this model is the order in which constraints are encountered and negotiated (Hinch et al., 2001).

The non-hierarchical model of leisure constraints (see annex V), presents a useful qualitative constraint framework. "Constraints are not sequential and hierarchical, but dynamic and integrated" (Hinch et al., 2001:181 citing Henderson and Bialescki, 1993). This conclusion is still under debate, but their model can be useful to explore seasonality using qualitative methods as applied to Fort Edmont Park in Canada (Hinch et al., 2001).

Not many studies were found relating seasonality with times of expansion or stagnation (economic cycles), nor with real focus on analyzing the relationship between seasonality and the tourism area life cycle Butler's Model.(Baum, 1998 citing Butler, 1998). On Butler's (1980) area life cycle model, different phases appear: exploration; involvement; development; consolidation; stagnation; and rejuvenation/decline (Getz, 1992 citing Butler, 1980). The seasonality issue appears only in the consolidation phase (Getz, 1992 citing Butler, 1980). Baum (1998) added reinvention and exit phases to this model.

2.1.5- Spatial and other issues

On a macro perspective, in peripheral areas, the tourism is often of great economic importance given the lack of alternatives (Getz et al., 2004). EU policies gave the opportunity to the tourism development in these areas as an organic solution (Getz et al., 2004 citing Wanwill, 1997). However the peripheral tourism typical suffers from:

- high costs;
- low accessibility;
- lack of infrastructure or quality facilities;
- dependence on intermediaries;

The local population might not have enough skills, capital, or inclination to tourism development and the dependence on government aid might actually asphyxiate entrepreneurship. Marketing and planning functions are usually under-developed in these regions. These regions face as well, scarce human and financial resources, declining traditional markets and a fragmented industry (Getz et al., 2004).

On a micro perspective, it is clear that although seasonality has almost a universal characteristic (Butler, 1994; De Groote, 2009), it varies considerably from location to location or size and quality of the services.

In Jeffrey & Barden (1999) study, there was a clear evidence that location, situation, the quality of the hotel, its image and appeal and the commitment of managers to marketing affected the length of the season. Jeffrey and Barden (1999:133) declared that there was “clear evidence that location and situation affect the length of season”.

It is important to remain attractive to short holiday takers in order to extend the shoulder seasons. It was found that this segment tends to seek good quality accommodations, but they are also price sensitive and attracted to the perceived “value for money” or discounted room rates (Jeffrey & Barden, 1999 citing Sykes, 1983).

A resume of the effects and impacts of several factors on seasonality is on appendix I (more macro and then micro).

Results from Nadal, Font and Rosselló (2004) analyzing the Balearic Islands and its most popular generating areas (German and United Kingdom), found some relationships between economic variables and the seasonal shape. As income grows and relative prices fall down, seasonality tends to be smoother, what is consistent with the separation of holidays in several sub-periods when tourists have more income available. The nominal exchange rate has the inverse relation- as more favorable it is for tourists, the more they will come in the peak season.

2.1.6- Impacts on tourism seasonality by type of tourists

Seasonality varies considerably between type of tourists and generating areas. There are many studies that confirm that different pleasure travelers appeared to seek different benefits during different seasons (Baum & Hagen, 1999; Krakover, 2000a citing Johar, 1984, & Bonn et al., 1992; Nadal, Font & Rosselló, 2004). An exception is the case of Bornholm Island from Lundtorp, Rassing and Wanhill (1999).

The business tourism (Lundtorp et al., 1999; De Groote, 2009) and the retired/ over 55 (Jeffrey & Barden, 1999; Commons & Page, 2001; Kastenholtz & Lopes de Almeida, 2008) are a type of tourists (segments) that ameliorate seasonality. International tourists are usually more seasonal than domestic demand, being domestic demand very important in the off-season, to keep minimum sustainability of the businesses (Wilton & Wirjanto 1998; Commons & Page, 2001; Getz & Nilsson, 2004 citing McEniff, 1992; Kastenholtz & Lopes de Almeida, 2008).

In the study of rural context, in the North of Portugal (Kastenholtz & Lopes de Almeida, 2008), the authors gained insights about the differences of tourists in low season vs. high season. They found that tourists in low season were: older, domestic market, repeated visitors, visiting on shorter periods of time, more active and cultural interested, visiting more the North interior of Portugal, had more demanding attitudes, had more business reasons to visit and were interest in a more rural way of life. In high season they found that the tourists were: younger, international tourists dominated,

stayed longer, spent more per person per day, were more concerned about weather and visited more the coastal area of North Portugal.

Special attention should be given to the different international generation markets. For example, in De Groot (2009) study in South Africa, the author found that European tourist arrivals had a higher seasonality, followed by American, African, middle East, Asian and Australian and special attention should be given to the reverse climates destination (De Groot, 2009) in order to reduce seasonality. This seems a very spatial issue, depending on the location of the destination area.

2.1.7- Measuring tourism seasonality

Most definitions and broad concepts of seasonality in tourism describe the phenomenon only in general terms. There is a lack of quantifiable definitions stating when it does occur, when to consider it a peak, shoulder or off-peak, or how seasonality can be compared between regions or years (Koenig & Bischoff, 2005).

Some exceptions exist in more complex and quantitative models, for example, from Lim and McAleer (2001:72), that define tourism seasons as “months for which the corresponding average indices exceed 1.0, which means that the seasonal factors increase tourist number above the trend and cyclical components” or, the definition of “extreme months”, that were said to be “those deviating from random irregularities by more than 1.5 standard deviations” (Getz & Nilsson, 2004: 18 citing BarOn, 1975:16).

For the authors Getz and Nilsson (2004), extreme seasonality occurs (using the ratio proportion of peak to total demand) when a “destination’s peak season attracts 50% or more of total visitors arrivals or total person-nights” (Getz & Nilsson, 2004:22), or suggests when using the “ratio highest to lowest-season demand” “ that because there are four seasons, extreme seasonality is a “ratio greater than four to one” (Getz & Nilsson, 2004:22) or “Low season ratio”- if the cumulative of the other nine/ten months are less than the peak month.

In order to measure seasonality one needs the right tools (Lundtorp, 2001). Seasonality has to be defined in relation to a certain time span and a certain location (Lee et al, 2008). Usually it is related to a calendar year. It is expressed in both monetary terms (social and capital costs), and visitors-tourists numbers (Jang, 2004). The basic unit for measuring tourism seasonality is usually the number of visitors. So the number of visitors, arrivals, departures, staying guests, and so on is used for practical reasons. If the purpose was to measure economic impact the use of tourism expenses would be a better standard (Nadal et al., 2004). To counteract with the measurements, a picture with a curve of the season should be related-simple plot (Lundtorp, 2001).

Different studies sometimes use different terminology to address the same measure. Simple statistical notions are used to investigate and compare the seasonality from different destinations (Koenig & Bischoff, 2005). See appendix II, for the review of simple indicators to measure tourism seasonality.

It was addressed by Fitzsimmons and Fitzsimmons (2008) that seasonal variations can be distinguished from other changes in time series, such as trend, cyclical and random movements. More complex mathematic techniques in modeling and forecasting seasonality have been conducted in a more macro level (Lim & McAleer , 2001a; Lim & McAleer, 2001b; Nadal et al., 2004; Petropoulos, Nikolopoulos, Patelis & Assimakopoulos, 2005; Chang & Liao, 2010; Lim, McAleer & Wiboonpongse, 2010). There is an actualized review of recent research by Song & Li (2008), where the authors show that no single model consistently outperformed other models in all situations. At a sectoral level it was more focused on the accommodation sector (Jeffrey & Barden, 2001; Koenig & Bischof, 2004; Koenig & Bischof, 2005). The author of this study did not make an extensive review of the literature in the modeling and forecasting seasonality area because it was the focus of this study.

2.1.8- Impacts of tourism seasonality in management, destination and tourists

The impacts and implications of seasonality have been investigated from both sides: supply- local operators, employees and residents of the destination, and the demand side-tourists who travel or wish to travel(Mathieson & Wall, 1982; Lee et al., 2008).

The tourism literature has accorded importance to the destination residents, or locals support on tourism development (Sharma & Dyer, 2009 citing Andriotis, 2004, Gursoy & Rutherford, 2004, Gursoy et al., 2002 ,Teye et al., 2002, Fredline & Faulkner, 2000, & Ryan et al., 1998). Anyhow, there are not many studies connecting the locals directly to seasonality issues. Sharma and Dyer (2009) argue that it “would be useful to establish some benchmarks that incorporate a seasonality aspect (...) to identify residents` preferences” (Sharma & Dyer, 2009:351).

Seasonality has implications (for supply and demand side) and negative or positive impacts.

In supply they are usually concentrated on four areas: costs/financial, facilities, employment and also in environmental protection and safety (see appendix III, not exposed here due to its size).

For Baum & Lundorp (2001) seasonality, as a concern, impacts on all aspects of supply-side behavior: marketing (packaging, distribution, pricing), labour market (nature and quality of employment, skills availability, sustainability of employment); business finance (cash-flow, pricing, attracting investment, profitability); stakeholder management (suppliers, intermediates) and all aspects of operations. Lundtorp, Rassing and Wanhill (1999:100) say also that in some regions, it would be a “dream to expand the season”.

2.1.9- Responses to tourism seasonality

2.1.9.1- Destination level

When discussing tourism, the terminology “destination” becomes ubiquitous, although it is not always clear what a destination is. Beirman

(2003:2) defines a destination as “a country, state, region, city or town which is marketed or markets itself as a place for tourists to visit.”

Even though seasonality will never be totally eliminated, there are ways to even out the peaks and valleys (Koenig & Bischoff, 2005 citing McEnnif, 1992). Yacoumis (1980) gave some solutions to tackle seasonality in Sri Lanka. Others tried to make the destination an all-season, e.g. Canada tried to achieve a “premier four-seasons” (Wilton & Wirjanto, 1998). Others tried to extend the season using the same product in different markets- Eurocamp (Klemm & Rawel,2001), others attempted to extend the seasons by changing the characteristics of the product and using sport activities- e.g.- Rugby in New Zealand (Higham & Hinch, 2002; Higham, 2005).

The first comprehensive study and one of the most cited in seasonality was published in 1975 by BarOn (Baum, 1998; Koenig & Bischoff, 2005). A big part of the author study was devoted to improve the seasonal pattern of tourism. The literature reveals a limited number of approaches which have been used to overcome seasonality, where efforts are more expected to be focused in off-peak seasons and methods to spread tourism along the year (Butler, 1994). These modification actions include, like it was said in section 2.1.2 in the Model of the Influences on patterns of seasonality:

- length of the main season; establishing additional seasons; diversifying markets, using differential pricing and tax incentives on a temporal basis; encouraging the staggering of holidays; encouraging domestic tourism in off-season and providing off-seasons attractions such as festivals and conferences (Sutcliffe & Sinclair, 1980; Butler, 1994 citing James 1961, Bar-on, 1975, Lewis & Beggs, 1982, Manning & Powers, 1984, Somerville, 1987, Smale & Butler, 1991, & Witt et al., 1991).

Different terminology is used in different studies to address the supply-side responses to seasonality.

Already in the 80's, Mathieson and Wall (1982) argued that to offset seasonality, two approaches should be taken: “alter the rate of production of supply to correspond more closely with the peaks in tourism demand”, or

“modify the temporal distribution of demand to match existing to match existing levels of supply” (Mathieson & Wall, 1982:39).

The main forms to counter seasonality in peripheral destinations are presented resumed in table 2 below: Events and Festivals (Baum & Hagen, 1999; Brännäs & Nordström, 2002) could be grouped in market or product diversification but due to their dominant in peripheral regions they were not. Most studies are using this or a very similar classification (Baum & Hagen, 1999; Mitchell & Hall, 2003; Lee et al., 2008).

Main forms to counter seasonality on a peripheral destination
Events and festivals
Market diversification
Product diversification
Structural and environment response

TABLE 2

Main forms to counter seasonality on a peripheral destination

I- Event and festivals

Event and festivals are one of the most common strategies to combat seasonality (Baum & Hagen, 1999). They take numerous forms (size and duration) but have a finite time. They are a serial of linked activities like cultural, religious, sporting that gather based on common interests. With big importance for peripheral locations are the small scale one, and community-driven activities (Baum & Hagen, 1999). They can have long-standing traditions be contemporary. Festivals are not, by definition, exclusive to the off-season, in fact, many occur in the main tourist season decreasing the assistance to influence seasonality.

A main event in peripheral locations points some problems by giving a disproportionate dominance of the event that can place severe pressure on the transportation systems and accommodation downgrading destination image (Baum & Hagen, 1999).

Events and festivals can be organized especially with the objective of supporting extensions to the existing tourism season (Baum & Hagen, 1999) being the distribution of activities an option to take in account.

Increase conference business in the winter (or in low season), offering extra activities to conferences attendees to lengthen their stay, as well as targeting event organizers can be a strategy type for the introduction and development of events (Lee et al., 2008). The tourism boards have an important role on marketing and on the support of new and existing events and festivals, as well as in the evaluation of its economic impacts. Brännäs & Nordström (2002) when analyzing the effects in festivals clearly indicated a festival effect in their data, being evident the probability increase of the lengthening of the stay. Although events and festivals can be an approach to attract new visitors to locations, Baum & Hagen (1999:307) points “to a much more limited impact of individual events especially those out of the main tourism season”.

II- Market segmentation

Among the causes of seasonal demand variation are several interrelated factors, being one a cultural, or tourism marketing mindset where there is a tunneling vision that makes the majority of the players on the market concentrate on one or small number of market segments (Baum & Hagen, 1999). Many locations tried to sell more of the same, to the same people over a longer period of time, usually to their usual markets with whom the industry had growth up with. For many reasons this represents an unrealistic strategy (Baum & Hagen, 1999).

Market differentiation strategy is one seeking to identify new demand, for the existing products, services and facilities. This could be difficult to accomplish if the resources are inflexible or weather dependent. Baum and Hagen, (1999) recognized that:

“Effective market diversification into shoulder and off-season periods must be accompanied by the recognition that different seasons create demand for different

products, with alternative presentation, packaging and, indeed, pricing". (Baum & Hagen, 1999:308)

This may require the creation of different images for a destination at different times of the year.

Groups to travel outside the main vacations, business tourism (Lundtorp et al., 1999; Chung, 2009), sport tourism (Higham & Hinch, 2002 Higham, 2005) and senior market are examples that can lead to niche marketing (Spencer & Holecek, 2006). An ultimately effective market diversification can lead to product and service changes (Baum & Hagen, 1999). The most common misconception is that the notion of market diversification is made by attracting new markets *per se* and that it could "readily be accommodated within existing infrastructures and on the basis of the existing profile of supply side facilities and attractions except on the basis of price mechanism" (Baum & Hagen, 1999:308).

For peripheral locations, a simple market diversification will not present a ready response to seasonal variation (Baum & Hagen, 1999). The authors Baum & Hagen (1999), argue that "few peripheral destinations depend on dominant markets" (Baum & Hagen, 1999:308) and say that their markets are made up of various market segments that are hidden in deceptive market characteristics as age and nationality, that camouflage a veil of opportunities that exist within specific age or nationality (Baum & Hagen, 1999).

III- **Product diversification**

Different tourist markets visit destinations at different times of the year and can require different services and products- Product Diversification (Yacoumis, 1980; Baum & Hagen, 1999; Lee et al., 2008). All weather resorts could be important. Anyhow, a peripheral destination difficultly can sustain a major product diversification of this kind (Baum & Hagen, 1999). The increase of indoor facilities could have been more explored in seasonality literature. Baum and Hagen (1999:309) commented that it:

“is also important to recognize that there are a few single investments in attractions or facilities that will, in themselves, stimulate significant additional travel to a destination, particularly “new seasons”, and that they should be created within the development strategy in a complementary, supportive and coherent manner”.

IV- **Structural and environment response**

Competition of international markets, and flight connections, being sometimes more expensive to fly to proximate peripheral locations than long-haul mainline destinations should also be considered (Baum & Hagen, 1999).

Looking beyond markets and product is important. Seeking to overcome dependence upon a limited tourism season may require a holistic consideration among the different stakeholders, and consider wider structural and environmental matters: public sector incentives as marketing supports, labour subsidy, time-constrained tax-benefits, subsidized support for transport operators, alteration in the labour market environment; recognition that seasonal employment have negative impacts in sustaining the delivery of quality services (Baum & Hagen, 1999; Goulding et al., 2005; Lee et al., 2008).

A balanced program of events and communication projects between industry organizations and chambers of commerce, that address seasonality and gives information on emerging trends on holiday purchase behavior could ameliorate seasonality (Lee et al., 2008).The improvement and expanding of local and regional infrastructures, and visibility of state and regional icons as well (Lee et al., 2008).

The lack of access can be cited as a main reason of why visitors do not come ,but it is a “real chicken and egg dilemma (...) that can only be overcome through a long term perspective and, possibly public sector support” (Baum & Hagen,1999:311).

An absence of connection between internal market consumption and tourism strategies to address seasonality was found in the literature review.

The next section will review the responses to seasonality on a more micro level.

2.1.9.2- Organizational / Micro Level

In a more micro and organizational level, other terminologies and responses like Boost off-season demand or Accept seasonality (Goulding et al., 2005) from business and public sector are synthesized in table 3 below.

	Business Responses	Public Sector Policy Measures
To boost off- season demand	<ul style="list-style-type: none"> - seasonal pricing - market diversification -product diversification - promotional activity -distribution mix -service level differentiation 	<ul style="list-style-type: none"> -labour force incentives (eg. Training) - staggering academic holidays -business support services such as marketing, financial planning - participation in seasonal extensional programs (e.g. Destination events strategy) - fiscal incentives -subsidization of transport services
Acceptance of seasonality:	<ul style="list-style-type: none"> -offer reduced capacity - full seasonal closure - temporary closure (e.g. during lowest revenue period) 	<ul style="list-style-type: none"> -environment regeneration -focus business support on existing seasonal trading patterns -support off-season community initiatives (e.g. local arts festivals)

TABLE 3

Supply-side responses to seasonality

Source: Goulding et al., 2005 adapted from Goulding and Hay, 2001

In this Goulding and Hay’s framework (2001), business and public policy measures were already linked. This framework divides them, in the ones that “wait and see if something changes”, or the others who are more active and want to “change things” (Koenig-Lewis & Bischoff, 2010).

The framework “Embrace or challenge seasonality” (Jolliffe & Farnsworth, 2003) expose, by one side, the ones that accepted the

seasonality in employment, and by other side, those that wanted the extension of the season (See annex V).

“Segmentation or partition of seasonality” is another framework- (Krakover, 2000a) more connected to Human resource practices, that use different terminology, but with the same concerns.

Findings of the new study of Koenig-Lewis & Bischoff (2010), on segmenting a sample from Wales, from a performance perspective, found three groups: “top performers”; “poor performers” and “seasonal performers”. Even though the majority of FB wanted to act, and said that wanted to extend the season, less than half of all respondents took any action to tackle seasonality. Many of the “poor performers” appeared to feel somewhat resentful and possibly even helpless facing seasonality (Koenig-Lewis & Bischoff, 2010). “Seasonal performers” mentioned mainly external factors and the greater part felt that they could not do anything about it. Distinctively, “top performers” indicated success in attracting different visitors and targets in the off-peak with their higher pro-activeness. Three groups of respondents that did not take any action were labeled has “life-style entrepreneurs”; “free riders” and “doubters”, with different attitudes that should be taken into account in order to avoid “ill-focused broad-brush strategies and consequent misallocation of marketing and other resources” (Koenig-Lewis & Bischoff , 2010:410).

Weaver and Opperman in the year 2000, (Koenig & Bischoff, 2005 citing Weaver & Opperman, 2000) identified six basic supply/demand matching strategies – what the author called IRR-DS- Increase, Reduce or Redistribute in Supply and Demand

In service management literature these mitigation strategies to uneven capacity fluctuations are called strategies to match capacity and demand in services. When there is variability in service demand, managing capacity and demand can be applied to the phenomenon of seasonality. Two pure generic strategies can be used: level capacity and chase demand.

Level capacity presumes forecasting on a long run, while chase demand is adopted in a more short-run. From a marketing perspective, special price offers is one influential motivation for tourists to visit a destination during off-peak (Chung, 2009 citing O`Driscoll, 1985), although it can harm destination image, due to the different expectations on attributes, functional characteristics, holistic, and psychological characteristics that can differ substantially (Echtner & Ritchie, 2003), or even transfer potential clients that would be willing to pay more in peak-time to change to off-peak time.

Examples of managing demand are: offering the above price incentives (differential pricing); segmenting demand (knowing customers to distribute them better-e.g. with appointments); developing complementary services (e.g. joining a bar and a restaurant); promoting off-peak demand (with creative use of off-peak capacity); reservation system and overbooking (Fitzsimmons & Fitzsimmons, 2008).

Examples of managing capacity are: scheduling work shifts (forecasting demand and converting to operational requirements of human resources); increase customer participation, creating adjustable capacity (through design, capacity can be made variable), sharing capacity (finding other uses for the capacity); cross-training employees (in order to perform tasks in several operations) and using part-time employees (Fitzsimmons & Fitzsimmons, 2008).

The organization has to have a clear knowledge of its capacity constraints and understand its demand patterns. A hybrid strategy is called yield management. Even the smallest business can take advantage from using yield management. It begins when there is an understanding that unused capacity can be transformed in potential revenue for the business (Getz et al., 2004). Most services are able to accommodate a hybrid strategy (Fitzsimmons & Fitzsimmons, 2008).

See figure 2 on the next page, to see the strategies for matching capacity and demand for services.

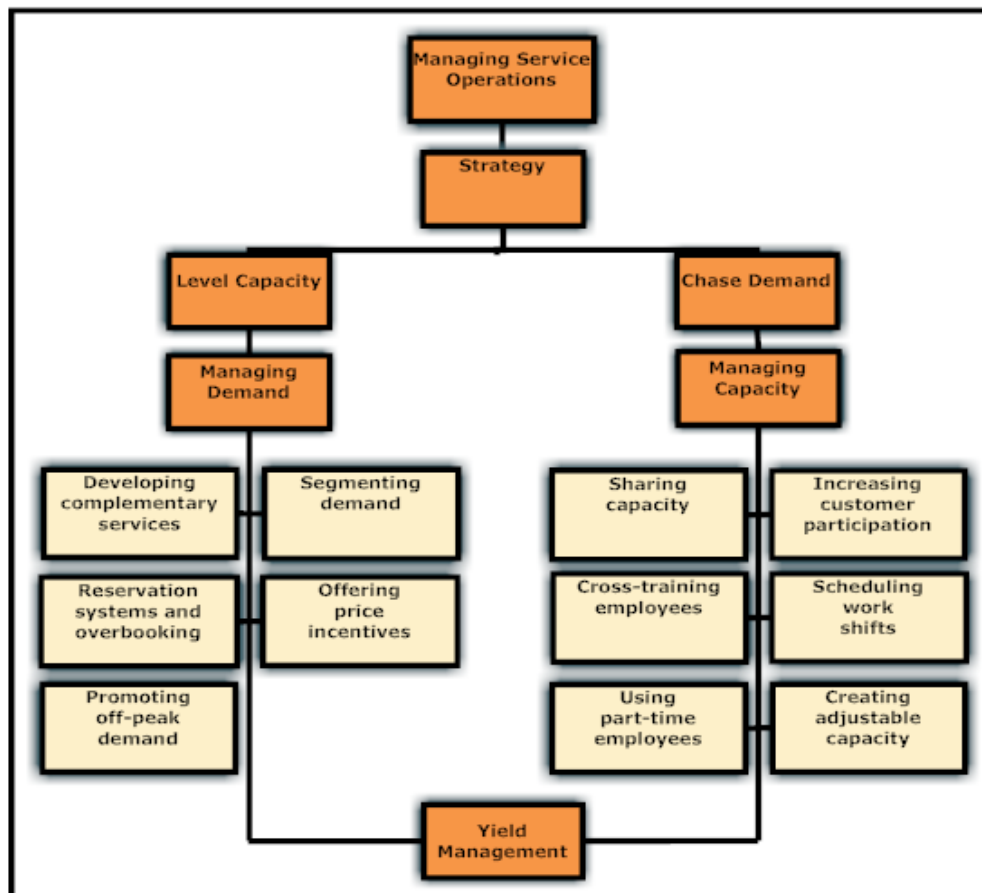


FIGURE 2

Strategies for matching capacity and demand for services

Source: Fitzsimmons & Fitzsimmons, 2008

On the next section, a review of the literature on FB will be done.

2.2- Family business

Introduction

Not all businesses are started for growth, maximization of profit, or even performance. Many are opened due to the needs and preferences of families. That is the essence of FB, and differentiates them from other in which strategy or operations of the business matters little to the owners or their family (Getz et al., 2004). These businesses are many times centered on a vision which places personal or family needs and preferences ahead of

growth and profit maximization (Getz & Carlsen, 2005), displaying lower growth rate when compared to non-family firms (Peters & Buhalis, 2004). Due to its infancy, FB theoretical background is related to “small and FB operations, links to entrepreneurship, roles and responsibilities of family members, and destination or community development” (Getz & Carlsen, 2005:237). On a study from Getz and Carlsen (2000), twelve FB start-up goals were stated, being factorized in four main categories: lifestyle, money, stimulation and independence (Getz et al., 2004).

FB are especially dominant in rural and peripheral areas because of traditional land-owning patterns and the impossibility of operating larger corporations in these marginal economies (Getz et al., 2004). They have been very important in regional development and the successful ones increase the community development, generate new jobs, and afford a better quality of life for the residents (Zapalska & Brozik, 2007 citing Kokkranikal, 1993; Sharma & Dyer, 2009).

Like it was said in section 1.1, in many countries statistics, the significance of FB in tourism are poor due to the fact that the concept “FB” is not used or understood (Getz et al., 2004) being lumped into the category of small and medium enterprises-SME. This lack of awareness of the FB sector is not only limited to policymakers. Although it can be well recognized by the general public, a more precise recognition about FB importance to society is still lacking (EC, 2009).

The following section will start with a review of the FB development model from Gersick, Davis, Hampton and Lansberg (Getz et al., 2004 citing Gersick et al., 1997) that is a useful starting point to understand FB. A brief review of the advantages and disadvantages of being a FB will be made after. This section will end with a review of literature of alliances in FB.

2.2.1-Three-dimensional developmental model of FB

The three-dimensional developmental model of FB by Gersick, Davis, Hampton and Lansberg from 1997 (Getz et al., 2004) is a helpful point to

understand and give a general view about FB studies (see annex VI). It links three axes: ownership, business and family. As noted by Neubauer and Lank (1998) this 4*3*3 matrix results in several achievable combinations. Since that family organization can be even at more than one stage, of any of the three axes, more combinations are possible (Getz et al., 2004 citing Neubauer & Lank, 1998).

In the family axis, the main concern is with entrepreneurship, foundation motives and goals- who started it? Why? What are the roles of the various members? Which is the family culture?. FB management cannot be treated simply as a financial investment. Sometimes there is an emotional part that makes the managers do sub-optimal business decisions. Many founders start their business by lifestyle motives and sometimes with the children needs in mind, or ties to the land. Research also reveals that some are highly motivated by profits and growth. The interactions between family members, in the service sector are of great importance, and their roles can be an important factor. For example, in tourism and hospitality many female entrepreneurs in order to gain some independence started their business. Invariably it is the women that do the financial work and bookkeeping. The internal family conflicts, with special incidence on goals, agreements and solving problems, and the issue of finding equal worth within the family, or FB in general, can generate several conflicts. On all levels the family culture interacts with the organization, where broader cultural factors can also affect the FB (Getz et al., 2004).

In the business axis (start-up, expansion/formalization and maturity) one of the central questions is control and stability (lifestyle considerations) versus a growth orientation. Most of the FB in tourism and hospitality never evolve beyond the foundation stage. Because there are not many inherit, and long-standing FB in tourism and hospitality- same happens in FB in general- less is known about these types of businesses (Getz et al., 2004). Growth for the sake of growth, or to maximize profit is often not desired in family firms because there is always a carefully weight of the debt-free versus borrowing to expand (Getz et al., 2004). FB exhibit a relatively low growth rate when

compared to non-family firms (Peters & Buhalis, 2004). In spite of the problems that seasonality brings, lack of professional managers is a big issue for small FB because many cannot hire full time professionals. With its low entry barriers, tourism and hospitality attract investors with little education and training which can severely limit growth. The way FB manage their human resources is quite different due to the challenge of managing family members. Because of seasonality, managing part-time is frequently required (Getz et al., 2004).

The ownership axis (controlling owner, sibling partnership, cousin consortium) incorporates one of the central issues for all FB that is the control issue. Many notable FB have self destructed their business during fights over control, or asset ownership, and lose power, many times, because of its fragmentation, and lack of management “outsource”. A classic problem is the decision on dividends, and which part is reused for investments (Getz et al., 2004). In Getz, Carlsen and Morrison study (2004), most respondents were risk averse, except for the “growth oriented entrepreneurs”. In tourism and hospitality is unusual to find multigenerational FB and planning for succession is not common (Getz et al., 2004). Personal communication of Nascimento (2011) on the lecture “Succession in familiar businesses: an integrated approach”, presented a view of how to manage the continuity of FB over generations, focusing in four essential things using a simple balance sheet to explain his arguments : property value and appropriation of value; destruction of inter-generation value; separation of control and management; and enhancement of growth.

2.2.2- Advantages and disadvantages of being a FB

The main advantages and disadvantages of FB found in the literature are resumed in the table 4 on the next page:

Advantages	Disadvantages
Personal relationship with enterprise stakeholders/ Networks within family and community	Informal business practice and lack of planning
Market niche advantages	Marketing and market research, training and qualification deficits
Flexibility and reaction	Financing
Flexible labour force/ Family sacrifice time	Human resources and family employees
Continuity and Tradition	Conflicts between family interests and business interests
Investment on people	Lack of discipline over profit and performance
Available family resources	Failure to adapt or react quickly to challenges or opportunities
Loyalty, Trust and dedication to family	Nepotism vs Performance
Unified management	
Social responsibility and integrity	
Special knowledge gained over decades	
Long-term orientation	
Strong commitment to quality	

TABLE 4

The main advantages and disadvantages of FB

Source: Getz et al., 2004 citing Donneley, 1964; Peters and Buhalis, 2004; Getz et al., 2004; EC, 2009; Pittino & Visintin, 2011.

FB can also gain competitive advantage in tourism and hospitality by appealing to nature and solitude, cultural authenticity, custom-made service and public sector support (Getz et al., 2004 citing Morrison 1998).

2.2.3- Collaboration between stakeholders in FB

Business in tourism and hospitality are characterized by their smallness and fragmentation (Getz et al., 2004). Fragmentation industries are typical found in products in early stages of their life cycles (Wheelen & Hunger, 2008). A strategic alliance is a “partnership of two or more corporations or business units to achieve strategically significant objectives that are mutually beneficial” (Wheelen & Hunger, 2008 citing Murray & Mahon, 1993). There seems to be almost an absence of studies in the literature connecting partnerships and alliances with the seasonality in tourism and hospitality in FB in peripheral regions, although Getz, Carlsen and Morrison (2004:194) in their theory building propositions for FB in tourism and hospitality industry, the authors have stated on proposition 24 that “Networks of FB are essential for development in rural, remote and lesser-developed settings” (see annex VII to see the state of the art of FB, in the propositions from Getz et al., 2004).

Small businesses are frequently recommended to develop relationships (organizational partnerships, networks and alliances) with external organizations showing bigger success and profitability (Street & Cameron, 2007). Anyhow, the average evaluation of existing, past or planned cooperation is substantially low for some still don't understand the need to collaborate with other firms or to establish long-term relationships with suppliers or other core outsourced professionals. Paradoxically, larger firms are the ones that understand and search for partnerships, being the size of a FB positively related to the willingness to cooperate with others (Peters & Buhalis, 2004). This failure to communicate could obstruct growth, being not only a matter of information flow, or market intelligence, but a behavioral and cultural issue (Getz et al., 2004 citing Poza, 1988).

On small firm network, Ahmas (2005) talks about four types of networks: linkage of family and ethnics place; organizational; and buyer-supplier (Ahmas, 2005 citing Perry, 1999). They form these relationships for several reasons: to obtain technology and/or manufacturing capabilities; to obtain access to specific markets; to reduce financial risk; to reduce political

risk; for learning and change issues (Ahmad, 2005; Wheelen & Hunger, 2008; Pittino & Visintin, 2011;) and leveraging other large amount of resources (Pittino & Visintin, 2011 citing Dickson, Weaver & Hoy, 2006).

Even though there are risks and benefits of building commercial relationships with other organizations, not many would deny its worthiness in creating added-value (Street & Cameron, 2007; Wheelen & Hunger, 2008). Many businesses increase profitability of the members from these partnerships, as in one study, the ones that collaborate achieved 11% higher revenue and 20% higher growth rate than companies that were not in these mutually beneficial partnerships (Wheelen & Hunger, 2008 citing Segil, 1998).

Cooperative arrangements between organizations fall along a weak and distant to strong and close link. This collaborative advantage cannot be “controlled” by formal systems and require a dense net of interpersonal connections and internal infrastructures (Wheelen & Hunger, 2008 citing Kanter, 1994) that many FB have as a strength (Getz et al., 2004). These types fall between mutual service and consortia to value chain partnerships. If successful innovation creates competitive advantage, corporations should follow these cooperation alternative strategies like licensing, outsourcing certain functions, strategic alliances, joint ventures and internal commercialization (Grant, 2008). Internal commercialization requires a greater investment of resources and capabilities. The major benefits and risks of forming partnerships can be found in Annex VIII.

Business startups and other small firms (many will be FB), do not hold many complementary resources and capabilities that are needed to commercialize their innovations, and because of that are attracted to licensing or accessing resources of larger firms by outsourcing, alliances or joint ventures (Grant, 2008).

Families have advantages on dealing with other families, especially when these relations are based on blood and marriage relationships, or/and also when there are strong roots in a community. Networking works at two levels: social and business to business connections (Getz et al., 2004).

In the review literature of small business alliance and network research, Street and Cameron (2007), using an input, process, output

methodology to code and analyze, exposed four antecedent categories (individual characteristics; organizational characteristics; relationship characteristics; environmental characteristics), two process categories (strategy development and planning and relationship management) and three main outcomes (organizational development; competition/ competitive advantage and performance/Success).

On the study, on the critical areas for performance in family hotel businesses, Peters and Buhalis (2004) included human resource management, strategy planning and cooperation management. In their study they have found in cooperation management that: past, planned and existing cooperation is generally quite low among family hotels. FB do not understand the need to collaborate nor establish long term relationships (suppliers; outsourced professional; distributors; destination management organizations). Larger firms understand better the need of partnerships (size is positively correlated with cooperation awareness needs). Data provided evidence that there was a positive correlation between cooperation and higher profit growth (Peters & Buhalis, 2004).

The first empirical study carried solely on collaboration issues in FB (comparing family and non-FB firms as well) by Pittino and Visintin (2011), use theories of comparative transaction governance mechanisms and resource based view. The authors claim that “family firms exhibit a lower propensity to start cooperation agreements” (Pittino & Visintin, 2011:65), attributed to family influence on decision, that put a “higher emphasis on kinship and community dimensions in the governance of transactions” (Pittino & Visintin, 2011:65), putting aside the chance to cooperate with non family actors, or reduce possible partners to “those who share values and norms with the business family” (Pittino & Visintin, 2010:65). The authors suggest additionally, that “high levels of family in-group trust may lower the perception of trustworthiness of other parties” (Pittino & Visintin, 2011:65). Low levels of cooperation may be disadvantageous for FB, because they limit new knowledge and create resistance to change (Pittino & Visintin, 2011).

More value can be added as well as with partnerships and alliances, increasing the value of the “new product”, by aggregating efforts in a cluster type (Pittino & Visintin, 2011). Like Ferreira (1999) says:

“It is not enough to build infrastructure, create externalities for firms to apply normative generic quality to the projects, financially support the investment, train personnel to operate and promote the destinations and products, it is necessary to establish partnerships and agreement areas within the planning, environment, natural resources and culture.”

(SREA, 2006b:58 citing Ferreira, 1999:20)

Seasonality literature on FB is still usually connected to small businesses literature. Getz and Carlsen (2005), in their state of art of FB in tourism, reviewed the topics of the tourism literature, in which there was a topic named “small and micro FB operations” with a subtopic called “cyclical demand; coping with seasonality”.

In this subtopic the following authors were present: Brown, 1987; Baum, 1998; Lundtorp, Rassing and Wanhill, 1999; Getz and Carlsen, 2000 and Getz and Nilsson, 2004. To this review, the work of Goulding, Baum and Morrison (2005) should be added and Koenig-Lewis and Bischoff (2010) as well.

On the next section, a review on the tourism and hospitality seasonality mitigation strategies of FB will be addressed.

2.3- Seasonality mitigation strategies of FB in tourism and hospitality

Due to the lack of statistics focus on tourism and hospitality FB, and to the “infancy” of its study, not many studies exist about the responses of FB to cyclical demand/seasonality on tourism, being one of the few, the study of Getz and Nilsson (2004).

In this study, on Bornholm, the authors observed five types of family business regarding their opening/closure, dividing FB that: opened all year;

closed seasonally; partially opened; were strictly supplementary; and were double occupied.

In terms of impacts on FB, this model divides the FB in cope, combat and capitulate actors. Coping strategies are the strategies when FB adapt to extreme seasonality and try to cope with its impacts. Combating strategies are the strategies when FB try to defeat seasonality, with attitude and action. Capitulating strategies, happen when FB shrink, terminate or sell the business if other strategies fail (or by option of the manager). Several actions are characteristic of each actor (to review FB extreme seasonality mitigating strategies see figure 3 below). All these strategies have “profound implications for the owners and their families” (Getz & Nilsson, 2004:28). Coping in some cases seemed an alternative, but in other cases, viability was in stake (Getz & Nilsson, 2004). The actions can in some cases be compatible.

No studies were found to examine the reasons of capitulating relating with seasonality. Were they due to seasonality problems, or bad management?

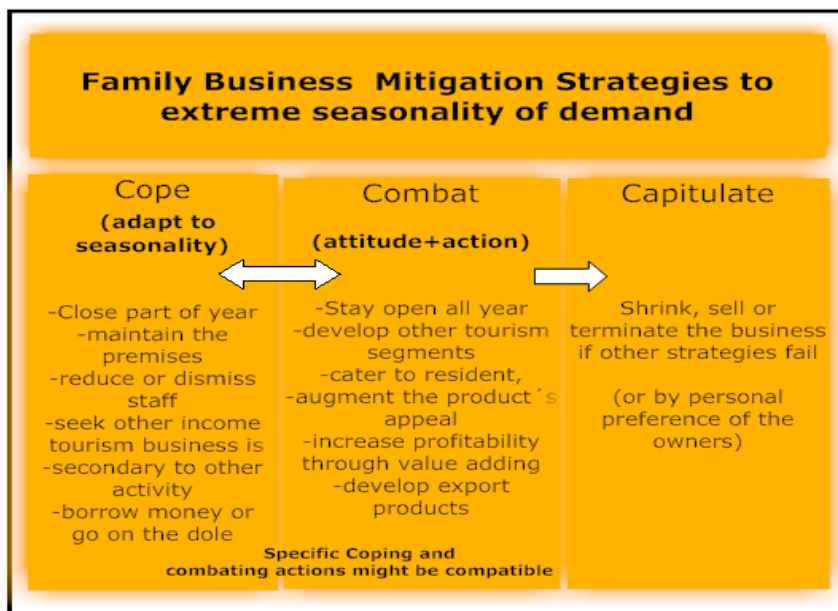


FIGURE 3

FB strategies and actions related to extreme seasonality in demand

Source: Getz and Nilsson, 2004

2.4- *A priori* theoretical framework for analysis

As an input for the literature review, literature on seasonality in tourism and FB was analyzed, as well as some service and cooperation literature. On that process, the author of this study focused on the supply factors, especially with a FB focus. The investigator doesn't deny the importance of demand factors, or the importance of more macro supply factors that have extreme importance to the preexistence of this final model.

As an output, this *a priori* framework focuses on the micro and FB view, joining several models of action.

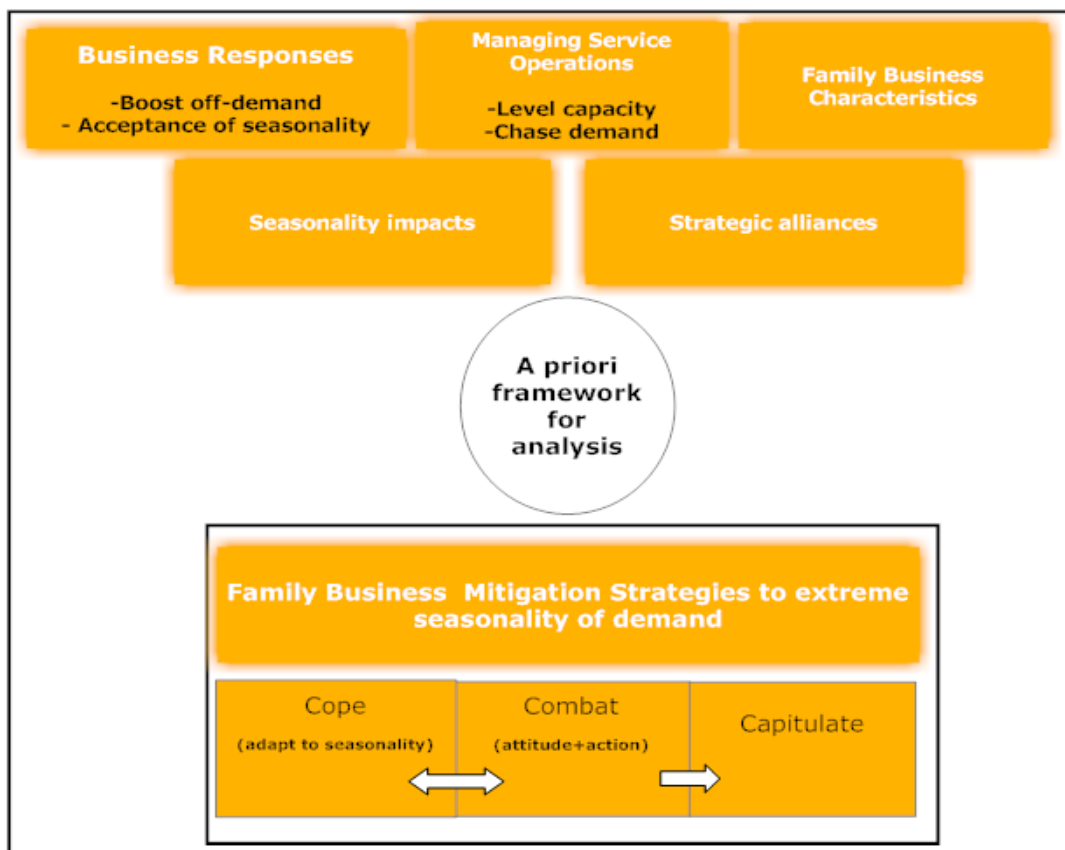


FIGURE 4

A priori framework for analysis

The *a priori* theoretical framework (see figure 4 above) lists several aspects that have been identified in the literature review and was done in order to gain a broader view of what is going to be explored. Also, this conceptual *a priori* theoretical framework, focus in several frameworks which the author thought (after reviewing the actual literature) that would help analyzing the impacts of mitigation strategies for seasonality on FB in tourism and hospitality in peripheral regions.

As an antecedent to this *a priori* framework, is the basilar study of Getz and Nilsson (2004) on the seasonality mitigation strategies on FB. This model was the mind of the author for additional exploration because the researcher felt that the model was still in an initial phase and needed further research (as well research gap).

Other models of action were added from service management literature (Fitzsimmons & Fitzsimmons, 2008), Business responses (Goulding et al., 2005), having in mind the seasonality impacts, FB characteristics and their possibilities to network. These models were added to this *a priori* framework due to the research question, research gap found on literature review, and findings along the research process.

3- METHODOLOGY

Introduction

After gathering the main grand and middle range theory (Bryman, 2008) needed for this study, this chapter examines the epistemological and ontological considerations of the present work as well the research strategy. Key ontological, epistemological and axiological parameters are set in order to justify the research design and strategy of this study. In general terms, this study adopts a case study design, based on multiple semi-structured interviews, which are analyzed from a critical realism perspective. This chapter aim to bridge the theory and the empirical data.

3.1- Epistemological and ontological considerations for the study

In terms of ontological assumptions, this study shares the objectivist view, where social phenomenon is viewed as a contextual field of information -social phenomenon, categories used and their meaning have an existence independent of social actors (Bryman, 2008).

The epistemological issue is the one concerned with the question of “what is” (or should be) regarded as “acceptable knowledge” (Bryman, 2008). More than thirty years ago, in 1979, Burrell and Morgan (Madureira, 2004) suggested four paradigms that are meta-theoretical assumptions that underwrite the main framing references, the mode of theorizing and the way social theorists should operate within them. Bryman (2008) agglomerates them in three main positions: positivism, realism and interpretivism.

Like Madureira (2004) the author agrees that the researcher “can operate in different paradigms sequentially over time” (Madureira, 2004 citing Burrell & Morgan, 1979:25) with the suggestion that only some meta theoretical may be inseparable from the researcher (Madureira, 2004). Therefore, this would be more related to the view that this study shares, than about the researcher view.

This study shares a realism view, more specially a critical realism one, that recognizes that we are only able to understand and change the world when we identify the structures that generate those events and discourses that are not spontaneously apparent, being only identified with practical and theoretical work from social sciences (Bryman, 2008 citing Bhaskar, 1989). It implies that the scientist conceptualization is only a way of knowing that reality, it does not reflect that reality- like positivists would argue.

This study acknowledges, as the critical realists, that the categories employed to understand reality can be provisional (Bryman, 2008). Like Bryman (2008) explains, it is acceptable that generative mechanisms are not directly observable, and when identifying these mechanisms, the scientist can offer the possibility of introducing changes that can transform the *status quo* (Bryman, 2008). Critical realism is then a synthesis of “transcendental realism” and “critical naturalism” (Morais, 2010), opposing the traditional dichotomies of positivist and constructivist epistemologies, and the polarization of quantitative and qualitative methods (Morais, 2010, citing Elger, 2010).

There is an impossibility of constructing closed systems in social sciences (Morais, 2010). On that basis, critical realism assumes that a “cause is whatever is responsible for producing change” (Morais, 2010 citing Sayer, 2000:94) and obliges a “theoretical guided analysis of relationships among mechanisms (processes by which entities with particular causal power cause events), contexts (other entities which may trigger, mediate or contradict these powers, and outcomes (caused effects or events)” (Morais, 2010 citing Elger, 2010:254).

Six steps were used as it was proposed by Easton (2010) to conduct a critical realist case (Morais, 2010:76 citing Easton, 2010).

- complex, dynamic and relatively clearly bounded phenomenon;
- the research question should be of the form “what cause the events associated with the phenomenon to occur?”;
- identify the objects or entities that distinguish the phenomenon, gathering contingent and necessary relations among them;
- collection of data through several gathering techniques;

- data should be interpreted through retroductive logic and take into account the double hermeneutic;
- Other explanations should be compared through “judgmental rationality”.

3.2- Research strategy

3.2.1- Qualitative research

This study adopts a qualitative research strategy. Qualitative studies are thought to be especially appropriate to discover “new relations or situations not previously conceived” (Madureira, 2004 citing Daniels & Cannice 2004) and gain recognition because they enable the study of multidisciplinary and complex phenomena (Madureira, 2004).

A distinctive feature of qualitative research is its dependence on a few cases and many variables, contrasting with quantitative research that relies on few variables and many cases (Madureira, 2004 citing Ragin, 1987). It is typically associated with generating theory, but it can be also employed for testing it (Bryman, 2008). It is a research strategy that in the collection and analysis of data, instead of emphasizing quantification, opts to stress words and details of informants giving a complex and holistic picture of its natural context. (Madureira, 2004; Bryman, 2008). Qualitative researchers are much more inclined to provide description when reporting the conclusions of their research, although they are also interested with explanation, where often qualitative researchers make “why” questions (Bryman, 2008). The tendency for description can place a “premium on detailed, rich description of social settings”(Bryman, 2008: 387) and researching in more than one case, can be helpful to identify the significance of context and the way it influences behavior and the ways of thinking (the mechanisms from Morais, 2010), were that potential could be explored and demonstrated in a multiple case-study (Bryman, 2008).

Within the few studies on responses of FB to seasonality, one of the main was the study of Getz and Nilsson (2004) where they used interviews and a postal survey with a 28% response rate (low response rate). The survey tried to cover all service hospitality in tourism businesses. In the

current study, and also to avoid a possible low response rate (with the inherent problems of non-response), and for practical (time and costs) and research reasons and focus (more exploratory) the present study adopted only a qualitative approach.

3.2.2- Case study design

The present study adopts a cross-sectional multiple case-study approach, which is justified with the research question (presented above), the state of art on mitigation strategies, that the author thought it was not mature enough. The exploratory and descriptive nature of this research question (see section 1.2 also) imposed such a methodological approach:

What are the tourism seasonality FB mitigations strategies?

A case-study approach is considered to answer both qualitative and quantitative types of “what” questions and “how questions” (Madureira, 2004 citing Yin, 1994) that entails the necessity of a detailed and intensive analysis of a case. A “case” is associated with a location, such as a community, or an organization. Qualitative research often entails a form of cross-sectional design, collecting data at a single point in time (Bryman, 2008). Case studies based on in-depth interviews provide good source of information in tourism and hospitality because they are a rich source of insights since the respondents are directly involved in case preparation and in the end approve the contents (Getz et al., 2004).

3.2.3 -Case selection

In terms of sample, a case study approach usually relies on one or few cases (Madureira, 2004). The decision about sample size is not straightforward, and there is not a definitive answer (Bryman, 2008). This study adopts the logic of theoretical sampling based for retrodution as an alternative of a random sample for statistical purposes (Madureira, 2004; Morais, 2010). Retrodution logic refers to “the move from the observable

experience in the empirical domain of an event in the actual domain to its causal mechanism in the real domain” (Morais, 2010:70 citing Blundel, 2007). Theoretical sampling in qualitative data analysis is the “process of data collection for generating theory whereby the analyst jointly collects, codes, and analyses his data and decides what data to collect next and where to find them in order to develop his theory as it emerges” (Bryman, 2008 citing Glaser and Strauss, 1967:45). Theoretical sampling approach required several interviewees until the categories have achieved theoretical saturation (Bryman, 2008). The selecting of further interviewees was made on the emerging of theoretical focus, and with backward and forward movements between sampling and theoretical reflection (Bryman, 2008). The characterization of the phenomenon was based on literature review and on the *a priori* framework (see chapter 2) leading to a criteria for selection of the cases based on 5 main attributes: being a FB; being in the hospitality and tourism sector; finding different sub-sectors of hospitality in tourism sectors; and location inside the island in order to arrange the holistic view pretended to theory development and confirming (see appendix IV for additional information on the sample) and maximize opportunities to discover variation among concepts and densify categories (Bryman, 2008 citing Strauss & Corbin, 1998).

In the present study, the final sample was of 1+9 interviews, 9 to owner-managers of tourism and hospitality organizations, where the first one was to the director of Brand image of Azores. The decision of specifically choosing owner-managers was made for the reason that they are the deciders of the strategy to adopt in their businesses (Goulding et al., 2005) while ensuring certain uniformity across cases and maintaining certain variation (Madureira, 2004 citing Stake, 2000).

3.3- Research design

3.3.1- Data collection

A case study approach usually involves the gathering of several sources of data in order to create a holistic understanding on small social

entities or locations (Madureia, 2004 citing Einsenhardt 1989, Yin 1994, & Creswell, 1998). Triangulation entails “using more than one method or source of data in the study of the social phenomena” (Bryman, 2008:379). Einsenhardt (1989) also claimed “that triangulation with multiple data collection methods provides stronger substantiation of constructs and hypotheses” (Madureira, 2004 citing Einsenhardt, 1989:538). Triangulation is used in quantitative research strategy, although it can also take place in qualitative research strategy (Bryman, 2008). Due to the epistemology and ontology used in this study, comparability of data is seen here as contingent on the data collection methods which should be used to understand the “mechanism” of the phenomenon studied.

In a first stage secondary data was used, to contextualize and address the quantification and characterization of seasonality (Goulding et al., 2005), in order to give more transparency to the general issue of the seasonality phenomenon in that context, followed by in sighting semi-structured interviews that responded more specifically to research questions and objectives (about tourism seasonality mitigation strategies).

In this study, the main source of evidence was based in primary data: semi-structured interviews, and observation but some secondary data was also used: documents, official data statistics, local newspapers and websites information.

The present study adopts a standardized open ended interview, which consists in the researcher making a “list of questions, on fairly specific topics covered on an interview guide, but the interviewee has a great deal of leeway in how to reply” (Bryman, 2008: 438). Questions that were not in the guide were also asked as the researcher picked up on things said by the interviewee that could be important for the research. It was a flexible process in order to reach the views important to explain the complex events, patterns and forms of behavior (Bryman, 2008). The interview guide of the current study is on appendix V and the preview consent form is in on appendix VI. These were given to the interviewees in Portuguese and translated to English in the above mentioned appendices.

The consent form explained the study, and provided anonymity and confidentiality to responses in particular. That is why the transcripts are not in

the appendix and the organization names are anonymous (also because people in this context know each other). If someone need these transcripts, then such person should contact the author of this study that will try to contact the organizations in order to obtain further authorization. The first interview was made to Dra. Cristina Ávila, Azores brand director.. This one was not anonymous due to its public responsibility. It can be also considered the first pilot interview, where the questions were addressed and extra information on the order and evaluation of the standardized open-ended interview was gained to get more experience (Bryman, 2008).

Interviewees were required to give feedback to the author after reading the sent transcripts. Extra comments or information not provided in the interview were asked to be given. Feedback was received from some interviewees via email. No interviewees objected the facts of the interview transcripts.

For the current study, 1+9 interviews were made, 9 to owner-managers of tourism and hospitality organizations, while the first one was to the director of Brand image of Azores, to align questions, common interests, and refine the research questions. This was made in the 5th of November of 2010.

The first interview (and real first pilot interview) was carried out to one manager in the accommodation sector in 26th of January of 2011. The order and flow of the interview seemed correct. The other interviews were made between 27th of January of 2011 to the 3rd of March of 2011. At the end of each interview, additional comments were always asked for on forms such as the following: “do you think I forgot do address something important? Can you tell me what that would be, please?”. The average length of the interviews was around 45 minutes. The interviews were made in Portuguese, and the used quotations in the case evidence were translated to English. Permission to audio-record (mp3) the interview was asked to every interviewee. The resulting data amounted to more than 100 pages, and more than 30 hours of transcriptions. The transcriptions were made after the conclusion of each interview so the author could gain awareness of any emerging issues and improve in later interviews. This approach is “very much recommended by proponents of approaches to qualitative data

analysis” (Bryman, 2008: 453), because it brings the author closer to data, more able to start identifying the key themes, and increases the awareness of similarities and differences between participants (Bryman, 2008).

3.3.2- Data analysis

“There are few well-established and widely accepted rules for the analysis of qualitative data.” (Bryman, 2008:538). As Bryman (2008:541) states: “Grounded theory is not a theory, but an approach to the generation of theory out of data”.

The tools used in this study were: theoretical sample; coding; theoretical saturation, and constant comparison. (Bryman, 2008)

For each interview several readings were made and afterwards comments or codes were written as soon as possible. Initial hierarchical coding was based in the literature review (for theory confirmation), were there was the code (15) for novelty issues (see appendix VII).

“Coding should start with a frame that is well grounded in theory or conceptual scheme.” (Madureira 2004 citing Araujo, 1995:97). A more refined coding was made afterwards when the transcripts were inserted in a software qualitative data analysis. The most important codes were counted in Microsoft Excel. The present study adopted Madureira`s general data analysis strategy: sketching ideas, displaying data, identifying codes, reducing information, counting frequency of codes, relating categories, and finally relating to analytical framework in literature (Madureira, 2004), going in progressively more refined loops. There were several updates of the hierarchical framework, which implied a reduction of information in terms of text. The process of counting frequencies, using an excel sheet, preceded the final development of the final theoretical framework (see section 4.3 for more details), which in this study considered the research traditions of seasonality, a specific modifier of tourism and hospitality and FB, the body of knowledge to which this study in inserted.

The qualitative data analysis software supported the data analysis tasks: transcribing, storage, data display, memoing, search and retrieval,

data “linking”, content analysis, conclusion drawing and verification and also, theory building (Madureira, 2004 citing Weitzman, 1999).

These steps were all sustained with computer software: MS Word for the transcription of interviews, MS Excel for counting the first codes and Atlas ti, a qualitative data analysis software for the final coding, and to connect, visualize, analyze and explore additional data. The second coding (after a manual first coding) was made using the function “creating free codes”, and quotes were also recorded in the function “create free quotation”. This all helped the “linking” process, due to the constant automatic updates of the data. Subsequently, codes were connected and displayed in several nodes. First, broad codes were displayed, after “more specific” nodes were created facing the final framework, working with the network view for a constant visualization. This was a very time consuming process that implied several improvements, refinements and adaptations on the network view.

Content analysis was also supported with Atlas ti by Query tool, where codes, quotations, nodes and links, could be related, counted, helping the scratching of the final framework and conclusions. The theory building, in which the present studying is also grounded was made with several refinements over time in MS Word and Atlas ti (see appendix VIII for final coding frame).

3.3.3- Reliability, replicability and validity

The quality of the present study, questioning the validity, internal validity, external validity, ecological validity, reliability and replicability depends on how the researcher feels the case study research design was made. Researchers like Yin (2004), consider that there are appropriate criteria (Bryman, 2004), which are construct validity, external validity and reliability (Madureira, 2004 citing Yin, 1994).

Validity is concerned “with the integrity of the conclusions that are generated from a piece of research”, implying appropriate operational measures for the type of research (Bryman, 2004: 32; Madureira, 2004). External validity is concerned with the generalizations of the research, beyond the specific research question (Bryman, 2004). Reliability is

concerned with the question of if the study was repeated, were the results similar? Would they be consistent? (Bryman, 2004).

One of the main criticisms of the case study is that findings cannot be generalized (Bryman, 2004), in that fact, for many seasonality studies researcher use “lessons drawing” to extract conclusions, asking precaution for generalizations (Baum & Hagen, 1999; Baum & Lundtorp, 2001 citing Rose, 1993).

To increase construct validity, the operational actions included: 1) Pilot interview; 2) clarification in interviews; 3) feedback from interviews. This feedback could be stronger, if the interviewees had more time to reply, which can be a limitation of this study. At the time this study was complete several feedbacks have not been received, showing some time strains from the managers. 4) Another action to improve validity was the use of quotations in order to demonstrate theoretical concepts and relationships. To build external validity, and achieve conceptual representativeness (Madureira, 2004) the case selection is based on theoretical sampling. In this study, the case selection (see section 3.3.3), identifies the sphere to which the findings may be generalized.

The conclusions of this study should also be generalized with precaution, as that was not the purpose of this study due to its main exploratory purpose (Bryman, 2004).

To increase the reliability of this study, explicit procedures to gather and analyze data consisted in: 1) consent form, 2) standardized open ended interview and 3) qualitative data analysis software. The consent form was used in order to inform that interviewees what would be asked and also reduce stress and uncertainties, as well the requirements and implications of participating in the study. The standardized open ended interview, gave some reliability to the study, having a trade-off with probe and follow up questions which traded reliability for construct validity (Madureira, 2004). As for the software, a copy is available on demand (due to ethical reasons), with several network views and their quotations. The project research process is depicted in the next section.

3.3.4- Research process

This thesis dissertation was completed between July of 2010 and it was delivered at the end of July 2011. This study was chronologically documented in computer and is now briefly depicted in figure 5.

Chronology	Theory and methodology	Empirical data
July to October 2010	<ul style="list-style-type: none"> - proposal submitted and improved- first topic: strategic approach to seasonality in tourism services: The Azores case -initial literature review 	
November 2010	<ul style="list-style-type: none"> - theoretical family business framework was introduced -interview guide was made 	-first pilot interview
January 2011	<ul style="list-style-type: none"> -intensive literature review; - improved interview guide; - Consent form 	<ul style="list-style-type: none"> -first interview - initial transcripts
March 2011	<ul style="list-style-type: none"> - initial data analysis 	<ul style="list-style-type: none"> -last interview - last transcripts -initial feedback
June 2011	<ul style="list-style-type: none"> - final data analysis - first final editing - final literature review 	-last feedback
July 2011	<ul style="list-style-type: none"> - final editing - submitted master thesis dissertation 	

FIGURE 5

Research process

On the next chapter, a contextualization on Terceira Island is presented as well the discussion of the case study.

4- DESCRIPTION AND DISCUSSION OF CASE EVIDENCE

Introduction

A brief contextualization of the analyzed area was made initially in this chapter. Terceira Island, in Azores Portugal is part of an ultraperipheral region of the European Union. A brief analysis of the tourism trends and the measurement of seasonality in the Island were presented in order to confirm the existence of extreme seasonality in the area. Even though, the measurement of seasonality is not the focus of this thesis, and it is in a different level of analysis (macro) this first stage was addressed for quantification and characterization reasons of the seasonal variations (Goulding et al., 2005 citing Goulding & Gunn, 2000).

Secondly on the chapter, the case evidence is presented, with quotations of nine FB managers, the unit of observation, which have been interviewed in order to continue exploring the research question as presented in section 1.2.

4.1- Context of the case study area- Terceira Island

This study was conducted in Terceira Island, which is one of the nine islands of the archipelago that is part of an ultraperipheral region of the European Union. Azores islands, or Azores, were considered ultraperipheral due to their geographical situation and unique natural conditions, being these characteristics simultaneous and exhaustive. Being an archipelago, and isolated in the middle of the Atlantic Ocean, this situation is exacerbated by its geographical division and dispersion (MCRIT, 2005). Only in the last few years has tourism in Azores Islands begun to increase in a sustained and significant manner (MCRIT, 2005).

The main strategic plan for tourism in all Azores- POTRAA is the document that defines strategies for tourism in the islands and was approved until 2015. In this plan, it is never referred the term seasonality nor the term FB (POTRAA, 2008), suggesting that the issues are not being addressed strategically nor well recognized from the policy makers in this destination.

This lack of prominence accorded to seasonality, provided also research impetus for a study in Terceira Island, home of the UNESCO protected city Angra do Heroísmo. In the tourism animation strategic plan for the central group of Azores Islands-Terceira, Graciosa, São Jorge, Pico and Faial- the issue of seasonality is referred, being catalogued as a weakness in their SWOT analysis. Promotion of the sustainable tourism and increase of awareness on the destination was one of the main objectives of PEAT-GC to reduce seasonality (ART, 2007).

The tourism sector in Terceira, and in all Azores, is still in a youth phase (POTRAA, 2008), with big potentialities recognized worldwide by National Geographic Traveler and Forbes (National Geographic traveler, 2007, 2011; Forbes.com, 2010).



FIGURE 6
Terceira Island map

Source: www.visitazores.com

In Figure 6 above is presented the map of the island for a better understanding of the physic-context.

Terceira island dimensions are: 29 km of length by 18 km of width, with 90km of perimeter and 396,75 km² of total area.

The two most important cities are Praia da Vitória (38° 43.9´ N 27° 03.5´ W) on the East of the island and Angra do Heroísmo (38° 39.0´ N 27° 13.4´ W) –with an UNESCO World heritage city center. It has thirty civil parishes all around the literal cost, and the interior of the island is almost not inhabited, being in its majority woods and green fields. No previous studies on seasonality, or focused in seasonality in FB were found for Terceira Island (not even aggregated for the Azores), nor many in ultraperipheral islands with mild and temperate weather.

The temperatures in Terceira are always mild, ranging on average from 25 °c in the Summer to 15 °c in the Winter (see annex IX). Sea temperatures are mild and they range from 15 °c to 24 °c (see annex IX).

Humidity varies around 90%. It rains very often in Terceira, raining from September to April more than 80mm a day (average). The rainiest month is usually December, followed by November, October and January. But, the daily maximum is reached in April and September (see annex X).

Some facts and main attractions of Terceira are presented in Appendix IX and X respectively.

The nearest city from main land is Lisbon that takes to reach by airplane on about 2h (from Lajes airport in Terceira). The nearest city to from other islands from the Terceira is Santa Cruz da Graciosa, and Velas that take to reach on about 30 min by airplane (from Lajes airport). There are regular flight between islands. At the time this study is written there are only two main companies flying to Terceira (SATA and TAP) and some random air charter flights (see annex XI).

4.1.2- Tourism trends on Terceira Island

The data on tourism trends in Terceira Island comes from SREA, a government-sponsored research institution. A major source of data is their annual report of Tourism Statistics- “Estatísticas do Turismo” from 2004 until September of 2010. Overnights and guest attributes were used to characterize and measure the seasonality in Terceira Island, for practical and

simplification reasons and because this was the data that was available in SREA to relate to this phenomenon (Lundtorp, 2001).

While with traditional hospitality there is a stable response rate with 100% response rates (data universe), in rural tourism and private accommodation the response rates are below the desirable level, so an analysis of this data will always have to take into account the response rate and the maximum capacity accommodation of the establishments (SREA, 2004,2005, 2006a, 2007-2010). It is not included in this data the overnights from visitors that stay in friends or family house -expected to be around 17%, and come majority in Summer (SREA, 2006b) or university students that return home from the main land (Lisbon) usually in the Summer (peak), Christmas and Easter, or it doesn't accounts illegal room and house renting that would make the peak-time for services much more extreme.

In figure 7, we can see, more visually, the seasonal pattern of Terceira Islands that seems to reveal consistency over the almost 7-year period. The high season in Azores is from the mid of June to the mid of September. The 3rd and 4th quarter, seem to be part of a same season (from October to March)-off-season. If you isolate and aggregate June to September it is always, from 2004 to 2009 more than 50% of overnight stays. The data used from 2004 to 2010 is in appendix XI.

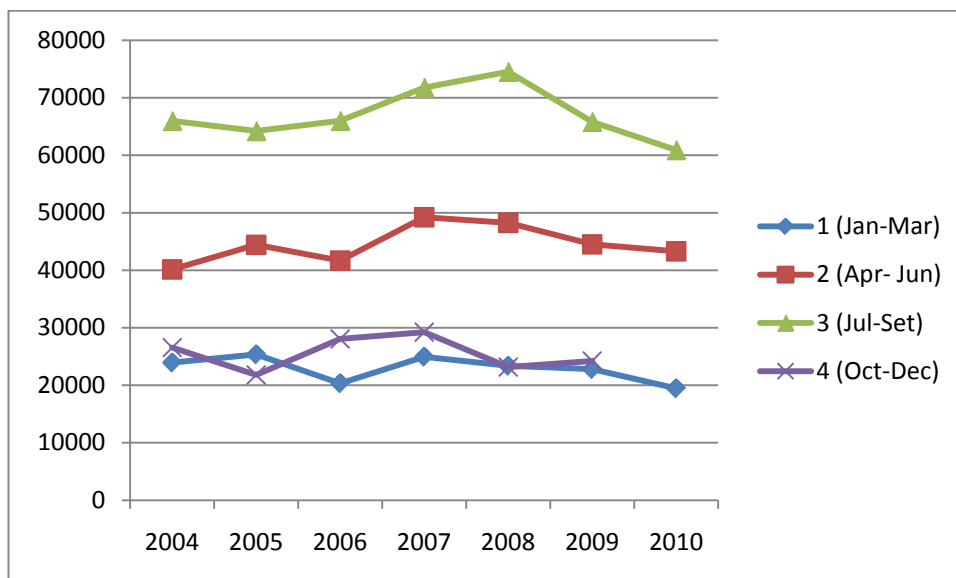


FIGURE 7

Total overnights in Terceira by quarter 2004-2010

Source: Processed from data published by SREA, 2004,2005, 2006a, 2007-2010

In figure 8, the bar shows the month fluctuation for the years of 2008 and 2009 which present the single peak time always in August and July being the second best month. May, June and September are considered shoulder-season. The month, since 2005 with fewest arrivals is December, being January the worst month in 2004. When compared to 2009, 2008 was a better year but in 2009 the low season increased a bit.

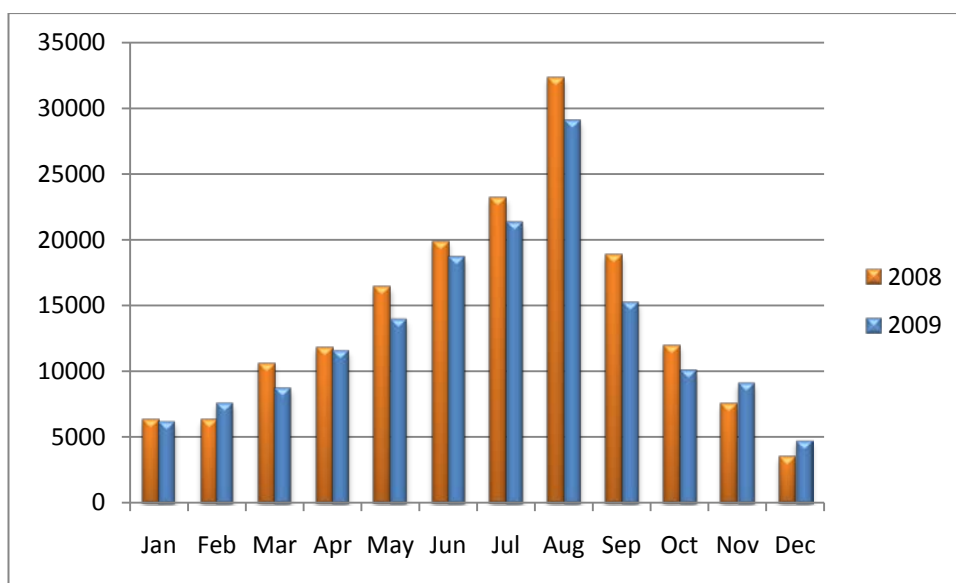


FIGURE 8

Total overnights in Terceira by month 2008 and 2009

Source: Processed from data published by SREA, 2008, 2009

Looking at table 5 you can see a high dependence on the internal market ranging between 75% and 79%.

	2004	2005	2006	2007	2008	2009
Total	59.146	58.862	62.846	70.636	67.411	64.380
Portuguese	46.579	44.033	47.766	52.790	50.499	49.046
%	78,8%	74,8%	76,0%	74,7%	74,9%	76,2%

TABLE 5

Number of guests in Terceira Island and the internal market dependence

Source: Processed from data published by SREA, 2004-2009

4.1.3- Measuring tourism seasonality in Terceira Island

In this study, to quantify the nature and extremeness of seasonality in Terceira Island, three measures have been applied: “Gini-coefficient and its Lorenz curve”; “Seasonality Indicator” and “Proportion of Peak to Total Demand”.

Each of these measures could be used in their own, or together, to identify the extremeness of seasonality. Like it was reviewed in section 2.1.7, there are many indicator and ratios to measure seasonality. In Getz and Nilsson (2004), three amplitude related measures of demand have been applied. Lundtorp (2001) used two (seasonality indicator and Gini-coefficient). Wanwill (1980) recommends the use of Gini-coefficient since other measures have serious deficiencies when used as measures of inequality (Lundtorp, 2001 citing Wanwill, 1980). There is no specific agreement on which and how many to use. These measures are adopted from statistics and economics, but seasonality is not- within a year- a stochastic variable, then the interpretations have a relative contribution to the total comprehension (Lundtorp, 2001), anyhow, the data appears to show consistency as it was shown in figure 7. Operational definitions of the seasonality measures used in this project are expressed in annex XII.

By Getz & Nilsson (2004) operational definitions the values found would not be consider “extreme seasonality”, anyhow, the official data has some problems that if corrected much more extreme values would be attained in all the indicators. Some seasonality measurement within a month would be interesting to analyze, but do to the inexistence of data, this was not made.

Measures of seasonality	
Gini-coefficient	G= 0,28
Seasonality Indicator	ω = 0,45
Proportion of peak months to total demand	PTT= 32,11%

TABLE 6

Measures of seasonality for Terceira Island in 2009

Source: Processed from data published by SREA, 2009

The Gini-coefficient as argued by Lundtorp (2001) and Nadal et al. (2004) show a great stability and it is suitable for demonstrating the importance of seasonal concentration and dispersion. By definition G takes values from 0 to 1, with 0 for equality distribution (all tourists perfectly distributed along the months), and 1 for the entire tourism demand concentrated in one month (Nadal et al., 2004). For Terceira Island, using data from SREA (2009), the value was G= 0,28 (see table 6). Lundtorp (2001), when comparing the extreme seasonal region of Bornholm with a smooth seasonal pattern for Copenhagen city found G= 0,54 for Bornholm and G= 0,12 for Copenhagen city respectively. The value of G= 0,28 is already medium high, and it could be higher with the growth of the sector (as well corrected data).

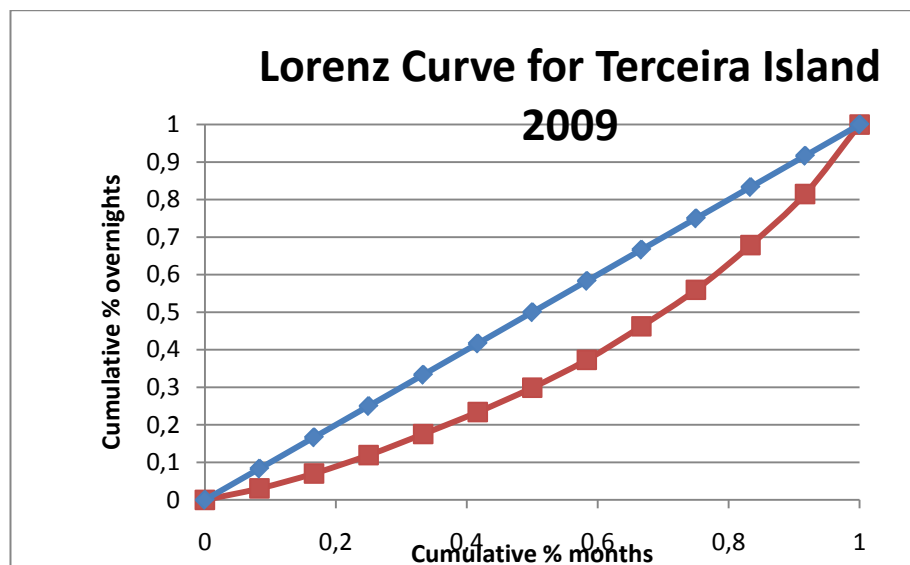


FIGURE 9

Lorenz curve for Terceira Island 2009

Source: Processed from data published SREA, 2009

The Lorenz curve from Terceira Island, above, on figure 9, is directly related to the Gini coefficient. The furthest the curve is from the 45° line of equality, the more unequal it is. This Lorenz curve shows some inequality, what means, some concentration. In a completely equal curve, each month should have 100% divided by 12, that is around 8,(3)%.

The “Seasonality Indicator” denotes a measure of capacity utilization. In this case relative capacity because the maximum value of the peak was not attained. The value for Terceira Island was $\omega = 0,45$ that means that in a year more or less 45% of the capacity was used (imagining that the peak month was almost near 100% of occupation, that was not), and on average it is used around 45% of the year (a bit less then). So this indicator is as well a measure for the width of the season (Lundtorp, 2001).

In Terceira island, the proportion of peak months (July and August) to total demand was 32,11%. This proportion could even be bigger if you add some part of late June and beginnings of September, being near of the 50%.

In the next section, case evidence will be presented, with quotations from the interviews of FB managers.

4.2- Case evidence

As presented in chapter 3, all the “cases” in the present study are FB. The criterion for their selection was to reach the most diverse and rich view of tourism supply in Terceira, and its seasonality mitigation strategies (my unit of analysis) comprised in seasonality in FB services (accommodation services; restaurants, bar, rent-a-car, souvenir shop, museum and cultural organization), and its managers that are my unit of observation. The studied businesses analyzed vary from 1 employee, to the biggest one, with more than 50 employees. The context of these nine cases, has shown in previous sections, is an ultra peripheral island of Azores, in Portugal with problems of seasonality as shown in section 4.1.3. The sample included five males and four female managers.

In terms of working years, the oldest has sixty six years in activity and the youngest has less than two years in economic activity. There were organizations of first, second, third and one case of fourth generation.

The next sections will address the FB belonging, the perception of seasonality by FB, their mitigation strategies, and lastly the final framework.

4.2.1- Are you FB?

Like it was said in section 3.3.1, a standardized open-ended interview guide with five main questions was made. The first main question to all interviewees, before addressing seasonality issues, was simply asking if their business was family owned. All answered positively to this question in this sample, being all in the sample FB. This criterion was applied in the study of Getz and Carlsen (2000:548), because it has the “advantage of being easily understood, and do not impose a narrow definition”. This criterion is congruent with our stating definition for FB (see section 1.4.2). All answered positively, the ownership was always between first line family (brothers, parents, uncles or couples), and comprised all the top management positions. The bigger organizations, on this study, kept the family on top management positions, and on other positions employed other collaborators.

“It is a FB, four members, three sisters and the mother”

Anonymous 1 -Accommodation industry

“Yes, it's a FB, with no doubt. There are several partners. Four brothers and sisters”

Anonymous 2 Travel agency industry

“Yes, it is from my family... since many years ago (...) but it is no longer a typical FB, it has already engaged a professional structure to all this, it is not only a hotel where the owners are there and all over, we have a hotel manager, a managing director of the family, usually one in each business, and (...) there is a holding company that is part of the FB, where my father is the president, and we are all vice presidents. We are three brothers, and my mother. The holding is divided by sectors (...) the organic works well, and in each of these companies there are executive directors who are from the family and come from the holding company, and below them there are the managers of each company. From that point to the bottom it is all professionalized”

Anonymous 8 - Accommodation industry; Rent a Car industry

“Yes. (...) we have inherited from my father, and now we have continued the business”

Anonymous 6- Bullfight show industry

4.2.2- Perceptions from FB of tourism seasonality

Seasonality in tourism was considered a problem or a challenge but it was always considered an important aspect in all aspects of the organization. Almost all the subsectors appeared to have the same seasonality variations (peaked in the summer months), with the exception of the travel agency. Like shown in literature review seasonality was considered by supply a problem, a challenge, or like a positive thing, a time to recover (see section 2.1.8). FB have advantages and disadvantages, and some inherent characteristics (see section 2.2.2). Some findings were collected in the research process, as shown in literature review, but the author chose (for a focus reason), firstly to show some perceptions on seasonality, to emphasize its value for FB, in a micro view (after showing with secondary data, the issue of seasonality in Terceira Island on all sections of 4.1) and after, more profoundly, present the mitigation strategies to tourism seasonality from FB and the final framework of this study.

When dealing with the perception of seasonality, the business managers, say that:

“Seasonality is more marked every year [in Winter] (...) there are very sharp breaks that did not happen before after, after, Summer comes and it is always a full season (...). I am not pessimistic but I face it has a problem (...) It is increasingly difficult to reverse, not only in restaurants. Hotels are empty as well, everything, there are no customers. I would certainly have a different service (...) Porto or Lisbon, [is different because] there are cities with a highly fluctuating population, which in here we don't have.”

Anonymous 4- Restaurant industry

"There is a big seasonality. The highest peak is in July and August and September ... we have a very high peak on Praia's festival ... But no one can survive from two weeks, isn't it? (...) It is a problem, of course, a huge problem!"

Anonymous 1- Accommodation industry

“

"In the summer Terceira has a lot of tourism, in the winter it dies ... you could say, that there is almost no tourism ... and the problem cannot be solved ... only with accessibilities".

Anonymous 5- Accommodation industry

"We sell six months (...) seasonally six months (...) We do like the ant, that works in the summer and spends the rest of the year (...) it is a FB, because it is driven with passion, with great sacrifice, but with a ruinous result (...) the dairy business is like a coffee machine, you get your coffee every day, this one no, it is only for six months, and not even every day."

Anonymous 6- Bullfight show industry

"It is a problem of course. It would not be just a problem if we had other [human resources] work capacity (...) in a region like this where everyone knows each other, this cannot be managed as professionally as it should (...) What we do here is what we win in the main season ,compensates all low season and thus reduces greatly our results."

Anonymous 8-Accommodation industry; Rent a Car industry

A different pattern on seasonality appeared on the travel agency showing that some sub-sectors in the tourism and hospitality may have other patterns than the aggregate pattern for the destination. The findings were similar to the study in Canada in 1998 (Wilton & Wirjanto, 1998). See section 5.5 for future research.

"Increasingly we do not have high seasons, nor medium, nor low. (...) You just need to have a large group in a month that it changes immediately the profits of that month (...) I think that everything has to have higher and lower times, isn't it? Also because we have to organize ourselves ... seasonality isn't the end...[maybe decrease of] some the revenues ... but we cannot say that in this month [January] we not have a lot of work (...) there is seasonality in terms of revenue, but there is never a lack of work or it has not been"

Anonymous 2- Travel Agency industry

Some complex and interrelated problems with seasonality are also related to the actual economic crises, smallness of the business, heavy competition, mainly based on price, some regulation problems on some markets (example: fish market), some government misalign incentives, several complaints with the accessibilities, lack of entrepreneurship and socio-cultural barriers, new, many taxes and bureaucracy from the state, as well tunnel-vision from the old fashioned and not well educated managers. There are also too many entities connected to tourism with low capacity of leadership.

Although the majority of managers recognize seasonality as a problem several seem to not act upon it waiting and blaming state and the others, for

inexistence of external responses or changes. Almost all seem to recognize the need to react, innovate and adapt, but only some do. Others shrink or capitulate, and go out of the business. These conclusions are aligned with the conclusions of Koenig-Lewis and Bischoff (2010), and Getz and Nilsson (2004). On the present study, at least two of the business had to shrink in the last years, none had capitulated, but several examples out of the present sample, were observed and could be found in the destination. The next section will have case evidence to sustain my revised framework about seasonality mitigation strategies in FB.

4.2.3- The impacts and responses to seasonality from FB

The below chosen quotations illustrate a variety of impacts and responses of FB to seasonality, which they can be resumed in, combating, coping and capitulating strategies.

I- Combating strategies

The following quotations illustrate a variety of “combating strategies”, defined here as the owner that tries to expand the shoulder season, as in Getz’s and Nilsson (2004) study, the criteria for inclusion in this category was “attitude”, “action” and “innovation”.

a) Development of tourism segments with innovation

The combat actors develop tourisms segments, with new services or products:

“We have been making in the incoming [market] some nice stuff for golf, conferences, focusing a little bit in congresses and group incentives.”

Anonymous 2- Travel agency industry

“The hotel bets on two products. One product is essentially for summer that is diving, but it has the Spa which is for the whole year (...) [it] complements the product [golf] because the husband comes to play golf and the go to the hotel spa [or vice-versa],

(...) there is a product logic where you have also to associate products to the generating markets.”

Anonymous 8- Accommodation industry; Rent a Car industry

“We have to innovate...in terms of private businesses... with network supply .. an idea that seems “moon based”, but it has to start existing ... I think it is essential and then [we need] new entrepreneurs to appear in the market with different ideas, that is difficult here, and create [new] businesses.”

Anonymous 9- Souvenirs/ Gift shop industry

b) Service chase /level strategies and yield management

Several generic strategies of level and chase demand were found on the combat actors:

“Adaptability is essential because you are able to keep your human resources all year long. In low season you reduce their schedules, and then later in peak season you increase their schedules, and [almost] with the same people you are able to... that is why flexibility in work schedules is essential”.

Anonymous 8- Accommodation industry; Rent a Car industry

“When we need [extra workers] we arrange someone to work. Fixed workers we just have mr. Z.”

Anonymous 6- Bullfight show industry

“August is the peak month ... and you never could reach above 80% (...) the average should be around 84%. For you to reach 84%, you have to do often overbooking.”

Anonymous 8- Accommodation industry; Rent a Car industry

“There are three price seasons in the hotel industry ... there are very specific promotions as well annual promotions that are the prices [specific prices] made for the operators (...) Depending on each need, which can be even weakly, or at a weekend, a good hotel management is when you are always following your occupation (...) nowadays you use tools like the *booking*, or other sales tools to sell directly to the end customer, and even by the traditional circuit, who are the operators and agencies. Create packages for periods. Even within a season.

Anonymous 8- Accommodation industry; Rent a Car industry

"We close areas [in the hotel], we have a policy of reducing fixed expenses in the electricity".

Anonymous 5- Accommodation industry

"February will be weak (...) I have some reservations ... but nothing special".

Anonymous 3- Bar; Restaurant industry

It was observed that, the restaurant had a bar that helps to reduce seasonality demand variations on the total revenues.

Lack of data from the customer...is a characteristic of the ones that cope, then an actualized data system seems a characteristic from the combaters:

"We prepare the restaurant, with all very fresh, with the best fish there is, the lunch comes and there are times that we are waiting to see if someone comes or not."

Anonymous 3- Bar; Restaurant industry

c) Increase profitability adding value - augment the products/service appeal

Adding value to the service seemed a characteristic of the combat actors:

"We make different trip packages for a little bit of everything ... sometimes we have more time to think about it, other times less (...) if you add accommodation, rent-a-car ... and other services in addition to the tickets the profit will be much higher."

Anonymous 2- Travel agency industry

"We made adjustments to the menu (...), we had to adapt,(...)now the restaurant has to have new flavors, new smells, and we are adapting."

Anonymous 4- Restaurant industry

"The product well-being and diving are two products that are important and have been developed (...) we have them attached to our service."

Anonymous 8- Accommodation industry; Rent a Car industry

d) Partnerships and alliances

Being able to understand the value and perform partnerships was found on combat actors:

“If we unite!(...) we could unite ourselves, the hotel owners, and sell Terceira island like a destination.”

Anonymous 1- Accommodation industry

“We [Terceira] are very tiny, we're in Terceira, in the Azores, and it's very hard to do a partnership with other companies(...)I received an invitation from a hotel group to collaborate on the Saint Valentine's day...”

Anonymous 3- Bar; Restaurant industry

“We make partnerships with other [businesses] from other areas (...) where we promote our establishment and we do discounts accordingly. Among other companies [from the same sector] it is always difficult, [because] there is nothing to divide and it's difficult. Each one pulls for his side, and it's hard (...) I've done it ... with other sectors.”

Anonymous 4- Restaurant industry

“We contact a lot with operators and travel agents, to make [better] prices to see if we catch more customers”.

Anonymous 9- Souvenirs/ Gift shop industry

“When we need to cut herbs, make the rolls, silage, we use contractors. We let people who are specifically specialized to do such things (...) there are companies that have their tractors, and all machinery (...) it's much more practical because we avoid acquisitions, major investments and the payment of interest rates”.

Anonymous 6- Bullfight show industry

“You are never large enough to compete [alone here]. (...) when focusing on an market, for example, the German market, that has x million tourists per year, (...) it is not just one [isolated] hotel that can bet ... because it doesn't have the capacity for it, it has to be the region, that has to focus, our role is to influence the region to invest in crucial markets”.

Anonymous 8- Accommodation industry; Rent a Car industry

“The businesses owners from Terceira, [have] little training, and are rooted already for many years. Entering and establishing partnerships, and be able to do things different, in a more professional way with management concepts it’s very difficult”.

Anonymous 9- Souvenirs/ Gift shop industry

“The business was done by secret, it was use to say "secrecy is the soul of business" and therefore, there was a lot of that optic of not working in partnership with other (...) to me it’s very important to have a hotel next to the group B, with the same size, because then I can risk more ”.

Anonymous 8- Accommodation industry; Rent a Car industry

Some FB, because of their smallness and lack of actions are not able to form partnerships:

“We have big difficulties to create partnerships. People are very closed in themselves. Sometimes we try with the tour operators and travel operators, they [usually] have many things already completely outlined, and do not let us in because we are small, sometimes they let us in, we try and enter, but our size is to small that [most of the times] we cannot enter”.

Anonymous 9- Souvenirs/ Gift shop industry

e) Sell to locals/special events

Understanding the local market, doing special events, seemed a characteristic from the combat actors:

“Valentine's Day [we are full] ... we also will do [some special things for] male friends day, female friends day, “mums of the marriage in law” and “dads of the marriage in law “day... people usually go out [at these days], try the restaurants, and all restaurants are invaded”

Anonymous 3- Bar; Restaurant industry

“We try to have a service for the whole year for the locals. And then fight a little seasonality throughout the year there. There are some services, like wellness, massage, spa, diving lessons, restaurant, I mean ... some of the services from our portfolio (...) weddings, baptisms, (...) that are very important to combat seasonality internally.”

Anonymous 8- Accommodation industry; Rent a Car industry

f) Develop export services/products

To export services or products when to increase the total market:

“There are people that have done it [expand]. They have expanded to São Miguel and São Jorge Island...”

Anonymous 6- Bullfight show industry

g) Planning and organization (products, Human Resources, and actions over the year)

Be able to plan and organize, seemed a characteristic of the combat actors:

“We do an [annual] planning on the beginning of the year, to see what exists each year [holidays, holidays before weekends]”.

Anonymous 2- Travel agency industry

We operate in a very simple way, we have to make a very accurate stock management, if we don't do it, we get throw big difficulties

Anonymous 9- Souvenirs/ Gift shop industry

h) Marketing efforts

Publicity and marketing efforts seemed an attribute of the combat actors:

“” ...now (...), i am doing (...) a small investment(...) to give on today's 3rd most watched TV [program]

Anonymous 4- Restaurant industry

Lack of marketing efforts is a characteristic of the ones that cope, then a more aggressive and segmented marketing efforts seems a characteristic from the combaters:

“Talking about advertising ... I've always been a promoter, a seller's man... I get tired of promoting myself (...) I never advertise, because i expect people to advertising my “house” ... mouth to mouth.. this land has less than 100 000

inhabitants (...) But I concluded that we have to act, I do not know how, on radio, on flyers, but we have to do anything to break it, and to be more aggressive. "

Anonymous 3- Bar; Restaurant industry

II- Coping strategies

"Coping strategies" are defined here as waiting for something to change, with some acceptance of seasonality. Some are focused on a "tunneling vision" and in the meanwhile they try to cope with its impacts.

a. Close part of the year

Closing the business part of the year/week/day could be an option to cope with seasonality, owing to low demand:

"In São Miguel they even close restaurants and hotels at this time [January] ... here is also a case to think ... because you have days, even months, where if we were closed it would be a better option (...)it is an option that I may have to take in the future but it is an option that i would not would like to take ... if we continue to have an economic situation that does not worth being open the whole month I've thought [also, in] open only for dinner ... on lunch companies no longer come as before".

Anonymous 4- Restaurant industry

"Close [part of the year] .I would not say, because there is all the component of fixed costs that must be covered, and then also there is a need, from who works there to receive some money".

Anonymous 9- Souvenirs/ Gift shop industry

b. Maintain the premises

Many cope actors keep all the things the same, even with the context and competition changing:

"I think (...) the first two weeks of January are terrible ... although this year was better than 2010 (...) now we're going to wait and see the carnival ... February is going to be weak also. I have one or two days in which some people appear."

Anonymous 3- Bar; Restaurant industry

"I cannot answer with anything because I do not have a restaurant, isn't it? If I had a restaurant, I could do animation and dinners... I do not have it and I'm waiting for someone to appear. That is the truth."

Anonymous 5- Accommodation industry

"The 4*4 car is not enough [on some trips] ... because of the rain ... we would use a tractor with a box of ewers (...) like a safari (...) and make a book and sell some pictures "good idea, good idea," but these things die [on the ideation phase]. Everyone is in self-indulgence (...) and I think that on this island we really enjoy social events but bulls on the winter no [because of the climate, sun and traditional calendar]."

Anonymous 6- Bullfight show industry

"The support we wanted is, "here is the wine, take the money". That was the help I wanted. They ask prices and they do not want our product. They want inexpensive wines ... cheaper. Our cost structure is much heavier... taxes ... it is a traditional wine. They [state] should spend less money in BTL [tourism forum in Lisbon], and make people consume more local products. When there are meetings and conferences they should consume Azores products...even the liqueurs."

Anonymous 7- Wine museum/ wine industry

"I ask what a company with this size can do alone? I do not know, honestly..."

Anonymous 1- Accommodation industry

c. Tourism is secondary to other activity - other incomes are needed

Many families have other incomes, being the tourism business secondary, in some cases, to their earnings. These families have sentimental connections to its businesses that are kept open even with low profitability.

"We operate since 1975, more connected to tourism since the early 90's ...not only tourism, (...) but we take this part of the business has a very sentimental one"

Anonymous 9- Souvenirs/ Gift shop industry

“We don’t live only from this ... we have a family base behind us, I am a teacher, the girls also have their work . No one lives exclusively from this ... it’s a ruinous business...in the sense that... the time it takes, there aren’t those [big] revenues ... the profitability ... and now it is becoming even more ruinous, because there is a lot of competition.”

Anonymous 6- Bullfight show industry

“The museum is free, because we always wanted it to be (...) but it is very difficult today ... we continue doing this because we do not make our living from here (...) My children already have their [university]courses, so they don’t care... because they see our life ... we are stuck here.”

Anonymous 7- Wine museum/ wine industry

d. Reduce quality and costs through value reduction

Some actors cope reducing the price and quality of the products and services given, even recognizing that it is bad for its image.

“Reducing a bit the price of the menu ... while trying to look for a [different] product (...)... not choosing the fish that he have here that are the best in the world like the bream, Snapper, Grouper [because they are really expensive]. I would like to serve as I serve in the summer season.”

Anonymous 3- Bar; Restaurant industry

“We buy and sell manufactured products ... some of them made locally (...), But it is not easy to find products made here. This is a problem that we have, and it is getting worst. Unfortunately it's easier sometimes to find products made elsewhere, with origins in China (...) most of the products, to tell you the truth come from other places, they came from the mainland, from China, etc, because we can find much better prices. Often it has the word "Azores", but that's not a local product, anyway it sells.”

Anonymous 9- Souvenirs/ Gift shop industry

e. Reduce staff

In some cases, dismissing staff is an option to cope with seasonality.

“We had to fire some collaborators this Winter, it was not possible to hold them “.

Anonymous 3- Bar; Restaurant industry

f. Overdependence on state and on other stakeholders

Some FB that cope are over dependent on the state action, or blame other stakeholders for the state of the things:

“There are benches that are prepared for the tourists (...) ... this structure is still not working (...) the tourism has to be interconnected... you pay some guys to assemble it (...) The structure is not working. It is not organized. Nothing is being done.”

Anonymous 6- Bullfight show industry

“In the airport there should be a place where people could go and sell the products there, not being sold at such a premium price so you could dispose your products... but a space from the state, or even an agreement with the lady that is there...”

Anonymous 7- Wine museum/wine industry

g. Borrow money

Some FB need to borrow money to the bank, or deplete savings from winter to maintain the business.

“[X] has already everything paid so he doesn't worry too much, he just have to pay the employees ... but Y has to pay the loan to the bank ... and Y is worried ... and Y is playing with money from the bank (...). I had already to pump more money to the business this winter...and it also scares me.”

Anonymous 3- Bar; Restaurant industry

h. Decrease the prices continuously

Decreasing prices to attract more customers is view has a strategy to cope with seasonality. But this can raise serious problems to the business profitability on a long term.

“Prices and more aggressive campaigns... [But we are] only decreasing prices at this moment.”

Anonymous 1- Accommodation industry

“There is no righteousness [between travel agencies] on the air tariffs ... [we should] charge exactly the same because we work with a service charge. All tickets have included a service fee and you must charge exactly the same or you can charge more. I regret that there are other companies on the island charging the service below of what they should.”

Anonymous 2- Travel agency industry

“[The market] is highly competitive [on price] ... for the negative side, not on quality.”

Anonymous 6- Bullfight show industry

II- Capitulating strategies

These strategies were not addressed on the interviews (only some shrinking) but observed on some local organizations. It seems really difficult to talk about failures in this culture. A lot could be learnt from the failures of these businesses on tourism and hospitality organizations when dealing with seasonality.

4.3-The final framework

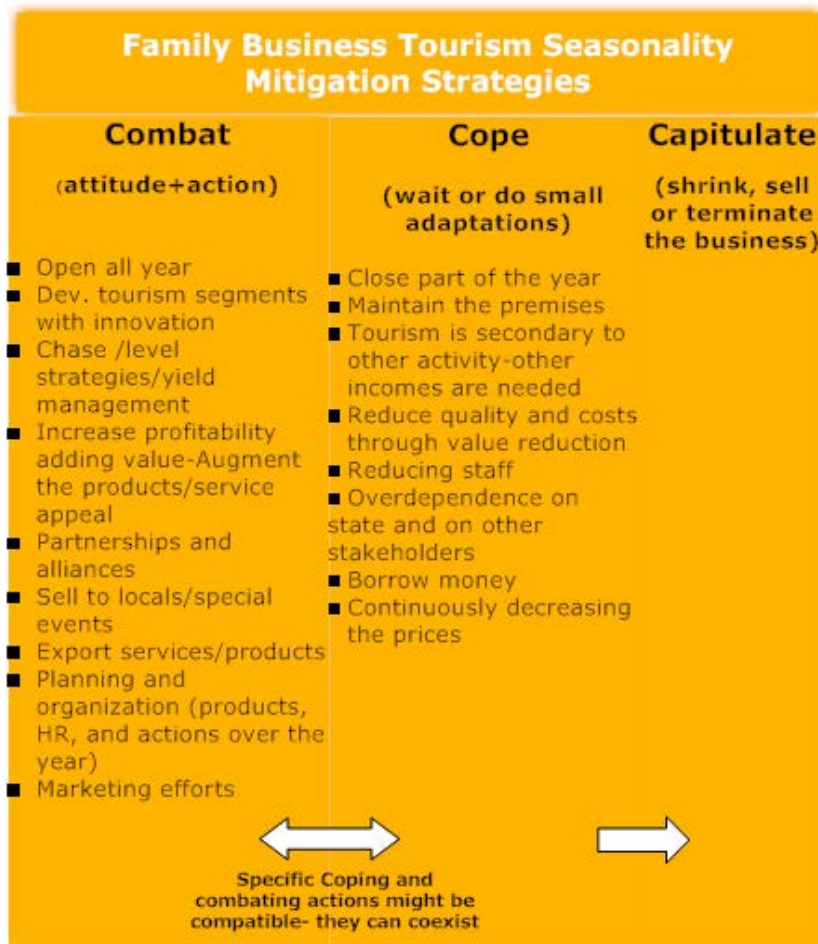


FIGURE 10

FB responses and strategies related to seasonality of demand in Tourism and Hospitality in peripheral regions

The final framework is presented above on figure 10.

Analyzing this whole study in a input- process -output, the inputs would be: FB; tourism and hospitality, and Terceira Island (as a case of a peripheral regions), the process would be: impacts and decisions facing tourism seasonality by FB, and the output would be: the combat actors, cope actors and capitulate actors. Like Getz and Nilsson (2004:29) said “development of this line [nature and implications of extreme seasonality within a FB context] of inquiry can improve theoretical understanding of seasonality by revealing more about how owners and investors cause or perpetuate it in different environments”.

Basic terminology from Getz and Nilsson (2004) framework was used because the author of this study, understood and thought (with empirical evidence) that the semantic “cope, combat and capitulate” was well chosen and appropriate and there was no need to change. There were always some combating while coping in each case (Getz and Nilsson, 2004 and Koenig-Lewis & Bischoff, 2010), and it was evident two extremes: those that blamed external institutions and people or rested on the state to solve their seasonality problems (and almost hibernated-fall in a deep sleep- in the winter)- cope, and others that were innovators, adapters and were changing by acting-combat, and sometimes not acting alone.

All of the respondents of this study opened all year (it’s not usual to close in Terceira Island. Is it seasonal closure a cultural sign of fail in this destination?). When asked “why didn’t you close on some part of the year?”, usually the answer to not close were the fixed costs. Nevertheless, has Getz and Nilsson (2004:25) said: “it is clear that being open all year is not the same as being active or profitable all year”.

Some similarities exist with Goulding and Hay (2001) framework (Goulding et al., 2004 citing Goulding & Hay, 2001) in terms of product diversification, promotional activity and distribution mix on “to boost off-season demand, as well the temporary closure, on the “acceptance of seasonality”. Many similarities were found with Getz and Nilsson (2004) study, although the purpose of this thesis was mainly exploratory, but it seems appropriate to support and sustain their study in a different context. Newly to the mitigation strategies of FB to tourism seasonality are the service management strategies found in the combaters, the propensity to the organization and planning. This study was one of the first ones to approach partnerships approach within with a theoretical background in FB tourism seasonality in peripheral regions, including them in the combat actors.

It is important to recognize Koenig-Lewis and Bischoff (2010) findings on the “top performers”; “Poor performers” and “seasonal performers”, because this study enlarges it. Those poor performers that did not take any action were labeled in the authors study has “life-style entrepreneurs”; “free riders” and “doubters”, and these differences can and should be understood

to avoid “broad-brush strategies”, inside of this enlarged framework of FB seasonality mitigation strategies.

On the next chapter, the conclusions and implications will be presented.

5- CONCLUSIONS AND IMPLICATIONS

After, presenting the case evidence and the final framework on FB seasonality mitigation strategies-combat/cope/capitulate, this final chapter focuses on the conclusions of the study, theoretical propositions and implications for the destination policy makers and to the FB. This chapter will end with the limitations of the study, and with the suggestions for further researches.

5.1- Conclusion of the study

Tourism Seasonality is a complex and dynamic open system. Social sciences cannot construct closed systems, but they can understand the mechanisms behind it to gain awareness, understand, and act to change them. Several findings on the literature review about tourism seasonality are not compatible across different locations and contexts because it was not yet found the “generative mechanism for the patterns” (Morais, 2010 citing Harré, 1972:125).

This study hopes to enlarge the theoretical framework tourism seasonality mitigation strategies from FB by (and its practical implications) giving attention to those who act (combat actors), and to those that keep waiting for the changes to occur by external parties (cope actors). Those that shrink, or enter bankruptcy are considered capitulator actors This study supports and expands the study from Getz and Nilsson (2004), as well some Goulding and Hay (2001) framework and even the newly study of Koenig-Lewis and Bischoff (2010). See section 2.1.9.2 and 2.3 for their findings.

This study also tried to enlarge the theoretical knowledge with empirical evidence and connections to other fields of business (service management, strategic alliances), being this, one of the first study were strategic alliances are focused in tourism seasonality mitigation strategies with a FB background. In this sense the author really expects to bring something new to the theoretical background, and who knows, open the gate to a whole new world of studies.

How do combat actors operate? It is suggested that combat actors, act using the tools available for them: increasing the appeal for locals in the off-peak combating their seasonality problem, gathering different segments (sometimes across different nationalities), by using level and chase strategies, by exploring new markets, with innovative products (looking for blue oceans and niche products) creating a longer shoulder season, or by arranging new or strengthen partnerships while acting in a cluster. All the possible information about the client, to react quicker, seemed essential as well their capacity to plan and organize their actions.

How do cope actors operate? It is suggested that cope actors, wait or are only able to do small adaptations, waiting for the competitive environment to change. These actors think in closing part of the business calendar, hold their position keeping everything the same, sometimes even decreasing their services quality, and price in a continuously way, decreasing their costs too by reducing staff. An overdependence on other stakeholders and blaming others is also a characteristic for these inertia actors. Some just don't capitulate sooner, not capitulating because tourism is secondary already to their activity.

Specific coping and combating actions might be compatible and coexist.

Due to its low entry barriers and easy replicability, the tourism and hospitality services in peripheral regions are overfull of unprepared managers and businesses and many are doomed to capitulate first of all.

None less, these actions and mechanisms should be taken into account by the managers never forgetting the complex process of seasonality, the alignment with the destination image and the expectation of the tourists vs. their perception. There are many structures that are not spontaneously apparent, and this study is only a view to better understand reality so *status quo* could be transformed.

5.2- Theoretical propositions

In particular, five theoretical propositions can be suggested. These are derived from the general understanding gained of this field while doing this

study and related to the design of the final framework. Addressing these propositions by testing or with further study could advance theory in this field:

P1- The more stimulated combat actors are by tourism institutions in a small and peripheral region, the less complex is the pattern of seasonality.

In a small and peripheral region, commerce chambers and government institutions connected to tourism can improve the complex pattern of seasonality in a destination and increase and stimulate the combat actors;

P2- The more entrepreneurial the culture is, the more frequent the combat actors are.

The difficulty to find combat actors is mainly due to a cultural issue (lack of entrepreneurship culture, frightened of innovations, failure and high risk averse). The age of the top managers and their lack of business education can be a constraint to find these actors.

P3- The more peripheral the region is, the more frequent the cope actors are.

The quantity of cope actors is positively associated and intensified because it is an ultraperipheral and isolated region.

P4- The more combating strategies are combined, the more profitability increases.

Using several combating strategies is positively associated with a profitability increase.

P5- The more small combat actors collaborate, the less complex is the pattern of seasonality.

Combat actors can overcome in part their smallness by joining new partnerships and strengthening the existing, being this positivity associated with the improvement of the complex pattern of seasonality.

5.3- Practical implications for the destination

There are also some main implications for destinations. Generally, and based on all theoretical propositions (see section 5.2. above), it seems that the three main types of FB should be identified, understood and communicated, helping creating more “combaters” and encouraging a bigger shoulder season and all-year operations.

Based on P1, first of all, there should be a decrease on the number of organizations dealing directly with tourism to improve communication between them and to avoid a “lost and confused” notion of “where to go”.

It should be created a specific anti-seasonality plan to focus in this extremely important issue.

The tourism government institutions should have a greater understanding of Terceira tourists in order to be aware if their characteristics in the peak time differ from the off peak. If they do so, and they look for different products, that should be aligned, and communicated to FB.

The institutions connected to brand Terceira should continue to market Terceira, with some specific characteristics to avoid under expectations of tourists. While that, they should continue attracting, and marketing specific potential international tourists to off-peak, to reduce the extreme dependence on internal market.

Still based on P1, the local commercial chamber (CCAH), should increase the awareness of the general seasonality pattern, advising in advance it, so FB could take seasonality in account when doing their first business plan and initially designing their businesses (De Groove, 2009).

The government tourism institutions and CCAH should continue supporting the creation of sports, cultural events and conferences on the shoulder season and on off-peak season.

CCAH should also do some internal festivals to signal quality, in order to “clean the house”, increase local consumption on all sub sectors of tourism and hospitality, as well to encourage those with the highest quality services-usually combaters (like the one that was made on the format of “restaurant week”). On those subsectors on which that could not be possible, some

quality inquiries should be done. The communication of the results should be done to all supply and demand- businesses, locals and to the tourists.

Due to the different seasons, the neutral organization- CCAH- should improve communication between FB (on a day basis) on tourists arrivals, and on tourist needs (off-peak and on peak) and inform on possible benchmarks and innovative products. More one-to-one communication from CCAH and tourism institutions should be made with FB also to align the expectations from the customers to what it supplied in peak seasons and low peak seasons.

CCAHA, and tourism institutions should aid the creation of several partnerships and alliances (due to the business smallness) to fight the whole market and rent some charters (the neutral organization is needed to align and dialogue) on a long term perspective.

State should change the ways some aid/incentives are given (several organizations on this destination were subsidized by EU funds, but their operations did not have in account the seasonality aspect on the product, creating a future problem), For example, in what concerns the specific sub-sector of hospitality (hotels are the structural platforms to guarantee the conditions to increase the fluctuant population), these should reflect the destination Terceira, and Azores in all aspects of operation (Lindstrom, 2005) and not be a standardized and random product. State should also evaluate some additional taxes that are creating extra pressures on FB.

To keep the tourists occupied with bad weather, the creation of a new all weather infrastructure (indoor), related to the main destination strength- that is nature (e.g. local with endemic plants and animals) should be considered.

On the next Strategic Plan (POTRAA) there should be a focus on seasonality like one of the most important issues to manage by all tourism stakeholders. This plan should be aligned with all the projects (in this case) Terceira Island.

To address directly P2, some training should be available (in collaboration with the local university), on specific tools to combat seasonality- operations management, strategy and marketing, to increase management education.

When addressing P3, and because all of the interviewees referred the accessibilities as a problem that needs to be solved, accessibilities increase cannot arrive before the infrastructures and the preparations of the businesses because the tourists cannot be “dumped” in the island, with nothing to do (it would warm destination image). Heavier investments on infrastructures and business cannot be made, because it would not be profitable due to the lack of market. This vicious circle needs to be managed simultaneously (Sharma & Dyer, 2009 citing Rowley, 1997), and that can only be accomplished with a really outstanding management and leadership, or with some small and sustainable growth over the years. If not, the destination image could be warmed and the future survival of businesses could be at stake.

5.4- Practical implications for FB

FB heavily suffer with seasonality problems, and some are looking for solutions. These solutions ask for actions and they impose change.

To address P3 directly, and increase combat actor, internet sites, can be an inexpensive marketing tool to reduce isolation and ultraperipherality, while adapting to the new trends.

Based on P4, it is important that FB understand their goals for the business, and be aware that if they want to prosper and grow, they must be willing to learn, change and act, and by that becoming a “combat actor”. FB should try to have a better understanding of their clients to provide a wanted and needed product/service in all seasons. FB should understand and apply benchmark, and continuous improvement, like a daily and inexpensive “combat” habit.

FB should recognize that there is space for innovative products in Terceira, and that the tourism market is still on a very initial phase (POTRAA, 2008). The business managers should inform themselves better before acting (reducing naivety), while being innovative, designing services can combat the seasonality demand pattern.

FB can create some “weather independent” creative services where the weather parameter wouldn’t be so critic, or try to make out of their

problems some kind of opportunity (e.g. “walking on the rain can be a pleasure”).

Based on P4 and P5, FB managers should create their products in a “tourism cluster view” and not in a more concurrence based on “more of the same”, focusing on yield and less on volume. They should cultivate the resident market with different products and experiences. When the resident market is not enough, they should try to create export services and products (attack different markets on off-peak).

To all new infrastructures, quality should be created with a more Azorean connected concept on all the operations and have additional services (ex: hotels with several infrastructures like pool, sauna, conference room, restaurant, wedding and party room, etc.). To the existing ones that lack these infrastructures, connect and communicate existing surrounding infrastructures, improve their concepts to less standardized ones and create a connecting network that could be able to reach several services. Variability in the macro system should be managed, once they affect the quality significantly (Fitzsimmons & Fitzsimmons, 2008).

To address P5 directly, FB should form alliances to provide better experiences to their clients (cooperation)- the type of alliance would depend on their needs. This would also bring benefits in fighting their smallness.

On the next section, the limitations of this study will be highlighted.

5.5- Limitations of the study

This study has some theoretical, methodological and practical limitations like time, money and space requirements.

The main theoretical limitation is that given the finite time for this project and lack of resources to get many of the papers published in some journals, many questions and doubts were not able to be reached, being only cited.

The main practical limitations concern with: the fact data analyzed and quantified seasonality in Terceira destination was data from all the accommodation sector and not only FB (although Moniz in 2006 showed a

high prevalence of FB in the hospitality sector). More than that, the data obviously doesn't have into account illegal renting, friends and relatives housing or the oscillations on the internal market in Terceira.

This study could have also a better macro analysis to gain a deeper understanding of the relational issues related to seasonality and FB (e.g.- island power of purchase; highly- educated students that return to the island after their studies in mainland; oscillation on the number of people in Terceira- local market, demand forecasting, history of the region. But this was not done, because some of the necessary data for that purpose was not available, for question of focus research and space requirements.

The main methodological limitations were that: no terminated organizations were interviewed, that could have enriched the study, learning from failure. Other limitation can be, the limited sub-sectors of tourism analyzed. Maybe the theoretical saturation would be reached later if other sub-sectors would be added

A limitation on the research design appears on the feedback received from the interviewees. This feedback from managers could be a weakness, due to their low response rate after to confirm the interview and the findings. The author thinks, that this response rate on a second phase was low because FB are not used to these types of research. Some more contextual facts from the businesses interviewed could have been added as well, to enrich the context, but somehow we believe that those facts wouldn't influence in any way our investigation.

Because this study was qualitative by nature, the virtues and demerits were inherent and well discussed in terms of sample, measurement, causality, generalization and replication, but this was explained previously and deeply on chapter 2 (Madureira, 2004; Bryman, 2008).

Another important point would be the fact that it was probably, difficult for the managers to separate completely the effects of seasonality from other general and specific business components (double hermeneutics).

5.6- Suggestions for future research

This study, being exploratory by nature immediately opens doors for several future researches.

In relation with the final framework, other studies are needed to confirm and improve the generalization of this investigation. Are these characteristics only for FB, or they appear as well in small business? Are these findings only possible to confirm in peripheral regions, or in all FB? Are cope strategies stimulated for being isolated and peripheral actors?

Other questions related to the performance arouse: do the combaters have better performance than the coppers? It would be important to do a study across time.

Some questions related to the characteristics of the actors and to the moment this study was made arouse: the generation stage of the business, age and education of the managers has which impact on their seasonality mitigation strategies? Would the answers from the interviewees and findings be different in other economic context?

To end, learning from failure seems important in a sector that has a low rate of succession. Case studies of capitulating FB? Why did they fail? Was due to seasonality? Were they combaters, or businesses that cope?

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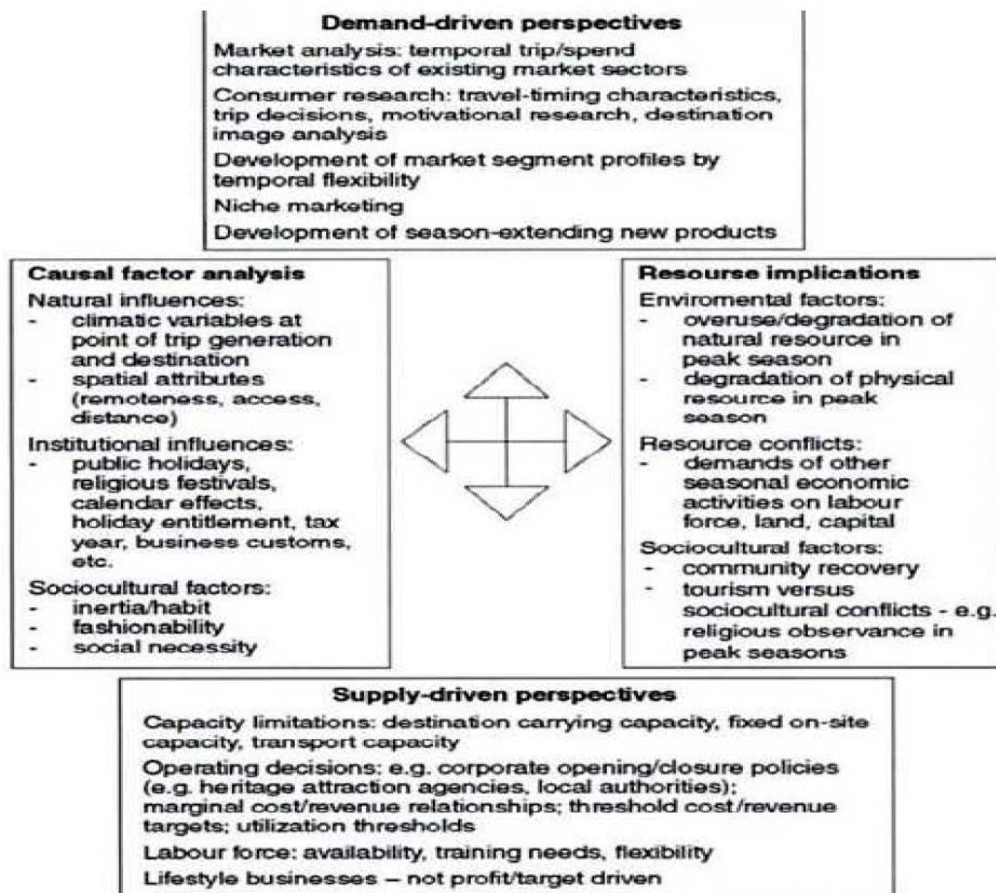
7- ANNEXES

Annex I- Territorial determining factors of ultraperipherality and its processes

Territorial Determining factors	The Economic Process
OCEANIC LOCATION	<p>The determining factors which promoted their primary colonization and which impeded their industrial development today induce new development models either as excellent tourist destinations for the European market, or as suitable sites for the installation of logistical or technological equipment, etc. The extreme economic specialization, and the dependency on the exterior, has been maintained in all stages of development until today. Inefficiency in markets and public investment is difficult to resolve owing to insularity and territorial size. This makes these areas vulnerable economies, which have registered accentuated cyclic oscillations throughout their history in terms of economic activity, large-scale migrations and an insufficient accumulation of capital.</p>
DISTANCE FROM THE EUROPEAN CONTINENT	
ISOLATION IN SURROUNDINGS	
INSULAR FRAGMENTATION	
SMALLNESS – SCARCITY OF RESOURCES	

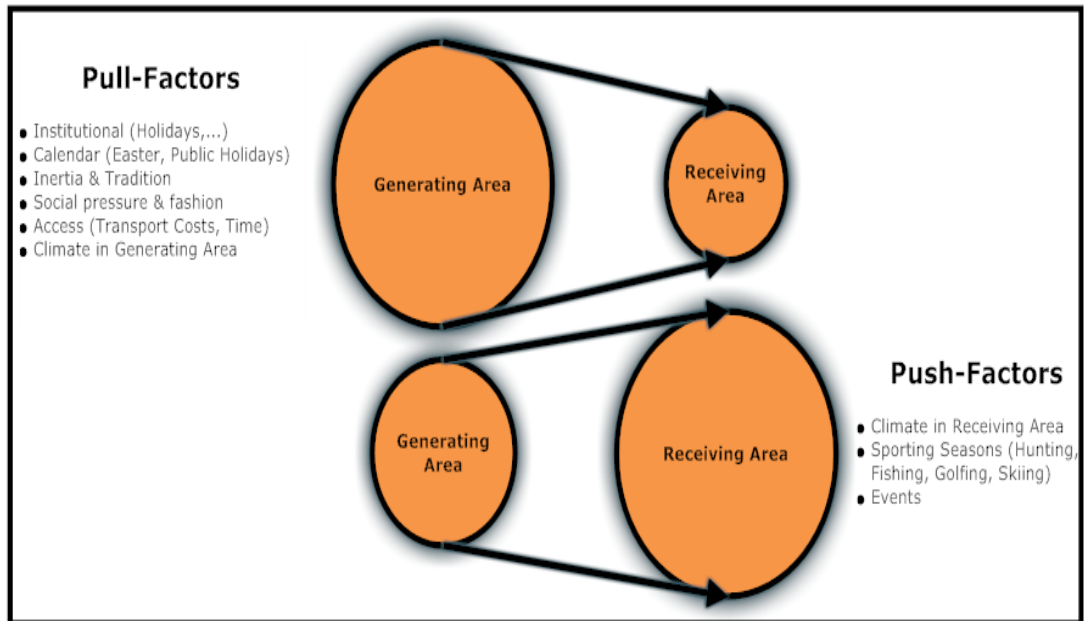
Source: MCRIT, 2005.

Annex II- Perspectives of tourism seasonality



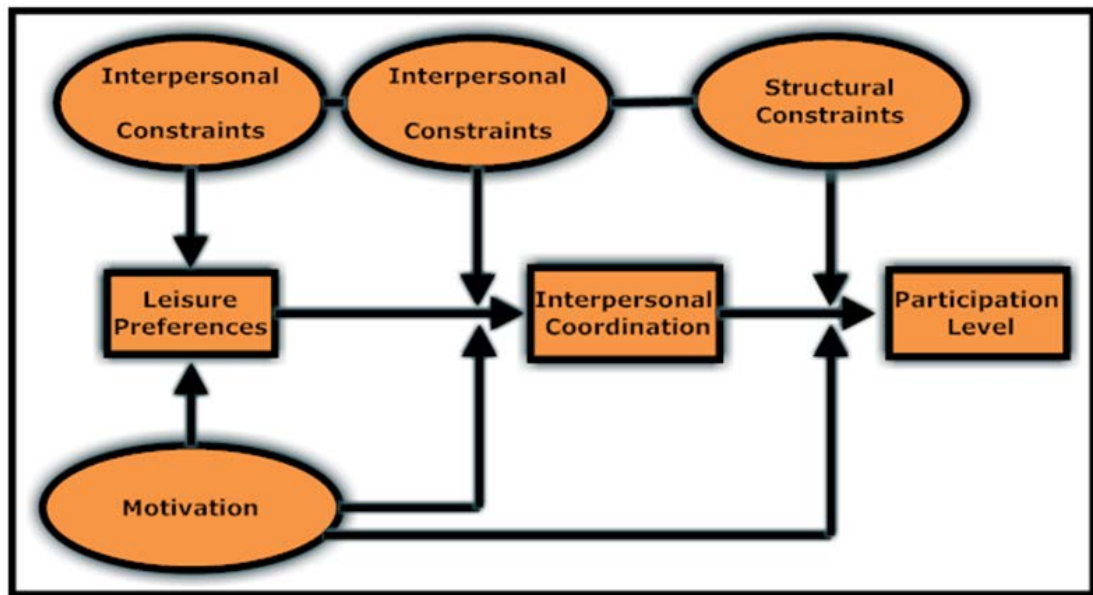
Source: De Groote (2009) citing Goulding & Hay (2001:142 & 143).

Annex III- Push and pull factors model



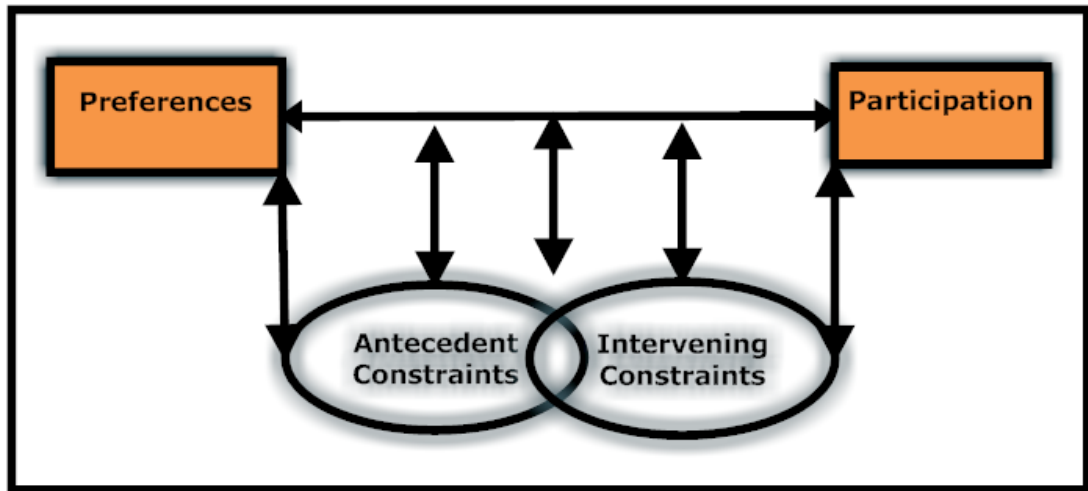
Source: Koenig & Bischoff, 2005.

Annex IV- Hierarchical model of leisure constraints



Source: Hinch et al., 2001.

Annex V- Non Hierarchical Model of Leisure Constraints



Source: Hinch et al., 2001.

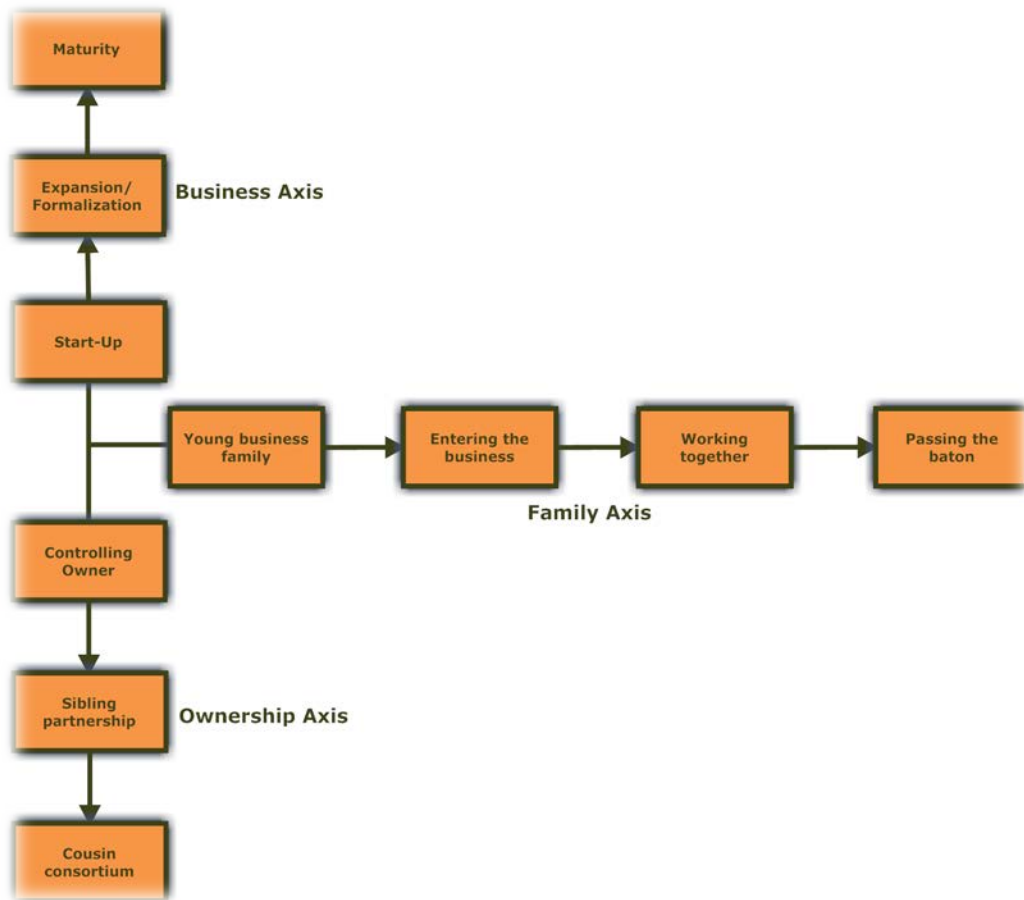
Annex V- Family business developmental model

Human resource practices based on chosen approach to seasonality

Embrace seasonality	HR practice	Challenge seasonality
Focus on temporary workers (e.g. students, casual workers) employee retention less important	Staffing	Focus on full-time core workforce (supplemented as needed by temporary workers) employee retention valued
Focus on brief orientation and task specific training	Training and development	Focus on continual training (including cross-training) and employee development
Focus on ability to perform specific tasks; informal appraisal techniques	Performance appraisal	Focus on broader based competencies and task specific abilities; formal and informal appraisal techniques
Match or lead competitor's base pay; bonuses based on staying entire season	Compensation	Match competitor's base pay; benefits and merit increases encourage retention; bonuses for staying beyond normal season

Source: Jolliffe & Farnsworth, 2003.

Annex VI- Family business developmental model



Source: Getz et al., 2004 citing Gersick et al., 1997.

Annex VII- The 28 theory building propositions for family business in tourism and hospitality industry

Related to family vision

- 1- The core vision in most family businesses in tourism and hospitality is focused on the lifestyle, autonomy and locational preferences of the founders; it is therefore a barrier to business growth, profit maximization and new venture creation.
- 2- The unique opportunities for tourism in hospitality businesses in rural and peripheral areas will result in a preponderance of lifestyle-oriented, family-business owners;
- 3- Following on from P1 and P2, most family business owners in tourism and hospitality will display low levels of entrepreneurship, specifically in terms of risk-taking, innovation, growth and new ventures;
- 4- Goals of male and female owners in copreneurial businesses (i.e. those operated by couples) are likely to be identical;
- 5- Female entrepreneur, specially those involved in home-based businesses display a different set of motives and challenges from those exhibited by the copreneurial family business. In female led family businesses there is a greater scope for dissention on goals and business roles;
- 6- Sole proprietors, although likely to adhere to mainstream entrepreneurial business goals and practices, nevertheless involve family in business operations and decisions;
- 7- Larger firms are more appealing for purchase by growth and profit oriented entrepreneurs; in turn, these will offer more scope for employing and challenging family members;

Related to ownership, family and business evolution

- 8- Most family businesses in tourism and hospitality will not be passed on within the family;
- 9- A primary barrier to inheritance of family businesses in this industry will be a lack of shared vision between the generations;

- 10-**Children in family businesses in this industry are likely to be consciously reject taking over the family business because of perception of hard work and low profitability;
- 11-**Family businesses in tourism and hospitality are most likely to sold and taken over by other family businesses;
- 12-**Farm-based family businesses are more likely to involve a conscious attempt by the owners to create or pass on a legacy of land to the next generation;
- 13-**In remote and lesser- developed settings, returning to migrants and in-migrants are likely to be predominant form of business ownership in tourism and hospitality;
- 14-**Family business in tourism and hospitality will display lower profitability and higher failure rates than other forms of business;

Related to industry-specific modifiers

- 15-**The nature of tourism and hospitality services, often involving a high degree of host-guest interaction, is both a motivator for many family businesses and a source of family branding (in which the family is the attraction).
- 16-**Cyclical demand, especially seasonality has a major negative impact on family business viability and inter-generational succession;
- 17-**Family adopt both personal and business strategies that are unavailable to corporations to diminish or cope with seasonality;
- 18-**Some family business owners prefer seasonal breaks from work, but these businesses will remain small in terms of employment and profit potential;
- 19-**Families engage in value-adding to their business in order to generate sufficient income to hire staff, not for profit maximization;
- 20-**A high concentration of small, family businesses contributes to resort decline;
- 21-**There are more opportunities for family-businesses creation by residents in the early stage of destination development, but more opportunities for in-migrant family-business creations and for family business growth in the later stages;

22-Family-business owners in tourism and hospitality are willing to accept the many challenges and limitations imposed on them because of the compensating benefits relating to lifestyle;

Related to setting modifiers

23-Family businesses in remote and rural setting have a substantial, positive impact on community and economic development as well as on cultural and environment sustainability;

24-Networks of family businesses are essential for development in rural, remote and lesser-developed settings;

25-Opportunities for profitable family business are maximized in high developed economies, cities and popular resorts;

26-In lesser- developed economies, tourism and hospitality sectors offer new opportunities for family business creation but these will be constrained by culture, capital, and economic dualism;

27-Family business in traditional and indigenous cultures will be uniquely shaped by issues pertaining to communal ownership of resources and control of culture;

28-Female entrepreneurship is in many areas restricted to culture, yet in itself offers an opportunity to break tradition and realize women's goals for greater independence.

Source: Getz et al., 2004.

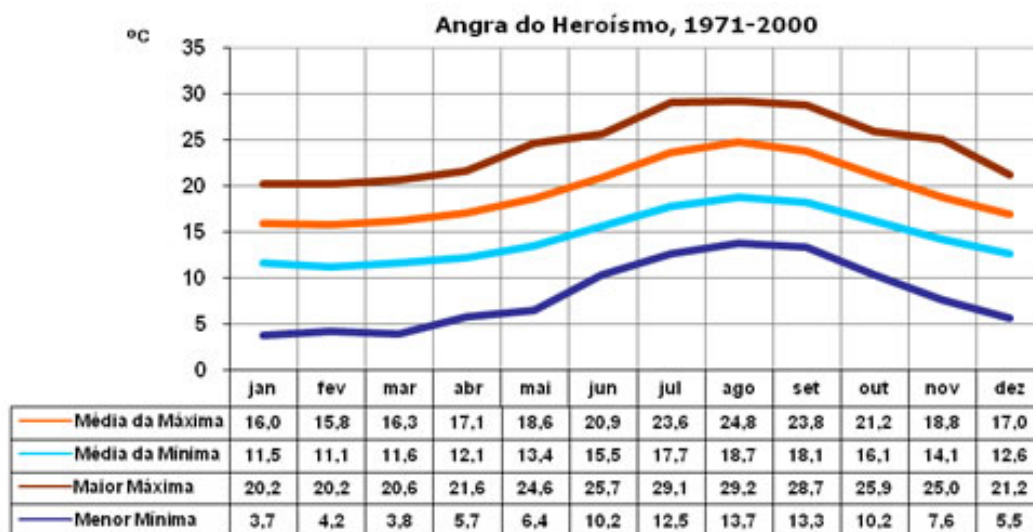
Annex VIII- Alternative Strategies for exploiting innovation

	Risk and Return	Resource Requirements
Licensing	Little investment risk but returns also limited. Risk that the licensee either lacks motivation or steal the innovation	Few
Outsourcing certain functions	Limits capital investment, but may create dependence on supplier/partners	Permits external resources and capabilities to be accessed
Strategic alliance	Benefits of flexibility. Risks of informal structure	Permits pooling of the resources and capabilities of more than one firm
Joint venture	Shares investment and risk. Risk of partner disagreement and culture clash	
Internal commercialization	Biggest investment requirement and corresponding risks. Benefits of control.	Substantial requirements in terms of finance, production capability, marketing capability, distribution, etc.

Source: Grant, 2008.

Annex IX- Temperatures in Angra do Heroísmo-Terceira island

Air temperatures (1971-2000)



Source: Instituto de Meteorologia, IP Portugal.

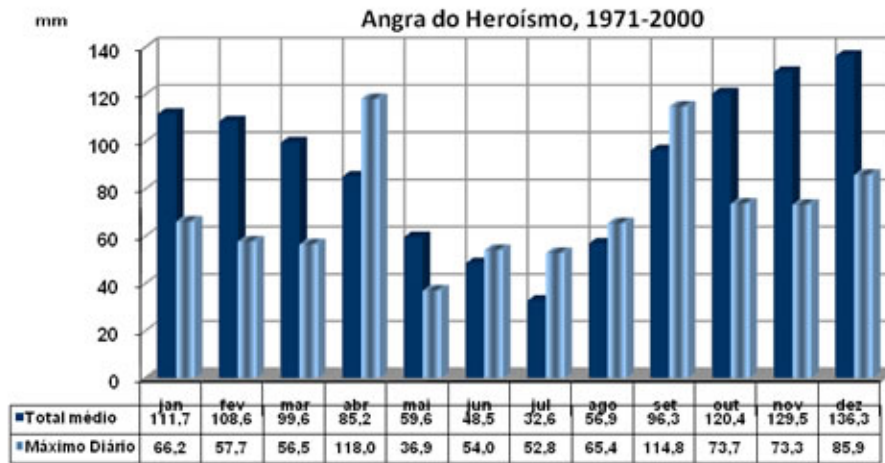
Sea temperatures

Sea Temperature in Angra do Heroísmo	°C
Long term average	18.7°C
Long term minimum	15°C
Long term maximum	24°C

Source: sea-temperature.com.

Annex X- Precipitation in Angra do Heroísmo-Terceira Island

Precipitation (1971-2000)



Source: Instituto de Meteorologia, Portugal.

Annex XI- Distances in km from the main city of Terceira to the main destinations

Distances in km from Terceira´s main city to major markets

	Angra do Heroísmo
Amsterdam	2894 Km
Boston	3686 Km
Dublin	2282 Km
Lisbon	1566 Km
London	2538 Km
Madrid	2020 Km
New York	3960 Km
Paris	2607 Km
Porto	1606 Km
Toronto	4330 Km

Source: <http://www.mapcrow.info>.

Distances in km from Terceira´s main city to major Azorean cities

	Angra do Heroísmo
Funchal (Madeira)	1145 Km
Horta (Faial)	124 Km
Madalena (Pico)	115Km
Ponta Delgada (São Miguel)	169 Km
Santa Cruz da Graciosa (Graciosa)	84 Km
Velas (São Jorge)	87 Km

Source: <http://www.mapcrow.info>.

Annex XII- Operational definitions to measure seasonality in tourism in Terceira:

1- Gini Coefficient:

$$\mathbf{G} = |1 - \sum_{t=0}^n (\sigma Y_{t-1} + \sigma Y_t)(\sigma X_{t-1} - \sigma X_t)|$$

2- Seasonality Indicator

$$\omega = \frac{V}{V_n} \qquad 1/12 \leq \omega \leq 1$$

3- Proportion of Peak to Total Demand-

$$PTT = \frac{\sum \text{peak months}}{\sum \text{all months}}$$

Source: www.duncanwil.co.uk/lorenz1.html; Lundtorp (2001); Getz & Nilsson (2004).

8- APPENDIXES

Appendix I- Effects and general impacts of several factors in seasonality

	Issue	Demand variation seasonality
Butler, 1994	Closer to the equator	-
Butler, 1994 citing Murphy,1985; Jeffrey et al.,1999; Sørensen, 1999; De Groote, 2009	Larger cities compared to coastal resorts	-
Butler,1994 citing Snepenger et al., 1990	Interior compared to coastal	+
Butler,1994 citing WTO,1984	More specialized destinations	+
Butler, 1994 citing Butler and Mao, 1997	Peripheral destinations	+
Jeffrey & Barden, 1999; Koenig & Bischoff, 2004; Koenig-Lewis & Bischoff, 2010	Larger hotels	-
Jeffrey & Barden,1999; De Groote, 2009; Koenig-Lewis & Bischoff, 2010	Seaside	+
Jeffrey & Barden, 1999; Koenig & Bischoff, 2004; Koenig-Lewis & Bischoff, 2010	Small towns and countryside	Close to the average
Jeffrey & Barden, 1999; Koenig & Bischoff, 2004; Koenig-Lewis & Bischoff, 2010	Quality, price	-

Jeffrey & Barden, 1999	Romantic and historic appeal	-
Jeffrey & Barden, 1999	Size of the marketing budget	-
Koenig & Bischoff, 2004; Koenig-Lewis & Bischoff, 2010	Provided conference, hold weddings, and offered leisure facilities	-
Koenig & Bischoff, 2004	Advertise attractions nearby	-
Koenig & Bischoff, 2004; Koenig-Lewis & Bischoff, 2010	Represented on the internet	-
Koenig & Bischoff, 2004; Koenig-Lewis & Bischoff, 2010	Special out of season short brake, special events and Special out of season prices	-

+= more seasonality

- = less seasonality

Appendix II- Indicators to measure tourism seasonality

Indicators and authors	How it is measured
Seasonality Span (Bender, Shumacher & Stein, 2005)	Proportion of the monthly minimum to the monthly maximum
Proportion of peak to total demand (Getz & Nilsson, 2004)	Peak months/total
Highest to lowest-season demand (Getz & Nilsson, 2004)	Peak summer months/ valley winter months
Lorenz Curves and Gini coefficient (Lundtorp, 2001; Bender et al., 2005)	Measure of inequality
Seasonality Ratio (after Yacoumis, 1980- similar to “ seasonality indicator ”- after Lundtorp, 2001)	Highest month arrivals/average number of arrivals
Coefficient of seasonal variation (after Yacoumis, 1980)	Standard deviation of the seasonal indices
Seasonal range (Lim, 2001a)	Highest - Lowest Indices
Seasonal ratio (Lim, 2001a)	Highest seasonal value/ Lowest seasonal value
Measure of skewness (Krakover, 2000b)	Where distribution is located relatively to the axis of symmetry
Low season ratio (Getz & Nilsson, 2004)	Sum of all months - peak time
Amplitude (Krakover, 2000b)	(Max-Min)/Min

Appendix III- Impacts and implications of seasonality

	Supply side	
Costs/Financial		Type of impact
Commons & Page,2001	Increased prices during peak season-placing pressure on goods and transports in the area and increasing supply costs for the enterprise	Negative
Commons & Page, 2001	Budget Management/ Cash Flow	Negative
Commons & Page, 2001; Goulding et al., 2005, Jang, 2004	Instability of income/return on investment leading to high risk for owners, investors and regions	Negative
Goulding et al., 2005	High season income must cover annual fixed costs	Negative
Mourdoukoutas,1988; Ball, 1988; Krakover,2000a	Cost of seasonal recruiting	Negative
Facilities		
Lundtorp,1999; Commons & Page, 2001; Jang, 2004	The under or over utilization of resources	Negative
Mathieson & Wall,.1986; Commons & Page, 2001, <i>Fitzsimmons & Fitzsimmons, 2008</i>	Perishability of products- not able to stockpile the product or service	Negative
Commons & Page, 2001	Pressures on transport system and other infrastructure during peak periods	Negative
Kastenholtz & Lopes de Almeida, 2008 citing Grant et al., 1997	Provides down-time for maintenance, and restorations, enlargements and greater changes (facilities and equipment)	Positive
Employment		

Commons & Page, 2001; Goulding et al., 2005.	Sporadic demand for labour affects the recruitment process: shortages of seasonal workers led to seeking workers beyond local area; high recruitment costs reduce remuneration packages	Negative
Krakover,2000a ; Commons & Page, 2001; Jang, 2004; Goulding et al., 2005.	Sporadic demand for labour affects the retention and development of employees: loss of skill and experience; lack of training and career opportunities; service quality inconsistency and reduced customer satisfaction; lack of commitment by workers; unhealthy fluctuations	Negative
Commons & Page, 2001	Seasonal operations provide owners managers with down time, or post recuperation- especially <i>appropriate</i> for lifestyle and family based firms	Positive
<i>Ball, 1988</i>	Access to holiday leisure facilities or pleasant seaside/rural environments	Positive
<i>Ball, 1988; Witt & Moutinho, 1995; Krakover,2000a</i>	Seasonal work provides causal and part-time work (additional income <i>and experience</i>) to locals and others	Positive
<i>Kastenholtz & Lopes de Almeida, 2008 citing Grant et al., 1997</i>	<i>Training courses for the staff</i>	<i>Positive</i>
Environmental protection and Safety		
Witt & Moutinho, 1995; <i>Kastenholtz & Lopes de</i>	Gives environmental resources a post-season recovery	Positive

<i>Almeida, 2008</i>		
Butler, 2001	Crowding in peak season causing environmental pollution and increase the risk of terrorism	Negative
	Demand Side	
Jang, 2004	<i>High prices- cost spreading-making tourism in peak season pay more; Lower prices- making tourism in low season pay less</i>	Negative/ Positive
<i>Yacoumis, 1980; Jang, 2004</i>	Crowding- hard to obtain consistent service quality and satisfaction <i>and reduce safety or increase vulnerability to threats (i.g. terrorism)</i>	Negative
Krakover, 2000a	Reduced availability of accommodation	<i>Negative</i>
Commons & Page, 2001	Pressures on transport system and infrastructure- <i>traffic, queues</i>	<i>Negative</i>

Source: Lee et al., 2008 adapted with new material italicized.

Appendix IV- Selected family businesses

Family Business	Sub-sector of Services in Tourism and hospitality	Gender of interviewee	Generation
Anonymous 1	Accommodation industry	Female	2 nd generation
Anonymous 2	Travel agency industry	Female	2 nd generation
Anonymous 3	Bar; restaurant industry	Male	1 st generation
Anonymous 4	Restaurant industry	Male	1 st generation
Anonymous 5	Accommodation industry	Male	2 nd generation
Anonymous 6	Bullfight show industry	Female	4 th generation
Anonymous 7	Wine museum/ Wine industry	Female	2 nd generation
Anonymous 8	Accommodation industry; Rent a Car industry	Male	3 rd generation
Anonymous 9	Souvenirs/ Gift shop industry	Male	1 st generation

Appendix V- Example of the translated consent form



**Praia da Vitória,
__ th January, 2011**

Subject: Request for collaboration in the preparation of the Service Management master's thesis- Impacts of tourism seasonality in family businesses: The Case of Terceira Island, Azores

Dear Mr(s).. / Dr. _____

My name is Gustavo Neves Lima, I am a student of the Faculty of Economics and Management of Catholic University of Portugal - Porto and I am currently doing my master thesis. In this project I intend to collect information to better understand and describe:

- 1 - The strategies used by family businesses in tourism in order to try to overcome or reduce at least in part, the large fluctuations in demand (tourism seasonality)
- 2 - How could the government or other stakeholders involved with family businesses be able to help alleviating tourism seasonality.

Being sure that your availability is limited I would be extremely grateful to be able to count with your cooperation for an interview. I will send you the questions attached so you can evaluate them in advance. This collaboration would greatly enrich the work that I am conducting.

The data for my research will be qualitative in nature in the form of interviews (transcripts of recorded interviews).

There are no other risks associated with this project, and your name will not be associated with any research discovery. Your identity will only be known by me.

All products resulting from this work will then be sent to your account.

I thank you for your attention,

Gustavo Neves Lima

Appendix VI- Standardized open-ended interview guide

Project: The impacts of tourism seasonality in family businesses: The case of Terceira Island- Azores

Questions

About the business

- 1- Is your business family owned?
(Do you consider it a family business?)
- 2- What are the main characteristics of your business? (In terms of market, operations, strategy, family relationships/roles on the job; oscillations of demand, others)

About seasonality in the business

- 3- How do you face seasonality in your business? (As a problem? As something positive?)
- 4- How do you respond to the challenges of seasonality?
(Do you respond to it? Give all the examples that you remember. What other responses would you like to give? Why don't you do it?)

About facilitation by the State and other stakeholders

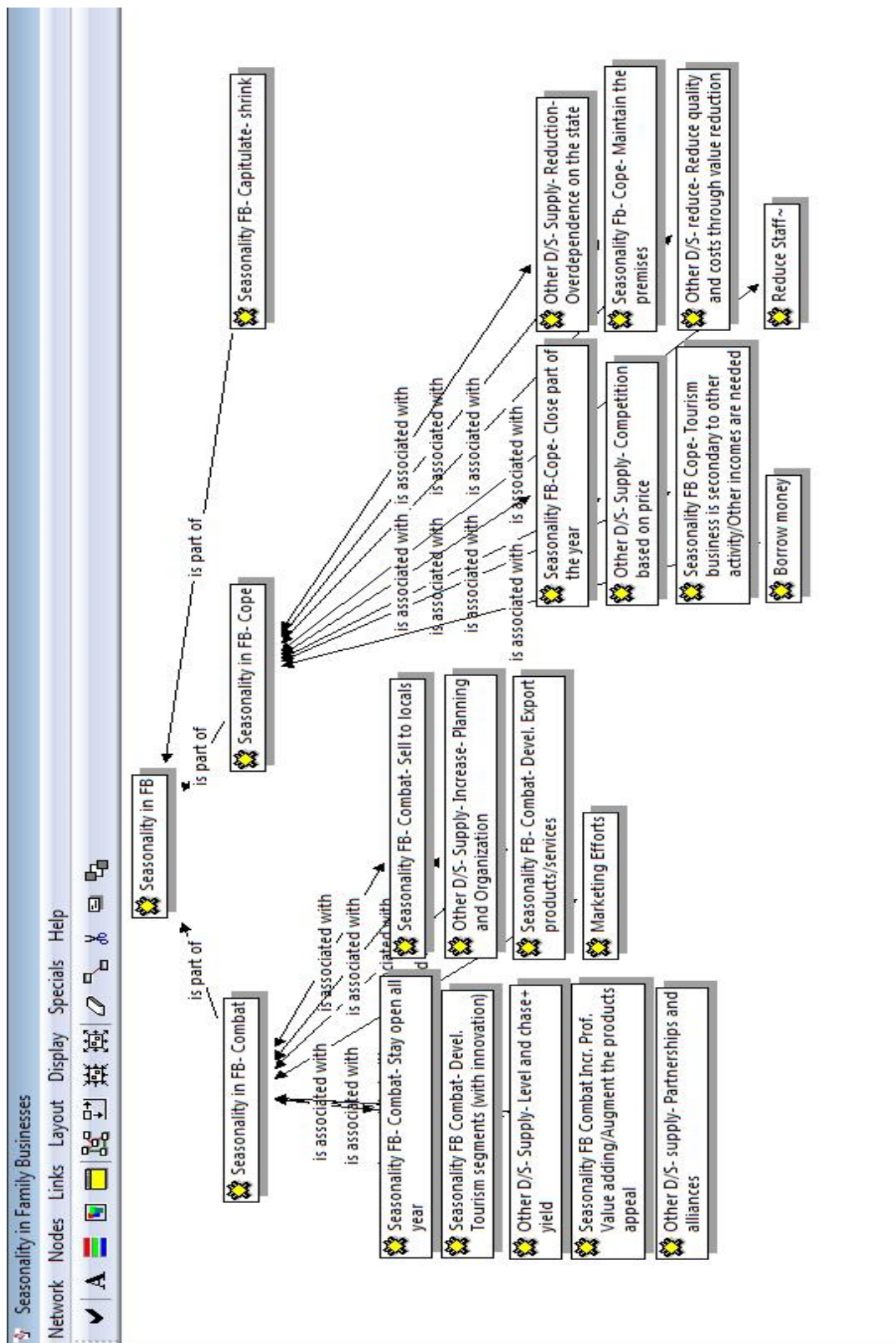
- 5- How do you assess the impacts of the anti-seasonal program adopted by the chamber of commerce (with government support) this season? What other measures would like to see facilitated by the state? And between other groups (eg business associations, collaboration between companies- intra and inter sectors.)?

Interview made: ____/____/____ at _____

Appendix VII- Initial hierarchical coding frame

(1) Content	(2) Context
<p>(11) Causes of seasonality (111) Natural (112) Institutional and Social</p> <p>(12) Implications of seasonality (121) Supply (1211) Employment (1212) Facilities, financial /costs (1213) Environmental, protection and safety</p> <p>(134) Seasonality in Family Businesses (131) Cope (1311) Close part of the year (1312) Maintain the premises (1313) Reduce or dismiss staff (1314) Seek other income (1315) Tourism business is secondary to other activity (1316) Borrow money or go on the dole (132) Combat (1321) Stay open all year (1322) Develop the tourism segments (1323) Cater to residents (1324) Augment the product's appeal (1325) Increase profitability through value adding (1326) Develop export products (133) Capitulate (1331) Shrink, sell, or terminate the business</p> <p>(14) Main Destination forms to counter seasonality (141) Events and Festivals (142) Market diversification (143) Product Diversification (144) Structural and environment response</p> <p>(15) Other Supply and Demand Matching Strategies (151) Supply (1521) Increase (1522) Reduce (1523) Redistribute</p>	<p>(21) Individual (22) Organization (23) Market</p>

Appendix VIII- Final hierarchical theoretical framework



Appendix IX -Some facts and figures of Terceira Island

Some Facts

- **Around 58 000 inhabitants-57.812 (INE, 2011).**
- **Infrastructures to support maritime-tourist activities – Sea port of Praia da Vitória; maritime gare for the passagers reception- Angra do Heroísmo; 2 main marinas- Angra do Heroísmo and Praia da Vitória; Clube Naval de Angra do Heroísmo; Clube Naval da Praia da Vitória (ART, 2007).**
- **One international airport- Lajes-Praia da Vitória with an American Air Force Base.**
- **The island's economy relies mainly on agriculture and livestock (dairy cattle), associated industries for the processing of dairy products and services (private and public).**
- **35 Tourism Establishments: 15 Traditional Hospitality; 12 Rural Tourism; 1 Holiday Camps / Youth Hostel ; 2 Campsites; 3 Guest Houses; 2 Private Accommodation (SREA , 2010).**
- **47 Restaurants; 9 travel agencies; 8 Rent-a-car; 2 tourism offices; 2 tourism information kiosks (ART, 2007).**
- **Other touristic organizations: 5 Boat rides; 6 recreational fishing; 4 whale watching; 4 diving; 1 sail; 2 canoeing, water skiing and floats; 1 trails (ART, 2007).**
- **20 main infrastructures to aid Meeting Industry (ART, 2007)**
- **Maximum day bed capacity: 1518 (SREA, 2010).**
- **Around 17% of overnight stays are at the homes of friend or family (SREA, 2006b).**
- **Almost 100% of visitors arrive by airplane (around 2h from Lisbon; time between islands vary); Boat connections only from June to October; Some irregular charters; International flights from Toronto Boston and San Francisco-June to September.**

Appendix X- Main attractions and services in Terceira Island

Main attractions

- **Central zone of Angra do Heroísmo- UNESCO world heritage city center.**
- **Cultural and monument heritage: 114 churches and chapels; 2 convents and monasteries; 6 Palaces; 6 Forts and Castles; 4 Historic typical houses (ART, 2007).**
- **Geo-tourism heritage: Algar do Carvão; Furnas do Enxofre; Gruta dos balcões, Agulhas e Natal; Monte Brasil- Submarine volcano; Trachytic domes (ART, 2007).**
- **Protected Areas: Ponta das Contendas; Ilhéu das Cabras; Costa das Quatro Ribeiras; Serra de Santa Bárbara and Pico Alto; Algar do Carvão; Furnas do Enxofre (ART, 2007).**
- **Permanently hosting festivities:**
 - **Main Festivals: Sanjoaninas (June); Festas da Praia (August).**
 - **Secondary Festivals: Angra jazz (October); Angra Rock (September); Festival Internacional do Ramo Grande (October).**
 - **Carnival- “bailinhos de Carnaval”- popular theatre (February).**
 - **Holy Spirit festivities (May to September).**
 - **Other festivities: of each civil parish and “touradas à corda”- “rope bullfights”- (May to October).**
 - **Five classified walking trails (www.trails-azores.com).**
 - **Forests:**
 - **Natural: Biscoito da Ferraria, Serra de Santa Bárbara (ART, 2007);**
 - **Recreational: Viveiro da Falca; Monte Brasil; Serreta; Lagoa das Patas; Mata da Esperança; Mata das Veredas (ART, 2007).**
- **High landscape value: Serra do Cume; Serra de Santa Bárbara,**

Serra do Facho; Monte Brasil; Biscoitos; “Laurissilva” vegetation between Serra do Cume and Pico Alto (ART, 2007).

- **Fine spots for fishing and underwater spear fishing and water sports.**
- **Tidal/natural pools: Salgueiros, Silveira, Negrito, Vila Nova; Quatro Ribeiras, Doze ribeiras; Biscoitos and Porto Martins.**
- **1 golf course (18 holes).**

Appendix XI- Total of overnights in Terceira Island between 2004 and 2010

	2004	2005	2006	2007	2008	2009	2010
Jan	5872	6468	6419	7158	6336	6276	5009
Feb	7631	7612	5267	7213	6396	7691	6209
Mar	10.432	11.283	8651	10.578	10.645	8836	8240
Apr	13.146	12.754	12.283	13.869	11.835	11.678	11.858
May	11.880	12.426	12.533	15.074	16.481	14.067	13.233
Jun	15.128	19.246	16.873	20.281	19.932	18.764	18.208
Jul	20.014	20.415	20.372	24.411	23.254	21.396	19.140
Aug	29.090	27.419	28.245	29.515	32.373	29.133	25.827
Sep	16.878	16.395	17.395	17.854	18.903	15.300	15.950
Oct	11.548	10.916	14.529	14.473	12.018	10.207	-
Nov	9075	7017	8394	9400	7618	9216	-
Dec	5928	3866	5133	5370	3538	4794	-
Total	156.622	155.817	156.094	175.196	169.329	157.358	*****

Source: Processed from data published by SREA, 2004, 2005, 2006a, 2007, 2008, 2009, 2010