DEVELOPING A DIGITAL NOMADS DESTINATION FROM THE GROUND UP

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RESUMO

À medida que as novas tecnologias permitem mobilidade ao cidadão, aumenta o número de pessoas que abandonam o estilo de vida sedentário para se tornarem nómadas digitais. Estes trabalham de forma remota, enquanto simultaneamente viajam e são turistas. Compreendendo o valor acrescentado com a estadia de nómadas digitais, tem sido crescente o papel de governantes e de empresários no desenhando ofertas especificamente adequadas a este target.

Esta tese, na forma de caso de estudo, analisa as potencialidades de desenvolvimento do destino "ilha da Madeira" no âmbito da procura pelo turismo nómada digital. Em 2021, por iniciativa do governo local, a ilha da Madeira iniciou a oferta dirigida ao público-alvo dos nómadas digitais de todo o mundo. A metodologia de investigação baseou-se nas informações secundárias da indústria e da empresa e em entrevistas em profundidade, cuja análise qualitativa permitiu desenhar um modelo de estratégia de desenvolvimento que poderá ser futuramente adaptado em outros destinos.

Para outros destinos que pretendam focar-se nos nómadas digitais, o modelo conceptual deste estudo evidencia a importância do planeamento cuidado, de identificação das necessidades do público-alvo, do desenvolvimento de comunidades que trabalhem em cooperação com digitais nómadas, empreendedores na construção de infraestruturas e de criação de valor para ambos os habitantes (os locais e os digitais nómadas). O estudo ainda salienta a importância na sustentabilidade específica de cada destino no planeamento de turismo do nómada digital, sendo esse o exemplo analisado nesta tese: uma zona remota da ilha da Madeira onde a preservação sustentável é crucial.

Palavras-chave: nómadas digitais, desenvolvimento turístico, turismo nómada digital, trabalho remoto, destinos, estilo de vida móvel.

Códigos de classificação JEL: M31, Z32.

ABSTRACT

The society we live in is becoming more mobile. New technologies enable people to work remotely from anywhere. More people abandon their settled lifestyles to become digital nomads. Digital nomads work remotely and travel the world simultaneously. Destinations could benefit from their arrivals. Destinations and market players are trying to attract digital nomads by designing special offers and new visa policies.

This thesis is looking into digital nomads tourism and potential ways for its development. The specific focus of the thesis is to find a way to develop digital nomads tourism in a destination where it did not exist on a large scale before.

The case study is based on the example of the Madeira islands where in 2021 by initiative of the local government the destination started targeting digital nomads from around the world. With the help of this example and conducting a qualitative research some interesting findings emerged. These findings have helped to build a strategy development model that could be later adopted and implemented by other destinations.

More destinations could become digital nomads destinations through careful planning, understanding the target audience, creating communities and hiring community leaders, working alongside with experienced entrepreneurs and digital nomads, building infrastructures and communicating the value of digital nomads tourism to the locals. It is also important to consider sustainability while planning a digital nomads tourism development in a destination with the specifics to each destination individually. The present case study is using the example of a small remote island where sustainability is crucial.

Keywords: digital nomads, tourism development, digital nomads tourism, remote workers, destinations, lifestyle mobility.

JEL Classification Codes: M31, Z32.

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Chapter 1. INTRODUCTION

There is a popular saying of an unknown author on the internet 'Home Is Where the Wifi Connects Automatically'. It is especially true for digital nomads. Digital nomads travel the world and make temporary home away from home.

Digital nomadism is a rapidly and continuously growing trend. It has a strong impact on the way people travel in the modern world. The number of digital nomads is growing every day (MBO Partners, 2020). The Covid-19 pandemic has speeded the popularization of this lifestyle since more people have realized, that they could work with their laptops from anywhere.

Despite the growing number of digital nomad trips, the trend has not received much attention in academic research. Makimoto and Manners (1997) were the first ones to talk about digital nomads. Since then, few scholars have studied digital nomadism and even fewer have reviewed it from tourism development perspective. Among them the most relevant examples are Hannonen (2020), Thompson (2018, 2019), Reichenberger (2018), Hall et al. (2019) and Wiranatha et al. (2020).

Digital nomads stay in the destinations they choose for a longer period of time comparing to other tourists, but not long enough to become residents or to be considered expatriates. They also do not consider themselves 'typical tourists', digital nomads tend to interact more with the locals and avoid major touristic spots. Since digital nomads differ from regular tourists, we need to carry our more research to better understand this new lifestyle that people from all over the world choose. The knowledge received from a research like this could help destinations to benefit from digital nomads tourism. Digital nomadism is a form of slow travelling since digital nomads usually stay in a destination longer than conventional tourists. Slow tourism is a more sustainable way to travel (Med Pearls, 2020). Moreover, this way of travelling could give the travelers more opportunities to really discover a place they visit. The concept of slow tourism is switching from focusing on quantity and volume of experiences towards the quality of the experiences, even if it leads to a decrease in the number of experiences (Med Pearls, 2020).

Digital nomads often travel to places where there is an established community of like-minded people. They form transient multilingual communities around the globe. This way of discovering places could help people from all over the world to exchange their ideas and cultures, reduce stereotypes and gain respect for people from other countries.

In 2021 we have witnessed a unique example of a single destination rapidly developing digital nomads tourism. Madeira was the first place in the world to establish a project named 'Digital Nomad Village', it is an initiative aiming to attract digital nomads from all over the

world to come to Madeira (Startup Madeira, 2020). Before this change Portuguese islands Madeira and Porto Santo used to be outside the common digital nomads' routes. In a very short period of time Madeira became one of the most preferred destinations among digital nomads (Nomad List, 2021). A four-month-long project came out such a big success that at the end of its trial period the project was prolonged by the government for another three years.

Digital nomads tourism in Madeira emerged rapidly. From the moment the 'Digital Nomads Village' was started in February 2021 and to May 2021 over 1000 digital nomads have visited the Madeira islands. On top of that the project has received over 2000 applications from digital nomads who could not travel due to Covid-19 restrictions.

This example has raised many questions. What were the reasons behind this success? Why did Madeira become so popular among digital nomads so quickly? Is it possible to repeat it in other destinations? And, most importantly, how to develop digital nomads tourism in a destination?

Research in this field would provide the latest information about the needs and the preferences of digital nomads and hence help the governments and businesses to develop new specific strategies for this market. One of the goals of this Master thesis is to provide up to date information on digital nomads tourism and on the example of 'Digital Nomads Village' in the Madeira study the development of this form of tourism.

The pedagogical objective of this case study is for students to better understand this new fast-growing form of tourism and its audience, learn from the example of Madeira, hypothesize implementation of this model in other destinations, and be aware of sustainable opportunities for digital nomads tourism. The case study will help students to learn about the history of digital nomads tourism, and the potential ways of developing this form of tourism. With this case study students will be able to understand the needs of digital nomads and therefore design propositions for this growing market and help destinations to attract digital nomads.

Madeira is a unique example of such a fast development of a digital nomads destination. Moreover, digital nomads tourism in Madeira has not been studied before. This case study is most likely the first thesis based on digital nomads tourism in the Madeira Islands and one of the first researches analyzing this subject. The project in Madeira has been evolving simultaneously with the research being conducted. The researcher experienced first hand the evolution of digital nomads tourism in Madeira. The academic novelty of this case study attaches considerable importance to the research.

The present thesis consists of an introduction to the topic, the case study which presents the case study problem and the research questions, discusses contextualization of the topic, gathers

relevant information on digital nomadism, overviews current digital nomads tourism state worldwide, discovers the insights of Covid-19 pandemic influence on remote work and digital nomads tourism. The thesis also presents and explains the methodology used by the researcher. Furthermore, the thesis presents the Pedagogical Note which describes the target audience and the pedagogical objectives of the case study.

The Pedagogical Note also includes the Literature Review. The literature review of the thesis introduces a quick overview of the history of digital nomadism, defines and describes digital nomads, examines relevant academic papers on this subject, distinguishes the difference between tourists and digital nomads, looks into the impact of digital nomads tourism on destinations.

The practical part of the case study is based on primary source data from Madeira including observations and interviews, as well as data found in Madeira's digital nomads online community. The practical part also discusses benefits of digital nomads tourism on a destination, evaluates financial benefits of it and presents a digital nomads tourism strategy development model, which proposes the answers to the research questions.

CHAPTER 2. CASE STUDY

2.1 Presentation of the Case Study Problem

The term 'digital nomad' has been gaining popularity over the past decade. More people from around the world become interested in traveling the world while keeping their sources of income. With development of modern technologies this has become possible, nowadays, more than ever.

Digital nomads conduct many trips every year. They use services of different parts of tourism industry like transportation, accommodations, attractions and more. However, they differ from leisure or and business tourists.

Destinations could benefit from developing digital nomads tourism. That leaves us with the main research question – How to develop Digital Nomads Tourism in a destination where it did not exist on a large scale before?

In 2021 one destination has managed to find an answer to that question. Madeira islands have boosted digital nomads tourism over a short period of time. The case study looks into the process of developing digital nomads tourism in Madeira. Answering the main research question would help more destinations from around the world benefit from digital nomads tourism.

The more specific questions to be answered in this case study are:

- How can digital nomads tourism be developed in a destination from scratch?

-Who are digital nomads?

-What motivates people to become digital nomads?

-What are digital nomads' main characteristics, needs and consumption habits?

-How to promote a destination to digital nomads?

-How could a destination benefit from digital nomads tourism?

-Is digital nomads tourism a sustainable form of tourism?

2.2 Case Study Contextualization. Digital Nomadism – a Growing Trend that is Here to Stay

According to Google Trends the search of 'remote jobs' peaked in 2020, the number almost doubled comparing to 2018 and increased three times comparing to 2016 (Google Trends, consulted on April 20, 2021). This illustrates the growing interest people have in remote work nowadays. The search for topic 'Digital Nomad' has been growing and it is now higher than it has ever been before (Google Trends, April 20, 2021).

The trend has been continually growing over the past decade. In March 2020, when the Covid-19 pandemic hit the world, even more people became interested in digital nomadism. According to WYSE Travel Confederation's study in 2017 0,6% of young travelers described themselves as digital nomads. This percentage seems small, however, in 2017 it accounted for 1.8 million international trips, which are done only among young travelers (WYSE, 2018). The digital nomad community is growing and becomes more diverse in age and type of jobs they do, therefore, nowadays the research should be carried out taking into consideration people of different age and occupations. Pieter Levels (a digital nomad, the founder of Nomad List and Remote OK) has calculated that by 2035 the number of digital nomads in the world will reach 1 billion people (Levels, 2015).

It is hard to know the exact number of digital nomads in the world. MBO Partners' 2020 State of Independence research study found that the number of self-described digital nomads in the US has reached 10.9 million in 2020 (MBO Partners, 2020). It grew 49% comparing to 7.3 million in 2019. MBO Partners name the Covid-19 pandemic as one of the main reasons of this sharp rise. Before the pandemic approximately 7% of workers in the US worked remotely, after the virus spread, more people were forced to switch to teleworking and by June 2020 42% of workers in the US were working from home full-time (Bloom, 2020).

In 2019 in the EU-27 only 5.4% of employed people usually worked from home and 9% worked from home for some part of their working hours (Milasi et al. 2020). In July 2020 48% of workers in the EU worked from home at least for some of the time (Eurofound, 2020). Even though this data is from the research conducted in the US and EU, it is possible to assume that the situation in the developed urban world was similar. The statistic numbers could vary from country to country; however, the fact is – a significant number of people around the world switched to working from home (WFH) as a response to the pandemic.

The prevalence of telework differed strongly across different sectors and occupations, for example in 2018 in the EU-27 around 40% of workers employed in the IT sector were already working from home full-time or part-time (European Union, 2020). However, McKinsey Global Institute (2020) named finance, management, professional services and information sectors to have the highest potential for remote work, which means, that the number of people who could become digital nomads is higher than it seems.

Interestingly, companies nowadays are in no rush to bring employees back to the office. It means that even after the pandemic is gone, some people will continue working remotely Choudhury (2020). For example, Spotify (2021) has introduced new 'Work from Anywhere' program for their employees. The company gives their employees freedom of choice to work

from home, from the office, or combine both. Moreover, the company also offers flexibility when choosing a location to work from. Spotify has around 5000 employees and it is just one example of a company that gives this flexibility to their workers.

In the near future people who have the opportunity to work remotely will choose to work from home, however, another part will work from anywhere (WFA). Choudhury (2020) from Harvard Business School says that WFA captivated millennials since it would allow them to become digital nomads and travel the world while being employed. All the people who switched to telework would be potentially able to become digital nomads. Therefore, the number of digital nomads will keep growing and the market will need to respond to this trend and adapt to the needs of digital nomads.

2.3 Governments' Response to Digital Nomadism Growing Trend

Last year the COVID-19 pandemic has threatened countries' tourism industries, Hermann and Paris (2020) said that 'most destination countries face a long road to recover to pre-pandemic arrival numbers'. Many countries are now realizing the benefits of digital nomad tourism. Several countries, including Croatia, Estonia, Georgia, Barbados, Bermuda amongst others started introducing new digital nomads visas, residence permits and policies in order to attract teleworkers to their destinations.

Governments and tourism developers are trying to attract digital nomads to their destinations. On average, digital nomads are economically stable, however with the specific visa requirements destinations could ensure that incoming digital nomads can provide a more secure and stable revenue stream. Inviting digital nomads to reside in a destination without being employed in a local company strengthens country's economic activity without displacing local population in the workforce.

Estonia was one of the first countries to launch a digital nomad visa. On August 1, 2020, Estonia has opened the visa application process. Estonia's Prime Minister Mart Helme said that this visa "*strengthens Estonia's image as an e-state and thus enables Estonia to have a more effective say on an international scale. It also contributes to the export of Estonian e-solutions, which is especially important in recovering from the current economic crisis*' (Schengen Visa Info, 2020). Helme did not mention tourism industry directly, Estonia sees digital nomadism as a long-term contributor to the economy on many levels, not just as a countereffect to decrease in tourism due to Covid-19.

In June 2020 the government of Barbados announced the '12-month Barbados Welcome Stamp', a special visa for digital nomads. The Prime Minister of Barbados, Mia Amor Mottley said: 'Although the Covid-19 pandemic has been a tremendous challenge to people around the world, we believe it has also opened up opportunities' (Barbados Welcome Stamp, 2021). Countries like Barbados strongly depend on tourism. In 2019 total contribution of travel and tourism to Barbados' GDP accounted for 30,9% (Statista, 2020). Even though leisure tourism has experienced a drastic decrease, digital nomad tourism is rising and gaining popularity. This visa allows people to work remotely from Barbados for one year for companies or individuals that are not registered in Barbados. The fee for an individual nomad for this visa is 2000 US dollars and 3000 US dollars for a family (Barbados Welcome Stamp, 2021). By the beginning of September 2020 Barbados 1000 people have applied for Barbados Welcome Stamp (Travel Media, 2020). By the end of September 2020 Barbados minister of tourism senator Lisa Cummins stated that Barbados revenues from visa payments has reached 1 million US dollars and that number is climbing (The Voice, 2020).

Soon after Barbados implemented a new visa policy, Bermuda also invited digital nomads to their islands. Bermuda has started residential certificate program 'Work from Bermuda' in August 2020. The program allows people to work and study remotely from Bermuda. The application costs 263 US dollars. The government promotes Bermuda as a safe destination, since Bermuda has been handling the Pandemic well due to the most stringent COVID-19 testing regime (Government of Bermuda, 2021). Bermuda's government views attracting digital nomads as a part of the technology-focused economic diversification strategy. Moreover, they believe, that attracting remote students to Bermuda would help build the international student community and 'enhance Bermuda's digital perception by travelers worldwide' (Government of Bermuda, 2021). By December 2020 Bermuda has received 587 applications for their certificate program, 508 of them have been approved (BerNews, 2020).

Many destinations heavily depend on leisure tourism, Barbados and Bermuda are only two examples out of thousands. However, the Covid-19 pandemic reduced not just leisure, but all forms of tourism. Some countries have stayed open for international tourists even during the pandemic (for example: Maldives, Egypt and Dominican Republic). Dubai was also one of the destinations that re-opened for leisure tourists during the pandemic, in July 2020, however, the number of tourists visiting Dubai was lower than the previous years (Aburumman, 2020).

Before the pandemic, in 2019, the total contribution of the tourism sector to the United Arab Emirates' (UAE) GDP equalled 11.5%. The UAE was one of the leaders in MICE industry (Meetings, Incentives, Conferences and Exhibitions) before the pandemic (Aburumman, 2020).

In 2019 over 2.3 million tourists named 'business' as the purpose of their visit to the UAE, that year the business tourism events accounted for 3.3% of country's GDP. In 2020 the MICE industry has witnessed a sharp reduction in demand. Unfortunately, it is hard to predict when MICE industry will recover from the breakdown.

In 2020 Dubai has launched 'virtual working programme'. The programme enables eligible foreigners to live and work remotely from Dubai for up to one year. The main requirements are proof of employment with an oversees company or proof of ownership a business for at least a year and a health insurance with UAE coverage. The total cost is 611 US dollars including application fees, processing costs, medical and Emirates ID. UAE has seen a dramatic decrease in business travel, offering special visas for remote workers is a potential way to help recovering from the lost in MICE industry and business tourism (Aburumman, 2020).

2.3.1 Portugal Visa Requirements

European Union and Schengen Area citizens do not need a visa to enter Portugal. Citizens of other countries with the intention to stay in Portugal need to apply for a visa. Portugal does not offer special, so called, digital nomad visas like Estonia or Barbados. Nevertheless, Portugal offers different options for those who want to stay in the country. The most common are Temporary Stay Visa and Residency Visa (D2 or D7).

Temporary stay visa is recommended for those who want to stay in Portugal for up to one year, it does not oblige applicants to commit to being a resident of Portugal and allows multiple entries to the Schengen Area.

Residency visas are recommended for people who want to stay in Portugal for more than one year. The D2 Visa is the Portugal Migrant Entrepreneur Visa. Digital nomads choose to apply for this visa if they want Portugal to be their base country and carry out business in the country. However, it is not necessarily to be an entrepreneur to apply for this visa since the D2 Visa is also the Independent Worker Visa, the applicants just need a proof of their services.

The Portugal D7 Visa is the Portugal Passive Income Visa. The visa was supposed to target retirees; however, it also serves digital nomads who do not intend to set up their business in Portugal (Global Citizen Solutions, 2021).

Apart from the D2 and D7 visas, in 2009 Portugal has also implemented NHR (non-habitual resident) tax regime offering lucrative tax breaks for foreign residents. The scheme aims to attract 'investors and professionals of high cultural and economic worth' (Global Citizen Solutions, 2021). This helps to increase Portugal's international competitiveness and over the past decade the regime has proved to be greatly successful.

Overall, Portugal has been welcoming visa policies and makes it easy for digital nomads to live and work from there. It is one of the main reasons digital nomads travel to Portugal and some even choose it as their 'base' country.

2.4 How Market Players Respond and Adapt to the Needs of Digital Nomads

Given the rising numbers of digital nomads over the last decade all market players started responding to this trend. Different companies across the globe have created and launched new products and services to cater to the needs of digital nomads.

Selina (2021) is a hospitality network focused on remote workers with cohabiting spaces in over 80 destinations across the world. Selina started in 2014 and nowadays is rapidly growing in the Americas and in Europe. They offer different types of accommodation, it is an interesting blend, since one Selina hotel could have shared rooms and luxurious suits, comfortable apartments and glamping camps. Selina provides not only accommodation, but coworking spaces, activities during the stay, in some destinations surfing classes and more. Selina's concept is to unite digital nomads in a place where they can live, work, communicate with the locals, spending time on their hobbies and discover local nature and culture. Their focus is the experience people have staying in Selina and communicating with other nomads. Sophie Freedman (Forbes, 2018) named Selina 'The digital nomad hotel of the future'. Selina's rapid growth and popularity demonstrate an empty niche in the market. (Selina, 2021).

Remote Year (2021) is a company that organizes community-based travel experiences for working professionals. They offer 4 different types of travel programs: Retreats (one week long), Work and Travel (one, four or twelve months long), Learn and Travel (also one, four or twelve months long), and Business Programs for Companies. Remote Year enables people to work and travel at the same time by providing them with accommodations and working space; taking care of the logistics and offering curated experiences and programming. The startup was founded in 2015 and over 3000 people have participated in programs organized by Remote Year. This illustrates professionals' interest in working remotely and travelling the world at the same time (Remote Year, 2021).

Nomad List (2021) is a website that uses crowdsourced information to rank destination for digital nomads. It was created by a digital nomad Pieter Levels. The users of the platform rate destination by factors like cost of living, internet speed, climate and many other factors, that are important to remote workers. The platform covers over 1500 cities in more than 150 countries. Moreover, the platform allows users to reach out to their fellow digital nomads. Anyone can use the website for free, without paying a subscription, however, there are over

17000 nomads who have subscribed to Nomad List's community (approximately 60 US dollars annual fee). Audience's interest in the platform illustrates that people are ready to share their insights on destinations to help digital nomads' community. Also, digital nomads are willing to pay to have access to useful information for digital nomads and to be able to get in touch with each other (Nomad List, 2021; Forbes, 2016).

Selina, Nomad List and Remote Year are only three examples that provide services to digital nomads. There are more companies that specialize on digital nomads (i.e. Unsettled, Casa Losodeli, The Nomad Escape and more). They organize and offer conferences, meetings, retreats, classes and even cruises for digital nomads.

Some companies combine different products or services, for example Nomad Cruise organized conferences on a cruise ship for digital nomads and those who aspire this lifestyle. A travelling conference where digital nomads make connections and learn from each other. Nomad cruise has organized over 260 events for over 1260 digital nomads before the pandemic paralyzed their operations (Nomad Cruise, 2021).

Insurance companies like Safety Wing, World Nomads and Medical for Nomads offer special insurance packages for digital nomads (Market Watch, 2020). Insurance packages designed for digital nomads could include covering tech devices in case they are stolen or damaged. The Safety Wing Insurance can be purchased from abroad, nomads can choose an automatic monthly payment subscription, so they do not have to worry about insurance every time they travel. A good medical insurance has become even more important during Covid-19 pandemic. Even though insurance packages aimed at digital nomads already exist, the number of companies offering these packages is still limited and some nomads have to compromise on their needs while looking for suitable insurance.

Growing number of coworking spaces around the world is another example of popularization of digital nomadism. Mobile workers who need a more structured working environment use coworking spaces as an alternative to offices or coffee shops (Liegl, 2014). However, coworking spaces are more than simple a space alternative. Coworking spaces bring value to digital nomads since they provide them with an opportunity of socializing and networking, moreover Putra and Agirachman (2016) argue that coworking spaces high potential of attracting digital nomads. According to Schlagwein (2018a) coworking spaces around the globe have been increasingly emerging since 2014. Over the past couple of years coworking space as a percentage of total office doubled from 1.1% in 2017 to 2.1% as of beginning of 2020 (Allwork.Space, 2021).

For aspiring digital nomads there are numerous blogs, courses, lectures, books and classes on how to become a digital nomad, both offline and online. Moreover, these learning materials exist in different countries and different languages. For example, Roberta Elizondo Ibarra from Mexico is selling an e-book and a masterclass in Spanish called 'Haz del Mundo tu Oficina' (Make the World Your Office) where she provides different tips on how to become a digital nomad (Roberta con Maleta, 2021).

Seeing how many companies from all over the world are adapting to meet the needs of digital nomads and those who aspire to this lifestyle it is possible to conclude, that Digital Nomadism has become mainstream and currently market players are not ready to capture the demands that this growing community has.

2.5. Madeira – Pearl of the Atlantic and a Perfect Place for Digital Nomads

Madeira is an archipelago in the North Atlantic Ocean, situated less than 400 kilometers north from the Canary Islands. Madeira is one out of two autonomous regions of Portugal. There are two inhabited islands of Madeira archipelago: the biggest one is the main island also called Madeira (area 740 km²) and a smaller island named Porto Santo (42.5 km²), both of them can be accessed via airports (Visit Madeira, 2021).

Madeira is an attractive tourism destination due to its mild Subtropical-Mediterranean climate, beautiful nature, culture and variety of touristic activities (Visit Madeira, 2021; National Geographic, 2020). Tourism makes up about 10% of Madeira's GDP (Civitas, 2020). Tourism is one of the dominant employment sectors in the island. Giving the importance of tourism industry on the islands it is easy to understand the impact of Covid-19 pandemic on the local economy. In February 2021 the Regional Directorate of Statistics of Madeira (DREM) reported a 90.3% decline compared to same month previous year in overnight stays.

Understanding the trends toward remote work and digital nomadism the Regional Government of Madeira has developed a project called 'Madeira Digital Nomads' through Startup Madeira, a part of the European Business and Innovation Centre Network (EBN) (Startup Madeira, 2020). The goal of the project was to attract digital nomads from across the globe to come to work from Madeira. Apart from beautiful nature and access to the sea, Madeira offers digital nomads other important aspects to live and work in the island – safety and fast speed Internet (StartUp Madeira, 2020). The estimated average cost of living in Madeira for a digital nomad according to Nomad List (2021) is 2157 US dollars per month, which means digital nomads significantly contribute to the local economy.

2.5.1 The First Digital Nomads Village Project

Ponta do Sol village in Madeira is located 25 kilometers away from the island's capital Funchal. Its population is under 9000 people. Ponta do Sol was chosen as a pilot space to try out the new idea and became the first 'Digital Nomads Village' in the world. The project attracted attention of media from different countries including CNN, Forbes, The Washington Post, CNBC, Lonely Planet and many other. The project has been developed by the team of Startup Madeira and by its consultant Gonçalo Hall, who is also a digital nomad.

The timeline of the project is from February 1, 2021 until June 30 the same year. The registrations for the Digital Nomads Madeira Islands have opened online in December 2020. Digital Nomads Village offered participants free coworking space with necessary equipment and high-speed Internet located in John do Passos Cultural Centre in the center of the village. On top of that digital nomads were offered access to a Slack community (messaging program) and a variety of events and activities organized for them (Lonely Planet, 2021; Startup Madeira, 2021). Just one month into the project, by the end of February 2021 Digital Nomads Village had received over 4,800 registrations from more than 90 countries and at least 250 digital nomads were already working from the island (CNBC, 2021).

According to the data provided by Startup Madeira and Gonçalo Hall by May 2021 the project has received over 6700 applications from nomads from over 95 countries. Among them the most applications are from: The United States of America (1200+), Brazil (600+), The United Kingdom (500+), Germany (390+), Poland (296+).

The digital nomads are diverse not only in countries of origins, but also in their age. The age group of digital nomads who have applied is from 18 to 83 years old, the largest part of the group is the 30-40 years old (over 2000 applications). Among digital nomads in Madeira there are representatives of different professions. Among them the most common are Software Engineer, CEO, Software Developer, Project Manager, Founder and Consultant. Nevertheless, there are also nomads of different professions, for example lawyers, graphic designers, screen play writers etc.

Digital nomads stay in Madeira longer than leisure tourists. The average durations of stay mentioned by the nomads in their applications is 3 months. 59% of the applicants said they intent to be located in the municipality of Funchal. Other 41% mostly plan to be located in Ponta do Sol and Calheta (a village next to Ponta do Sol).

By the end of May 2021, the project has counted 1400 digital nomads who visited Madeira. During the first month after the project has started (February 2021) approximately 400 digital

nomads arrived to Madeira. March and April were the months with the largest numbers of nomads being present in Madeira – over 1000 people.

35.000 euro was invested in the project upfront. According to Startup Madeira the Digital Nomads Village Project has significantly contributed to the local economy. Monthly contribution is in between 1 and 1.5 million euro, thus includes payments for local accommodation, restaurants, car rentals, groceries and more.

Before the 'Digital Nomads Village' project Madeira was less common destination among digital nomads. In Nomad List rating Madeira was approximately number 70. By mid-April 2021 Madeira was already in the top 10 destinations on the same rating. On April 23 Madeira made it up to number four in the list (Nomad List, 2021). The Nomad List's rating is a crowdsourced rating system that updates daily with every new review from users in the platform, therefore, the positions in the rating change rapidly. However, Madeira's success as a digital nomad destination is undeniable. The surge from 70th to the top 10 in less than three months is a unique example of how a destination can gain popularity with government's support and proper management.
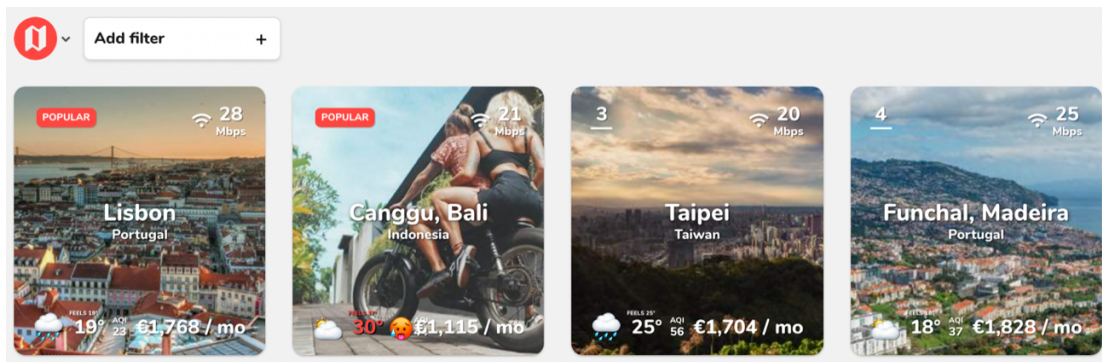
Figure 1 Nomad List Rating from 23.04.2021(Source: NomadList.com)

Before the Digital Nomads Village project started Madeira did not receive much attention from digital nomads. There used to be less spaces to work from and there were no established community, dedicated events or special offers for accommodation. The Digital Nomads Village project has accelerated the perception of Madeira as a destination for digital nomads among travelers from around the globe. The project was covered by media from different countries. The initiative gave rise to changes in the island and has helped tourism industry in Madeira. Madeira's Regional Secretary of Economy Rui Barrreto considers digital nomads 'true ambassadors' of the island, in his view, digital nomads integrate into local communities, get to know the culture of Madeira and then they attract more nomads to the island by sharing their experiences online (Funchal Noticias, 2021). According to Barreto, digital nomadism is a way to boost development of tourism in Madeira's parishes and villages.

2.6 Digital Nomads Tourism Market Sizing

To understand and evaluate Madeira's initiative realistically in terms of the potential market and economics we can analyze the Total addressable market (TAM), Serviceable available market (SAM) and Serviceable obtained market (SOM) metrics.
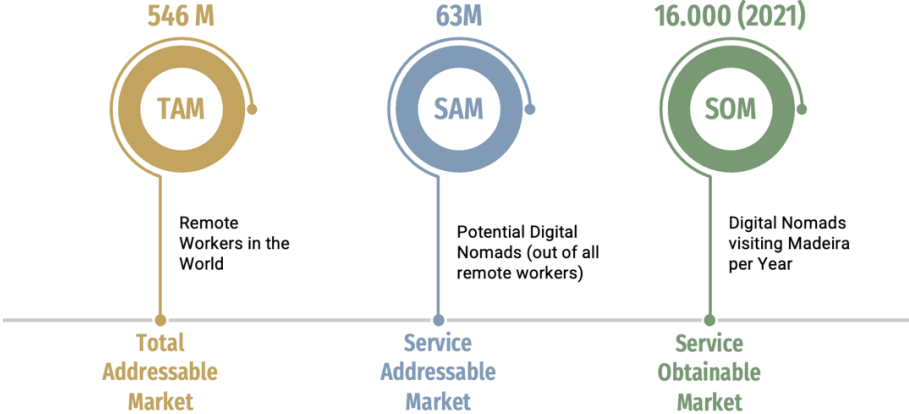
Figure 2 TAM, SAM, SOM. Source: Self-Elaboration

Total Addressable Market – Remote Workers (546 million)

The Covid-19 pandemic has emphasized the idea that more jobs can be conducted remotely. In June 2020 42% of workers in the US were working from home full-time (Bloom, 2020). As a reference this number could be higher given that in the US the share of knowledge workers is around 60% (95 million workers) (MBO Partners, 2020). In most European countries the number of knowledge workers is similar, (i.e. Germany 65%, France 60%, Iceland 58%). However, in other countries the number of knowledge workers is smaller, for example in Argentina it is 30%, 26% in India, 37% in Kazakhstan. Overall, there are approximately 1 billion knowledge workers in the world (Forbes, 2020). Potentially knowledge workers could work remotely hence they can at some point of their career decide to become digital nomads. However, to maintain a conservative approach for the purpose of this thesis it is better to focus only on the number of full-time remote workers to establish our TAM using the metric in the US of 42% of remote workers extrapolated to the worldwide population of formally employed workers of 1.3 billion (International Labor Organization, 2019); arriving to a potential TAM of 546 million remote workers. Even though this approach takes into consideration the US as a basis of the metric of remote workers given that we are taking into account only formally employed workers we reduce the potential of considering jobs that could never be done online such as farming, mining, etc. per the International Labor Organization there more than 2 billion informally employed workers out of the total 3.3 billion workers worldwide.

Serviceable available market – Potential Digital Nomads (63 million)

A part of the 546 million remote workers in the world some prefer to work from home. According to MBO Partners (2020) there are 11 million digital nomads in the US alone, calculating using the total number of remote works in the US of 95 million we arrive to a metric of 11.5% of Digital Nomads in the US. Hence extrapolating to all potential remote workers in the world we arrive to 63 million potential digital nomads.

Serviceable obtained market – Digital Nomads Visiting Madeira (16000 per year)

This area of study has multiple variables as capturing a market share of the SAM has significant consequences, for example from an infrastructure perspective it is impossible to quickly capture this large SAM. Therefore, for the purpose of this paper we have placed a long-term objective considering that infrastructure can adjust to large and growing demand from Digital Nomads to go to Madeira. Currently, the SOM in 2021 can be estimated by the number of registrations of digital nomads of 6,700 by May 2021, according to the data provided by Startup Madeira bringing the total estimated in 2021 to 16,000 (assuming an equally distributed number of registrations per month). This represents only 0.026% of all potential digital nomads.

In conclusion the quick emergence of Madeira as a Digital Nomad destination is just the beginning given the large and growing size of digital nomads in the world. Considering registrations only, we arrive to a SOM that represents 0.026% of all potential digital nomads meaning that even though there is competition there is plenty of room for more destinations to develop and grow this form of tourism. Executing the plan to satisfy the demands of the digital nomads will be crucial to maintain and grow the SOM.

2.7 Madeira's Response to the Arrivals of Digital Nomads

After the project in Ponta do Sol village was launched and digital nomads started arriving to Madeira, more businesses around the island started offering special prices or propositions for digital nomads. For example, some hotels in Madeira saw digital nomads as an opportunity to keep up during the COVID times, when leisure tourists' stays in the island decreased.

Quinta do Furão (2021) – is a 4-star hotel in Santana, Madeira. The hotel is offering 28-nights stay for 1400 euro, which makes it 50 euro per night. One night in the same room without the promotion would cost 105 euro including breakfast. The digital nomads offer includes a place to work (a desk and a chair), free laundry and free high-speed Wi-FI, scanning of documents and copies (limit 25 units per day) and a nature activity per day. To have the digital nomads stay promotion the minimum length of stay in the hotel is 28 nights. The promotion cuts of 50% of the price a guest would pay for staying in the hotel for a month.

Aqua Natura (2021) – is a hotel located in Porto Moniz on the north coast of Madeira Island. 28 nights in the hotel for digital nomads would cost 1680 euro or 60 euro per night respectively. The offer also includes free laundry, free Wi-Fi, a place to work and up to 25 documents scanning and copying. Without the promotion a night in the hotel costs approximately 130 euro.

1905 Zino's Palace (2021) is a 4-star hotel with only 9 rooms, and it is the island's architectural heritage. They also offer special prices for digital nomads, however, they have chosen a different pricing strategy. The discount increases with the length of stay. The promotion only applies from January to June and from October to December. The hotel also offers daily cleaning and 10% discount in the restaurant of the hotel.

TARIFF	NIGHTS	DISCOUNT
Level 1	7-14	20%
Level 2	15-29	25%
Level 3	30-59	30%
Level 4	60+	35%

Figure 3 1905 Zino's Palace pricing strategy for digital nomads. Source: 1905 Zino's Palace.

During the pandemic many hotels in touristic destinations had to close or struggled to fill the rooms. Hotels in Madeira that adapted to the new reality and have offered promotions for digital nomads benefit from long stay guests. These hotels adapted public areas of the hotels and turned them into co-working spaces. One of the benefits of having digital nomads as guests in the hotel is the opportunity to bring down operational costs. In order to decrease their expenses some hotels reduced the frequency of cleaning services.

Not only hotels target new audience on the island; bars, cafes, a coworking space, coffee brewers, sport trainers and instructors, car rental companies also adapt their products and services to digital nomads. For example, coffee brewers who take a coffee station with them straight to the John do Passos Cultural Centre and make coffees for digital nomads who work from there.

A coworking space (CS) located in the center of the island's capital, Funchal. It is called 'Cowork Funchal' and it has good reviews: 4.3 on google maps and strong 5.0 on Coworker.com (2020), one of the largest online portal covering coworking spaces around the world with over 5.5 million users. The CS offered digital nomads in Madeira discounts on

renting a desk. However, Cowork Funchal only provides nomads with a space to work for a fee, it does not try to create a community nor organizes activities for digital nomads.

Another example is a local restaurant. Every week nomads from digital nomads village gather together for a community lunch in 'Steak&Sun' restaurant in Ponta do Sol. A couple of days before the lunch the restaurant offers three lunch options – with meat, fish and vegetarian. Nomads book lunches a day before. As a result, the restaurant is always full for lunch, the staff handles the number of guests, since they already know the orders and there is no food waste, since the restaurant knew exactly how many portions would be served.

2.8 COVID-19 Situation in Madeira, Measures, Restrictions

One of the main reasons digital nomads came to Madeira was the island's Covid-19 measures. Many destinations across the globe had to shut down their doors completely to visitors due to the virus spread. Madeira, on the other hand, developed and implemented a number of measures that allowed the island to remain open for visitors from some countries. For example, Madeira has created an online platform for the registration of travellers – Madeira Safe (Visit Madeira,2021). All passengers arriving to Madeira are obliged to complete an epidemiological survey on this platform. This helps the government keep track of passengers arriving to Madeira and their physical state.

Passengers also have to present a negative PCR test result upon arrival (carried out 72 hours before departure) or be tested at the airport and self-isolate and comply with the COVID-19 preventive measures until the negative result is obtained (Visit Madeira, 2021). The PCR testing upon arrival in Madeira is free of charge. The government of Madeira also sponsored PCR tests for travelers from the Portuguese Continent and has posted a list of laboratories where travelers could be tested for free when presenting their tickets to Madeira. The airport in Madeira also enforced thermal screening of all passengers.

One of the measures to stop spread of the virus implemented in Madeira was mandatory curfew. In March 2021 the curfew started at 19:00 during weekdays and at 18:00 at weekends. On April 27 the government announced some changes in the covid related measures, the mandatory curfew time in Madeira changed to 23:00 until 05:00 including weekends (Visit Madeira, 2021).

The Autonomous Region of Madeira has had the epidemiological situation under control during the time the Digital Nomads Village project has been in place. New visitors have been entering the island with daily frequency (Covid Madeira, 2021).

2.9 Restatement of the Case Study Problem, Questions to be Approached by the Students

As it was mentioned, the main research question – How to develop Digital Nomads tourism in a destination where it did not exist on a large scale before? The present case study is based on the example of developing digital nomads tourism in the Madeira islands. The pedagogical note proposes to divide students into groups of 4/5. Each group is proposed to choose a destination where digital nomads tourism is not developed and using the example of Madeira design a development plan for that destination and present it to the class. To do so students need to answer the questions listed in 2.1 Presentation of the Case Study Problem.

Questions to be answered by students during in-class discussions are the following:
- Who are digital nomads?
- What are digital nomads' main characteristics, needs and consumption habits?
- What are the differences between digital nomads and conventional tourists?
- How to ensure sustainability of this form of tourism?

More specific questions to be approached by the students while developing their case studies are:
- What does a destination need to develop digital nomads tourism?
- How could a destination benefit from digital nomads tourism?
- What approach should one use to develop this form of tourism?
- What are the specific steps of digital nomads tourism development?
- How to promote a destination to digital nomads?

Students need to apply knowledge collected from the example to Madeira to present how they would develop digital nomads tourism in other destinations. During the sessions students will learn the case study and through discussions develop ideas for developing digital nomads tourism in a sustainable way. By the end of the sessions students will be able to evaluate the impact of digital nomads tourism on a destination, identify the opportunities it provides to a destination, understand different ways of developing digital nomads tourism from scratch and know how to promote it.

CHAPTER 3. METHODOLOGY

In order to answer the questions of the study and reach the goal of the thesis it is necessary to construct a methodology that will provide relevant data. After considerable planning of the research based on available resources, given time and existing the circumstances, this study has adopted a qualitative approach. To provide a holistic understanding of development digital nomads tourism in Madeira a number of methods were used. The methods include primary data collection from a Slack channel (communication platform) of the digital nomads in Madeira, ethnographic research and in-depth interviews with the professionals of the field.

The primary collection of data online gave the researcher an overview of digital nomads tourism development in Madeira. This data allowed the researcher to prepare for the following steps – ethnographic research in the island and in-depth interviews with the professionals. Being present in the Slack channel also provided the researcher with contacts of digital nomads and professionals for in-depth interviews. The ethnographic research brought more value to the case study. Studying digital nomads tourism development first hand gives a clearer picture, than looking at it through media. Finally, the in-depth interviews provided exclusive information and experience of people directly working on developing digital nomads tourism in Madeira, the interviews contributed to a large portion of the research, because due to the in-depth interviews the researcher was able to discover findings which helped to answer the questions of the research and build a Strategy Development Model.

3.1 Data Collection Online

Digital nomadism as a lifestyle is widely presented by digital nomads themselves through their active online presence such as personal blogs, books and social media channels (Hannonen, 2020). Therefore, the information about digital nomads could be easily found in their virtual 'habitat' – in different web pages, social media like Instagram pages and Facebook groups, forums and so on.

To distinguish any digital nomads from those specifically presented or interested in Madeira it is more relevant to analyze the Slack created for them. Slack 'Digital Nomads Madeira' has approximately 2000 active users. Among them digital nomads who are in Madeira, aspiring digital nomads planning their visit to Madeira and a small part is the community managers and local businesses owners trying to get in touch with the digital nomads. The access to the Slack channel is provided to everyone who has applied through Startup Madeira website.

The Slack has separated channels dedicated to different quarries and discussions. There is a separate channel for digital nomads who are staying in Ponta do Sol called '#nomad-village' and for nomads who are staying in the capital of the island '#funchal', another one for those who use the coworking space in the John dos Passos Cultural Center called '#coworking', a separate channel for '#activities'. Overall, the Slack has 75 channels, some of them were started by the administration, like '#accommodation', other were started by digital nomads' initiatives, like '#hikes', where they can discuss the best hikes and create groups to enjoy the nature together.

Another channels worth mentioning are '#general', '#intros', '#madeira-advice', '#visa', '#buy-and-sell', '#surf', '#covid-news' and many other.

Being registered in The Digital Nomads Madeira Slack gave the researcher access to data on digital nomads and enabled the researcher to observe the nomads' day to day group conversations, questions, worries and more.
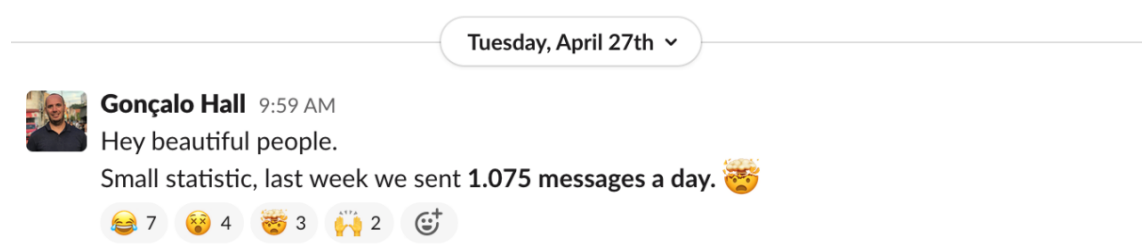
Figure 4 A screenshot of a post in Digital Nomads Madeira Slack Channel from April 27, 2021

3.2 Ethnographic Research

To minimize any bias the researcher could have gained on the topic from media, it was important to witness the development of the digital nomads tourism in Madeira in person.

Ethnographic research was carried out in Madeira. Here, ethnographic means that the researcher has visited the island, the digital nomads village, the coworking space and public places popular among digital nomads in Madeira.

The researcher has spent over three weeks in Madeira during March 2021. This allowed the researcher to visit the Digital Nomads Village, the coworking space and other places in the island popular among digital nomads. On March 23 digital nomads community in Ponta do Sol held a workshop 'Co-creating the future of the community' organized by Piera Mattioli, a digital nomad and a member of the community. The researcher was able to participate in digital nomads' everyday activities and in the event dedicated specifically to the role of the digital nomads community. Not all the digital nomads taking part of the event were aware of being a

part of the research and behaved normally, without adjusting their words and actions to be more appropriate, therefore the information gained from observing the event is accurate and faithful.

Being present in Madeira allowed the researcher to communicate with digital nomads and the locals, ask them questions, listen to their conversations. This allowed the researcher to emerge into the digital nomads community and culture. The researcher held discussions with the digital nomads about their lifestyle, about the stay in Madeira, coworking space and so on. The observation of the lifestyle prior to the interviews, as well as the academic research, have helped the researcher to determine the questions for the interviews. Moreover, being present in Madeira allowed to meet three interviewees in person. Direct communication with the interviews' respondents contributed to the quality of the results.

3.3 In-depth Interviews

Interviews were the most suitable way of gathering information for this study. Many destinations from around the world have similar pull factors that attract digital nomads: it could be mild climate, sandy beaches, affordable prices. In terms of pull factors Madeira would not be very different from destinations like Azores or Canary Islands. Nevertheless, Madeira did emerge digital nomads tourism in the island rapidly and successfully. Therefore, it is possible to assume, that the reason behind this success is not just something that Madeira had as a pull factor before starting the project. The reason behind this rapid development is planning, management and organization. The best way to learn about it is to learn from people who stand behind it. In-depth interviews are a more suitable method for this study. Unlike surveys the interviews enable the researcher to ask follow-up questions. It is also easier for the respondents to share their experience and opinions during an interview, rather than filling a survey. In addition, the social encounter of the interview has helped to create a trust environment and build a higher level of engagement, thus allowing the researcher to collect more information from the respondents.

In order to answer the questions of the study four interviews have been carried out. The respondents of the interviews have experience of working with digital nomads in Madeira, with each other, with the local authorities and local community of the islands.

Interviews' respondents:

- Gonçalo Hall – a digital nomad, Creator of the Digital Nomad Village in Ponta do Sol, Co-Founder at Remote Portugal, Remote Europe, Future of Work Conferences and Remote Work Movement Podcast.

- Beatriz Ebert – Experience Manager at Selina (South of Portugal). Has spent over two months in Madeira helping to implement the project, build a strong community and organize activities in the digital Nomad Village.

- Bogdan Danchuk – Remote Heaven founder, digital nomad. Has cooperated with a hotel in Madeira to design special offers for digital nomads and has created a digital nomad community in Funchal.

- Michelle Maree – Co-Founder of The Nomad Escape. Has organized co-travel experiences for groups of remote workers around the world and in 2021 in Madeira islands.

The questions differed for every of the respondents, since every of them is contributing to the development of digital nomad tourism in his or her own way. All of the interviewed destination managers have different occupations and their own point of view on Digital Nomad tourism development.

Example of questions and follow-up questions:

- What does a destination need to become a Digital Nomad destination?
- Do other destinations have the same opportunities to develop Digital Nomad tourism like Madeira is doing it right now?
- Is there anything Madeira has to improve in order to attract even more digital nomads?
- How to build a community of digital nomads in a destination?
- What role does a community leader play?
- Could a community exist without a leader?
- How to promote a destination to digital nomads?
- Will Madeira still be able to compete with other destinations in the post-pandemic world?

CHAPTER 4. PEDAGOGIC NOTE

4.1 Case Study Target Audience

The present case study targets undergraduate and master students, in the areas of travel and tourism development, tourism and management, tourism sustainability, tourism and hospitality, e-tourism, tourism economics and management, tourism and leisure. The case study aims to develop the knowledge of students on digital nomadism, on fast emerging digital nomads tourism and a sustainable development of this form of tourism.

Finally, this case study can also be helpful for businesses providing products and services to digital nomads, destination managers and tourism boards in destinations promoting digital nomads tourism.

4.2 Pedagogic Objectives

The case study has been carried out in order to pursue the following educational objectives:
- Understand the growing market of digital nomads and their needs
- Overview the Digital Nomads Village project in Madeira, point out the strengths of the initiative
- Analyze sustainability of digital nomads tourism and its impact on a destination
- Study potential ways of digital nomads tourism development
- Know what aspects have to be provided in a destination in order to develop digital nomads tourism.
- Discuss implementation of digital nomads tourism programs in other destinations

Students would be expected to obtain the above-mentioned learning outcomes from the present case study.

4.3 Literature Review

4.3.1 Overview of Digital Nomadism: History, Definitions, Motivations

4.3.1.1 The history of Digital Nomadism. From first References to Today.

The first mention of digital nomads was done in 1997 in a book by Makimoto and Manners named 'Digital Nomad', they predicted that in the future people will choose between being a 'settler' or a 'nomad'. Nomads would choose to be mobile, and the advancement of digital technologies would allow them to have this option. The description of digital nomadism Makimoto and Manners (1997) provided is surprisingly accurate, moreover, they also foresaw some issues that come along with digital nomadism, for example taxation (Schlagwein, 2018b).

The formation of digital nomadism is better described chronologically: in the late 90s companies started making profit online (Amazon in 1994 and eBay in 1995); the prices for long-distance flights decreased drastically, travel has become more affordable (Schlagwein, 2018b). In 1998 PayPal was founded and by 1999 enabled people to receive electronic payments (PayPal, 2021).

In 2000s Internet became cheaper and more available; Skype was introduced in 2003, increased use of social media (eg. Facebook 2004). Ferriss published a book named 'The 4-Hour Work Week: Escape 9-5, Live Anywhere, and Join the New Rich' in 2007, millions of copies were sold back then, and the book is still on shelves of bookstores online and offline. This book is considered "the bible" of digital nomadism (Schlagwein, 2018b). In 2008 Airbnb has created its official website and in 2011 started expanding internationally (nowadays Airbnb has over 5.4 million listings worldwide which helps digital nomads to look for accommodation during their travels) (Airbnb, 2021).

All these points mentioned above have fostered the spread of digital nomadism, although it was not as viral yet. It was in 2014-2015 when digital nomadism became a mainstream phenomenon (Schlagwein, 2018b). By that time digital nomad online communities like Nomad List emerged and gained popularity, coworking spaces were opened and dedicated classes, meetings and conferences started.

With the fast development of technologies and widely access to the Internet less jobs become location dependent, hence, the number of Digital Nomads is continuously growing. According to some of the researchers the number of digital nomads across the world might reach over one billion in 2035 (Wiranatha et al. 2020).

The COVID-19 pandemic has catapulted the spread of the idea of digital nomadism and has accelerated the normalization of this lifestyle (Hermann & Paris, 2020). Unfortunately, there is not enough academic perspective on this yet. At the same time, due to the rising number of people working remotely during the pandemic it is possible to assume that Hermann and Paris's statement is correct.

4.3.1.2 Definitions of Digital Nomads

Digital nomadism is a relatively new and an "early-stage" phenomenon (Schlagwein, 2018b). The term 'digital nomad' was first introduced by Makimoto and Manners all the way back in 1997, they predicted the development of this lifestyle and nowadays we witness their predictions to become the reality. Even though they described what a digital nomad would be

like before they existed, Makimoto and Manners (1997) did not arrive to a concrete definition of the term.

Today, there are several approaches on digital nomadism and scholars suggest different definitions of digital nomads. For example, in 2018 Thompson defined them as workers whose primary employment takes place online hence, they are not obliged to be present at the workplace and are location independent. However, this definition does not reflect nomads' desire to travel, when even the authors of the term 'digital nomad' Makimoto and Manners (1997) said that the urge to travel and the ability to do so are essential to digital nomadism. One year later Thompson (2019) moves further in the research and draws a line between digital nomads and teleworkers, stating that while teleworkers normally work from home, the nomads take the advantage of being location independent to travel the world. This approach better reflects the idea of digital nomadism; however, Thompson generalizes digital nomads as workers in tech fields such as web design, programming, or online marketing, which is nowadays not completely true. The number of jobs that could be remote has been growing rapidly in the past couple of years. Digital nomads' jobs variety is not limited by tech field anymore.

Four years before Thompson's publication, Liegl (2014, p. 163) defined digital nomad as 'a mobile knowledge worker equipped with digital technologies to work 'anytime, anywhere'. Even though this definition is true, just as Thompson's first definition of digital nomads, it does not include the nomadic nature of the lifestyle or, in other words, does not say anything about constant moving and traveling.

Some other researchers did try to include that missing part about travelling while defining digital nomads. For example, Bozzi (2020, p.1) described digital nomads 'as Internet-enabled remote workers, who maintain a focus on connectivity and productivity even in leisure'. Nevertheless, the word 'leisure' represents more of an idealistic lifestyle promoted by some digital nomads in social media. In reality digital nomads are very different from leisure tourists since they always work while on the go.

One of the most recent and accurate definition of digital nomads was formulated by Hannonen (2020, p. 346). She proposed the following definition to describe digital nomads: the term refers to a rapidly emerging class of highly mobile professionals, whose work is location independent. Thus, they work while traveling on (semi)permanent basis and vice versa, forming a new mobile lifestyle.

Noteworthy, the word combination 'digital nomad' has become an established self-describing term in the social group (Müller, 2016). Interestingly, at the same time, some people,

who fit the definition of digital nomads accurately, do not identify themselves as digital nomads, simply because they are not familiar with the term (Hall et. al., 2019).

4.3.1.3 Motivation to Become a Digital Nomad

Before studying how digital nomads choose destinations to travel to it is important to understand, what motivates them to be nomadic in the first place.

One of the main motivational factors to become a digital nomad is the freedom that this lifestyle provides (Hall et al., 2019, Reichenberger, 2018). Freedom from being based in one location and working on an established schedule, freedom to pursue self-development and dedicate time to hobbies. Interestingly, Lee et al. (2019) notice that even though digital nomads sought constant movement and location independence, at the same time nomadism becomes a big psychological challenge for them. This lifestyle complicates social interaction and blurs their work and leisure time boundaries (Reichenberger, 2018; Lee et al., 2019).

Schlagwein (2018b) states that digital nomads have a strong desire for travel and gaining cultural and personal experiences. Stickel (2020) names the desire to experience something new as one of the main motivators to become a digital nomad. Another motivator to become a digital nomad is that it is a way to leave their 'comfort zone' and by doing so foster their self-development (Mouratidis, 2018). Also, as it was already mentioned, belonging to a digital nomad community could be a motivation to become a digital nomad in the first place (Schlagwein, 2018b).

In conclusion, there are several reasons why people decide to change their life and become digital nomads. However, it is important to remember that each person is individual, and everyone has different motivational factors that could influence each of them on varying degrees.

4.3.1.4 Geographic Arbitrage

Another factor to be discussed in the context of motivation is geographic arbitrage or geoarbitrage. For the first time this term was used in Forbes Magazine in 2004 (Karlgaard, 2004) and later popularized by Ferriss in his book 'The 4-Hour Workweek: Escape 9–5, Live Anywhere, and Join the New Rich' (2007).

Geoarbitrage is 'the financial concept of arbitrage, in which commodities and labour are strategically bought and sold in different markets or derivative forms' (McElroy, 2019, p.3083). In other words, geographical arbitrage is simply the possibility of location independent workers to generate their income in higher-cost locations and spend in places with lower cost of living.

For example, a digital nomad working remotely for a company in San-Francisco and living in Ecuador.

Even though most of the nomads take advantage of geoarbitrage, some scholars argue that it is far from being the main decisive factor when choosing this lifestyle. For example, Reichenberger (2018) states that even though digital nomads could be less pressured by their financial situations due to living in affordable places, the role of spatial freedom becomes 'more apparent when examining type and perception of non-employment related activities whose existence and purpose often stems from travel' (p. 375).

4.3.1.5 The Digital Nomads' Community and Co-Living Spaces

To present an overview of digital nomadism it is important to cover the meaning of a sense of a community for digital nomads. Being a digital nomad is a lonely experience, that is why some of the research on digital nomadism emphasize the importance of the sense of the community for digital nomads (Hall, et al., 2019; Lee et al., 2019).

The nomads are far away from their home countries where their family and friends live. They also do not stay long enough in a place to establish strong relationships with the locals or with other travelers. It is almost ironic that the constant nomadicity that motivated people to become digital nomads becomes one of the biggest psychological challenges for them (Lee et al., 2019).

Therefore, digital nomads seek to be a part of a group of people who face the same problems, understand each other's problems and support each other on their way (Wang et al. 2019; Thompson, 2019; Reichenberger, 2018; von Zumbusch, 2020). In fact, Schlagwein (2018a) even names belonging to a community of interesting like-minded people one of the main reasons of becoming a digital nomad.

There are different forms in which digital nomads' community exist. For example, Hall et.al., (2019) states that there is an international community of digital nomads, but at the same time there are many smaller location specific communities. Therefore, digital nomads' community consists of numerous subgroups all over the world.

Furthermore, digital nomads' community exists and constantly grows both online and offline (Schlagwein, 2018b). Sutherland and Jarrahi (2017) say that apart from formed communities in destinations there is also a big online community of digital nomads in social media and special websites like Nomad List. Online community is important since it helps nomads decide where to go (Altringer,2015). Offline communities help to meet people once in the destination and find activities to do together. Von Zumbusch (2020) has mentioned the

'communal ethics' existing in digital nomads' society. These ethics motivate the members of the society take part in 'rituals' within co-living spaces. However, it does not necessarily have to be a co-living space, similar rituals or activities exist in co-working spaces and even online when the nomads create a community online and then carry meeting and activities in real life.

The importance of the community and of the idea of belonging and being surrounded by like-minded people explains the raising popularity of co-living and co-working spaces. Co-living spaces are 'hypothetical camping grounds for digital nomads to establish their temporary base as part of their nomadic tribal lifestyle in which well-being plays a central role' (von Zumbusch, 2020, p.12).

Von Zumbusch (2020) has proposed the following model of 'co-living spaces enhancing a digital nomad's well-being' (p.9). However, it is possible to assume, that not only co-living spaces could provide digital nomads with these criteria. A destination as a whole could provide digital nomads with these resources.
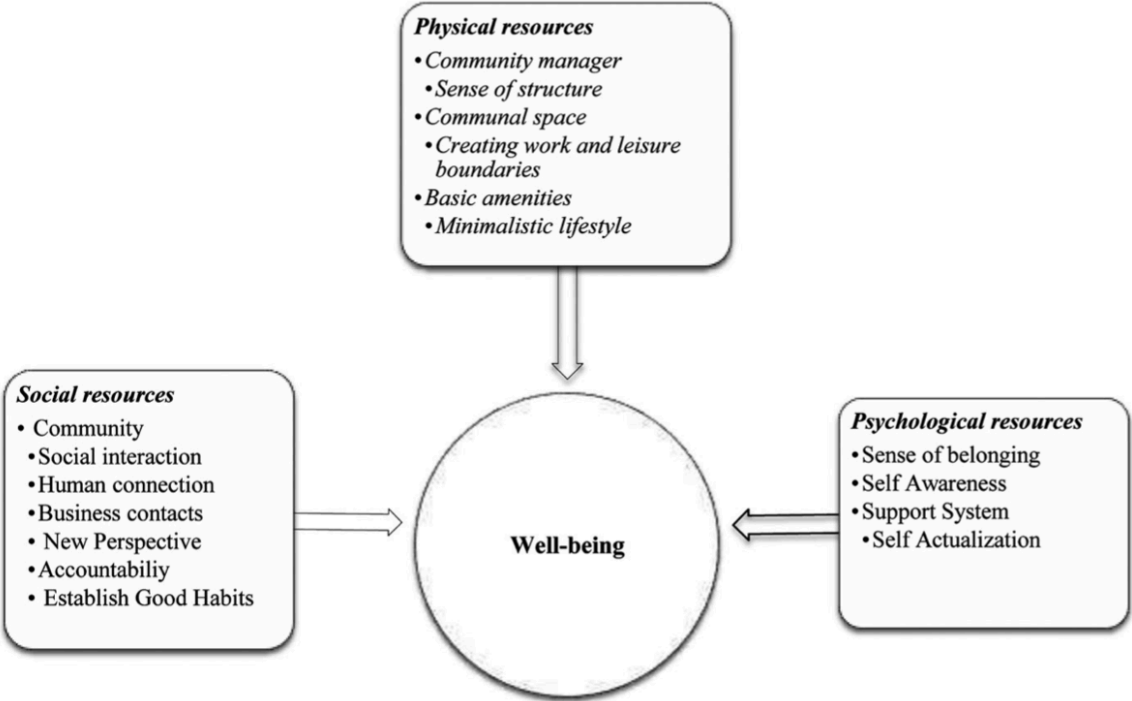

Figure 5 Von Zumbusch's model of co-living spaces enhancing a digital nomad's well-being. Source: Von Zumbusch, 2020.

In addition, co-working and co-living places offer digital nomads a valuable for them point— flexibility in terms of dates, times, rent lengths and schedule. But most importantly, co-working and co-living spaces, 'provide environments to work and socialize with people within a community setting' (Lee et al., 2019, p. 142:4).

4.3.2 Digital Nomadism through Tourism Development Perspective

4.3.2.1 Digital Nomadism and Tourism Practices

We live in a mobile society (Urry, 2016). The more mobile we become the less attachment we have with the place where we are settled down. The interdependence of mobility and technologies is a fundamentally important academic inquiry for current and future tourism practices (Hannam et al. 2014). Digital nomadism is one of the greatest examples of this interdependence. Most of the authors look at digital nomadism from consumers and employers' perspectives, there are sociological and economical studies on neo-nomads, mobile workers, freelancers etc. There are fewer academic publications that look into the phenomenon from tourism development point of view and study the impact of digital nomadism on the destinations.

Destinations could benefit from developing this form of tourism. Governments are becoming interested in attracting digital nomads 'as a means of advancing economic development agendas' (Hall et al., 2019, p.439). Prabawa and Pertiwi (2020), studying digital nomad tourism in Bali, state that destination managers should make destinations friendly for digital nomads by developing facilities for the nomads and creating an inspiring ambience. Hall et al. (2019) say that in order to attract digital nomads, practitioners have to identify the value proposition the destination has and also develop infrastructure, amenities and services designed for digital nomads. Another important aspect is the social capital in the local community that could allow digital nomads to integrate in their new environment (Hall et al., 2019).

4.3.2.2 Digital Nomads and Conventional Tourists – Differences and Similarities

Digital nomads differ from conventional leisure or business tourists. Leisure tourists normally travel on vacations and take a break from work to enjoy their trip, when digital nomads travel and work at the same time. Mouratidis (2018, p.48) said: '*Digital nomads travel neither for work nor leisure: They travel as they work and they work as they travel'*.

Furthermore, even though business tourists do work while travelling, they are still very different from digital nomads. Davidson and Cope (2003, p.3) defined business travel as 'all trips whose purpose is linked with the traveler's employment and business interests'. However, digital nomads travel in most cases is not work related. They could travel to places where they can build work related relationships and establish some new professional connections, but there are many different reasons they choose mobility over settlement, and it is not always related to work (DW Documentary, 2019). Business tourists stay in their destination for a shorter period of time than digital nomads and dedicate less time leisure activities during their stay. Moreover,

employers usually cover expenses of business trips of their employees, when digital nomads have to support themselves while traveling (Hall et. al., 2019). Therefore, digital nomads could not be identified as tourists. Moreover, digital nomads themselves do not like to be compared to tourists and tend to distance themselves from tourists (Mouratidis, 2018).

However, digital nomads should still be reviewed within tourism studies. Digital nomads constantly travel, they often name 'tourism' as the goal of their trips when crossing borders between countries and they like to discover places where they are staying by getting involved in tourism activities and practice hobbies like surfing, hiking, skiing, etc. (Hall et. al., 2019; Nash et al., 2018). Therefore, digital nomadism is also viewed as the intersection of travel, leisure and work (Hannonen, 2020). Nevertheless, digital nomadism should be seen as a new type of tourism and digital nomads should be described without referring to previous definitions of tourist.

4.3.2.3 Push and Pull Factors Driving Nomads to a Destination

After having an idea of who digital nomads are and why they decide to lean towards digital nomads' lifestyle, it is interesting to discover why they travel to specific places. Ultimately, that is the information that destination managers could use to develop digital nomad tourism.

Often tourism motivation is being viewed through the 'push and pull' concepts. Crompton (1979) described push factors as socio-psychological motives. They motivate people to leave their place of stay and go somewhere else. 'The pull factors are motives aroused by the destination rather than emerging exclusively from within the traveler himself' (Crompton, 1979, p. 410). Pull factors determine a destination to go to.

Some of the push factors repeat the reasons that motivate people to become digital nomads in the first place, or, for those who already are digital nomads, change their place of stay and move on to the next one. Some examples of push factors are bad weather in the current place of stay, loneliness, boredom, desire to escape the routine, repetitiveness of the 9-5 work structure (Mouratidis, 2018). Aforementioned factors are so strong that they were even motivating enough for some to start their first digital nomad experience. It is possible to assume that push factors are similar for nomads going to different destinations; meaning that push factors could be the same for nomads traveling to Warsaw from Canada or for nomads traveling from England to Seoul. Conversely, pull factors vary for every specific destination, using the abovementioned example again, Korea and Poland have different pull factors; in Poland it could be affordable prices and exotic Asian culture for Korea.

Stickel (2020) defines five main criteria that make digital nomads choose their next destination, namely: 1. Cost of living; 2. Climate; 3. Culture; 4. Internet connection; 5. Visa requirements. Based on these criteria Stickel (p. 14) assumes that digital nomads 'choose their destination based on leisure considerations, rather than employment criteria'. Other researchers put internet connection on the first place since it is important for digital nomads to be in the environment that provides them with all the necessities to conduct their work (Nash et al., 2018). Prabawa and Pertiwi (2020) mention that some of digital nomads depend on use of technology and therefore they could be attracted by inspiring ambience with all the necessities like stable internet connection and comfortable workplace. Rowlands (2011) also states that digital nomads go to a destination not only to work from there, but to be in a 'homey' place with easy access and a space to socialize (cited in Prabawa and Pertiwi, 2020). Chevtaeva (2021) also states that co working and co-living spaces could be one of the decision factors digital nomads take into consideration when choosing a destination to go to. The first factor named by Stickel (2020) is cost of living. It is a common stereotype, that digital nomads are high spenders, but in fact, digital nomads in general are price cautious – they could eat out almost every day, but they also often look for reasonably priced accommodations and give each other advice on how to save some money (Lee et al., 2019). The second factor, climate, is also an important point, Nash et al. (2018) observed that some digital nomads prefer seasonal travel style, for example spend winters in tropical warm locations and summers in Europe. Interesting to notice, that this way to travel resembles more traditional nomadism, when nomads are forced to travel due to the natural conditions like weather or seasonally available plants and game. At the same time, giving the popularity of cities like Berlin, Warsaw, New York and London among digital nomads (Nomad List, 2021), it is clear that climate is not always the decisive factor for them.

Hall et al. (2019) say that digital nomads are often attracted to destinations where they have some existing connections, like friends or family members. Lee et al (2019) also state that digital nomads would prefer to travel to a place where there is a pre-built digital nomads community. Nash et al. (2018) mention that digital nomads travel to touristic and exotic destination where they can pursue hobbies like hiking, surfing or skiing. Overall, there is a large number of diverse pull factors, which could mean, that any destination could have at least some of them and be able to compete for digital nomads' attention.

4.3.2.4 Impact of Digital Nomads Tourism on Destinations

There is almost no research on the sustainability aspect of digital nomads tourism on destinations. It is important to note that digital nomads have significant impact on the places where they stay and according to Mladenović (2016) they could become the "external stakeholders" of those places. This could lead to inequality in a place, furthermore, Thompson (2018) states that digital nomads could cause gentrification worsening in the host countries, where local population becomes priced out of the place due to mass tourism and global elites' investment in real estate.

Another issue is the legal aspect and governmental policies about digital nomadism. Digital nomads have significant spending power in destinations; however, they do not pay taxes in the places where they travel to. The legality of them being in a place as 'tourists', when in fact they move there to work remotely for an employer or a client from an oversea country is questionable. Hall et al. (2019) mention that digital nomads are in general concerned about the legality aspect of staying in a destination and working remotely. Although, many countries started to realize the importance of this and have implemented new visa policies designed for digital nomads.

Digital nomads stay in the destinations they choose for a longer period of time comparing to other tourists, but not long enough to become residents or to be considered expatriates. They also do not consider themselves tourists. According to a study held by Remote Year with And Co (2018) based on surveys with 4,000 remote workers from around the world only 17% of digital nomads visit over five countries per year, 29% of digital nomads visit from three to five countries per year. Digital nomads tend to interact more with the locals and avoid major touristic spots (Hannoen, 2020; Cook, 2020). Putra and Agirachman (2016) state that nomads engage in slow tourism and emphasize on meaningfulness and experiences during their journey. However, Thompson (2018) argues that judging by digital nomads' habits, destination references and travel patterns, they are not different from traditional tourists and that nomads segregate themselves from the local population in a way similar to the way expatriates do it.

Mouratidis (2018) argues than unlike tourists, digital nomads try to travel in a more meaningful, deeper manner and they are willing to make changes in their planned activities and experiences to do so. In general, digital nomads are concerned about the impact of their community on local environment (Hall et al., 2019). Thus, includes environmental impact (e.g. their mobility practices, waste generation and energy use) and economic impact (e.g. potential growth of cost of living in a destination). Unfortunately, there is very little information about

social impact of digital nomadism on destinations. Putra and Agirachman (2016) say that digital nomads interact with locals in environments like co-working spaces. They argue that coworking spaces could help digital nomads engage with the local community and therefore avoid the feeling of isolation among digital nomads; they see coworking spaces as places where nomads and locals interact, exchange experiences and create new ideas together. Chevtaeva (2021) says that CSs (co-working spaces) and co-living spaces sometimes even serve a role of 'tourism information center', she says that tourism boards should view co-working places as opportunities for partnerships.

Korpela (2009) say that digital nomads not only try to experience local culture in a destination, but to 'immerse' themselves into this culture (cited in Mauratidis, 2018). However, social impact of digital nomad tourism on destinations is understudied and requires more attention of researchers in the future.

4.4 Case Study Lecture Plan

Session	Objectives	Action Plan	Time
1st Session	Develop the students' interest on the case study	- Animation questions to interest students in the topic; - Distribution of the case to the students; - Case presentation and summary on the topic - Discussions on definitions of digital nomads - Comparing digital nomads with leisure and business tourists - Introducing 'Digital Nomads Madeira' project to the students; - Creation of work groups;	60 min
Out of Session	Know the Case Study	Individual work: - reading materials, comparing definitions of digital nomads proposed by different researchers, studying data posted by digital nomads in social media (videos, articles, photos, tweets etc.); Group work: - first group discussions, beginning of case study analysis;	60 min

2nd Session	Understand the case study Identify the opportunities that digital nomads tourism represents for a destination	- Discussion on the potential and the future of digital nomads tourism - Overviewing market players involved in digital nomads tourism - Discussions on special offers for digital nomads - In-class discussions on importance of digital nomads tourism for destinations	90 min
Out of Session	Initial case study resolution	Group work: - Additional research - Deep analysis of the case study - Gathering information for other destinations	120 min
3rd Session	Case study development	- In-class discussions on sustainability of digital nomads tourism - In-class discussions on potential threads for destinations developing digital nomads tourism - In-class discussions on marketing of a destination to digital nomads	90 min
Out of Session	Case study resolution, preparation of presentation	Group work: - Preparing the presentations - Preparing the slides	180 min
Final Session	Case resolutions presentations and discussion	- Group presentations - Questions and answers from students to students - Discussions of the presentations - Feedback to the groups	120 min
Out of Session	Score work groups	20% In class discussions, 30% presentation, 50% Case study resolution	

Table 1 Case Study Lecture Plan. Source: Self-Elaboration (2021)

During the sessions the information of the case study could be illustrated through case study slides (Annex 1).

Animation questions for students:

- Who do you think digital nomads are?

- Could you combine working/studying with travelling?

- What difficulties do you think digital nomads face?

- In your opinion, what do digital nomads need in a destination?
- What destination could become successful in this type of tourism?
- How would you promote a destination to digital nomads?

4.5 Solving the Case Study

The data collection and analysis have revealed several findings on the topic. The conducted research of this case study has discovered the following information about digital nomads and digital nomads tourism. These findings together help to answer the questions of the research.

4.5.1 Findings

Finding 1: Image of Digital Nomads is Stereotypical.

One of the finding of this thesis proves that digital nomads as a social group are often misunderstood. In most academic articles researchers draw a very stereotypical image of a digital nomad. They are often described as a male-dominated group of young professionals involved in IT sphere, travelling alone or with a partner. Perhaps, it used to be this way before. In fact, statistic from Madeira illustrates that digital nomads today are a diverse group with age from 18 to 83 and with jobs in different fields. Some nomads traveled to Madeira with their kids and pets. This fact would help tourism developers who want to attract digital nomads to their destinations to better understand the target audience.

Finding 2: Insights in digital nomads community.

To grow a community is the key component of a digital nomads tourism developing strategy. Good Internet connection is also imperative. However, when Wi-Fi in this context is a self-explanatory element, the community aspect requires clarification and deeper analyses. All of the respondents have named the community the main factor for developing digital nomads tourism in a destination.

Gonçalo Hall believes that the community of digital nomads needs to be build first, prior to any other steps of developing digital nomads tourism. After the community starts growing more effort could be put into creating the environment and conditions for the digital nomads' comfort. Such as more co-living and co-working spaces, special visa policies etc. In Madeira the core of digital nomads community is concentrated Ponta do Sol, thus when digital nomads arrive to the islands and want to be a part of the community - they know where to go to (Gonçalo Hall).

Community gives digital nomads a sense of belonging, networking, connections and friendships. The community helps digital nomads have a better experience when staying in a destination.

Bogdan Danchuk noticed that Madeira has had all the elements of a digital nomad destination like the weather, infrastructure and cleanliness etc., it had only missed 'the first push on the community'. He also believes that this piece of a puzzle that was missing will never go away, the community in Madeira has grown to a point of becoming permanent.

Beatriz Ebert and Bogdan Danchuk notice, that the community has to grow organically. Beatriz said that a way to grow a community both online and offline is having events that help people connect with each other. After people are connected, they start to support each other, organize more events and activities together, network and so on. A community leader in this scenario becomes a facilitator who helps the community.

Finding 2.1: Community needs a leader

Community needs to be led by an engaged in-house community manager (Michelle Maree). The leader is just 'a facilitator'; the locals and the nomads organize events and activities on their own (Gonçalo Hall).

The community facilitator needs to:

o   understand the community, be a part of it
o   connect people with each other
o   facilitate activities and events
o   be an engaged host

All respondents agreed that it is very hard or even impossible to build a community in a destination without a community leader.

Moreover, a community leader also plays a role of a community ambassador, a bridge between the local business, the government, the local community and the digital nomads community. Communicating values, desires, wishes and, in some cases, discontent, of all the groups, trying to find a balance for mutual benefit.

Finding 3: There are three possible ways to develop digital nomads tourism in a destination.

Governmental approach. In this scenario the government promotes digital nomads tourism. However, in many cases governments have insufficient knowledge about digital nomads and do not understand the target audience and their needs. This approach normally has small impact. One of the examples of this approach is Croatia and the visa they have designed. Croatia's

government is designing welcoming policies; however, it is a big country and when digital nomads arrive they do not have a specific destination to go to find a community, hence they do not spend significant time in the country.

Entrepreneurial approach. A way to develop digital nomads tourism without governmental support. Usually when an enthusiastic entrepreneur believes in a destination and builds the community and the infrastructure at his or her own expense. This is the approach that was followed by destinations like Las Palmas in the Canary Island.

Both governmental and entrepreneurial approaches could be efficient. Nevertheless, they are less rapid than the third approach: partnership of the government with an entrepreneur. This is the way Madeira approached developing digital nomads tourism in the island. Government's initiative with entrepreneurial implementations is the most optimal way to come about boosting digital nomads tourism. Destinations that have governmental support have higher chances to succeed and grow digital nomads tourism faster. The government of Madeira invested financially in the initiative. According to Gonçallo Hall, the government has helped to open many doors, build connections. They provided a building for the coworking space and facilitated the implementation. Michelle Maree advises the governments to work with digital nomad influencers or remote work consultants to help them attract and build the community.

Beatriz Ebert believes that the 'model' by which Madeira has achieved popularity among digital nomads could be replicated in other places. Respondents of the interviews named following aspects crucial for developing digital nomads tourism in a destination: strong and stable Wi-Fi connection, security and safety, cleanliness, coworking spaces, good connectivity (trains and flights), public transportation, activities options. All of these are very important needs digital nomads have.

The respondents have also advised the governments and tourism developers to work with knowledgeable consultants in digital nomadism and educate the local communities about digital nomads. In example of Madeira and Ponta do Sol specifically, the educational part took significant time and effort. Two months prior to the arrival of the nomads to the islands project implementors started explaining the needs of this new market to the local businesses. This has helped both the digital nomads to enjoy the island and the local businesses to financially benefit from them.   In addition, support from the local businesses is also important in order to have approval of the local community, especially in sparsely populated villages like Ponta do Sol, the local businesses take a role of communicators and explain the arrival of the new people to the small village.

Finding 4: Promoting a Destination. Marketing and the Power of the Word of Mouth.

Michelle from The Nomad Escape said that word of mouth is an effective form of advertising for digital nomads. Digital nomads tend to trust reviews and recommendations of their fellow nomads. The experience of the Digital Nomads Village in Ponta do Sol confirms this statement. According to Gonçalo Hall, the Digital Nomads Village did not spend any money on marketing. He says 'It is very hard to sell to digital nomads. We go through the community. I am a part of digital nomads community, that is why it was so easy'. The only way of promoting the village happened when Gonçalo announced the opening of the application process on his social media like LinkedIn. 24 hours after the announcement was posted the project had already received over 200 applications. At first, to reach this number of digital nomads in Madeira was the goal of the government. By May 2021 Madeira has welcomed over 1400 digital nomads.

Finding 5: Tourism services and products offering for Digital Nomads

As it was already pointed out in the literature review, digital nomads differ from conventional tourists. Therefore, tourism services and products for digital nomads are different than the ones for general tourists. Even though digital nomads normally have good income, they stay in a destination longer, hence they cannot afford same pricing for accommodation as tourists, who stay in a destination for a weekend or up to a couple of weeks.

Local businesses need to adapt their pricing strategies, offers, services and operations in order to generate income and revenue from digital nomads. The government should work together with consultants to educate local businesses on how to achieve better results.

Moreover, since digital nomads stay in a destination longer – they require higher quality services. Digital nomads as a group are not frugal consumers but they are price conscious. Digital nomads could eat out almost every day, at the same time, they would only go back to a restaurant with good quality and service. On top of that, the strong word of mouth in the community could either help a restaurant (or any other business) or damage its reputation.

The impact is so strong that it goes beyond word of mouth as this "word of social media" is a knowledge database that will be shared with everyone. As the database stays online, new incoming digital nomads to a destination easily search for recommendations and advice using a simple search bar. As the result even before new digital nomads arrive to a destination, they already have all the knowledge that the previous nomads before them had, creating this society that is ever changing in its constituents but stays the same in its essence.

Finding 6: Sustainability.

Digital Nomads tourism is a sustainable form of tourism due to several reasons. Firstly, digital nomads tourism could help to decrease seasonality in demand and thus minimise

negative influences of tourism industry on the destination. In Madeira specifically, high touristic season is in the summer. However, Madeira is one of a few European destinations with mild climate during winter. The respondents of the interviews agreed that Madeira's climate, location and time zone make it a perfect winter destination for digital nomads; consequently, seasonality of tourism in Madeira could be reduced drastically with this form of tourism in the islands.

Another important point is that Digital Nomads Village project has been implemented in Ponta do Sol thus spreading flows of visitors from big touristic centers to rural destinations to boost the local economy. In addition, to follow a sustainable development path the coworking space in Ponta do Sol was established in Cultural Center John dos Passos, a building that had not been used before the project. It was sustainable both environmentally and economically, since it did not require much investment.

In general, digital nomads are pro-responsible tourists. During an event 'Co-creating the future of the community' taken place in the coworking space digital nomads have expressed their concern of the impact of their stay in Madeira on the destination. They have discussed potential ways to contribute to the island's economy, community and environment.
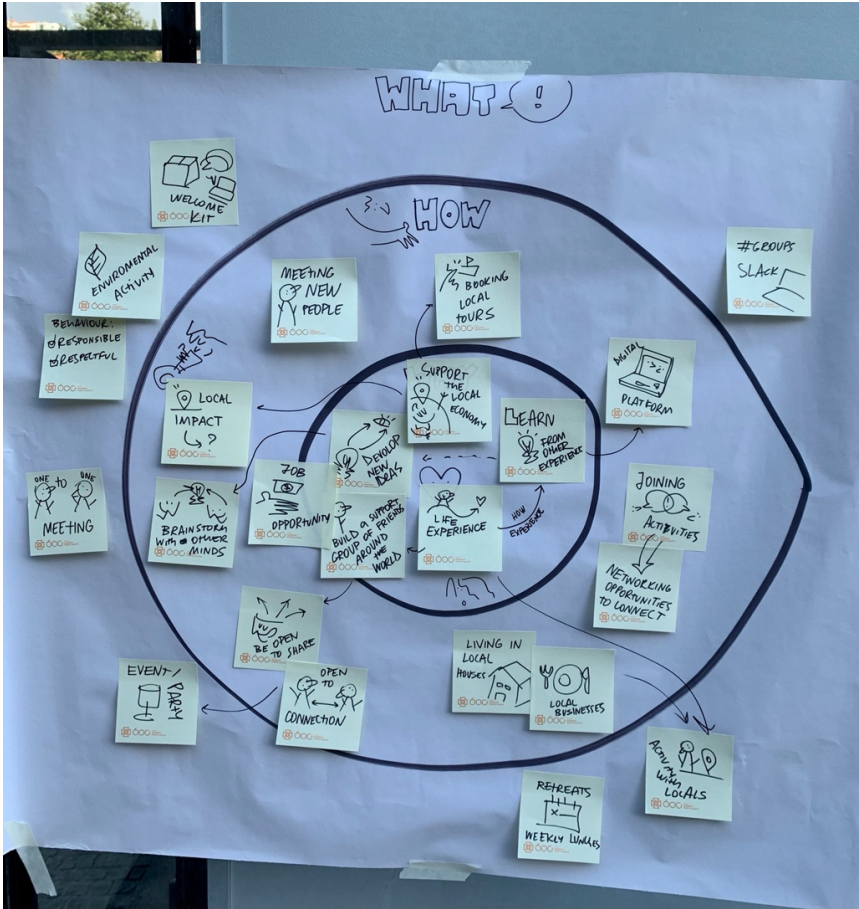

Image 6 A photo from the 'Co-creating the future of the community' event in Ponta do Sol

Digital nomads actively participated in beach cleanups around the island, participated in donation for Patinhas do Sol animal Shelter in Madeira and later volunteered in the shelter, digital nomads invited local entrepreneurs and professionals to their events like workshops and lectures. Events like trees planting in Madeira's mountains were planned by digital nomads community.

Digital nomads re-use and recycle. Since digital nomads stay longer in a destination, they are more likely to recycle than tourists staying in a hotel. Digital nomads actively use #buy-and-sell Slack channel to sell or donate some of the belonging they have bought on the island. For example, Greg comments under a photo of a yoga mat: 'I'd use it for the next 3 weeks then pass it on to someone else'. Digital nomads also give away food they did not finish. All of these actions help to reduce waste and fights over consumerism. It is especially important in a small island like Madeira.

Finding 7: Digital Nomads tourism helps improve the quality of the tourism proposition.

As it was already mentioned – digital nomads have different forms of consumption compared to tourists. Interestingly, it was noticed that digital nomads could help local businesses improve the quality of their services and products. This is due to the fact that digital nomads use their services more frequently and for a longer period of time, thus businesses have time to listen to their customers' needs and make changes.

As an example, restaurants in Ponta do Sol did not use to offer vegan and vegetarian options in the menus. After the arrival of digital nomads to the village they had to adapt to new consumers requests. The changes turned out profitable since digital nomads eat out every day. In the longer term, when mass tourism restarts and conventional tourists return to Madeira, the restaurants would be able to offer them a wider menu. This would increase the satisfaction rates and improve the reputation of the destination.

4.5.2 Digital Nomads' Well-being in Madeira

Von Zumbusch's model of co-living spaces enhancing a digital nomad's well-being includes three clusters of resources (see 2.3 The Digital Nomads' Community and Co-living Spaces):

- Social resources
- Physical resources
- Psychological resources

Even though the model was designed for co-living spaces, the Madeira's example has illustrated that a destination as a whole could provide digital nomad with the same resources. Madeira includes all of the named in the model resources and even goes beyond that.

For example, the support system (psychological resource) is functioning via Slack Channels where digital nomads and the community manager answer each other's questions and help each other out. Business contacts (social resource) could be easily arranged during networking sessions, communicating in the coworking space or via #startup_madeira Slack channel. Establishing of good habits (social resource) happens via activities organized for digital nomads (swim club, yoga lessons, surf, hiking etc.).

This model should be considered by other destinations when developing digital nomads tourism. By providing the resources named in the model a destination could attract more digital nomads and ensure their positive experience in a destination.

4.5.3 Digital Nomads Tourism Strategy Development Model

The data from this case study illustrates the benefits of digital nomads tourism for destinations. It provides the information on potential ways of developing and promoting digital nomads tourism. The literature review provides an overview of studies conducted by other researchers on digital nomadism. It is possible to apply the information gathered for the case study and the literature reviews as well as the findings of the research to design a strategy development model for other destinations. The model proposes the answer to the main question of the case study, which is: How to develop Digital Nomads tourism in a destination where it did not exist on a large scale before?

The following strategy development model is proposed by the researcher. It consists of three main groups: Decision Making, Implementation and Feedback Loop. Together they make up the steps needed for digital nomads tourism development.
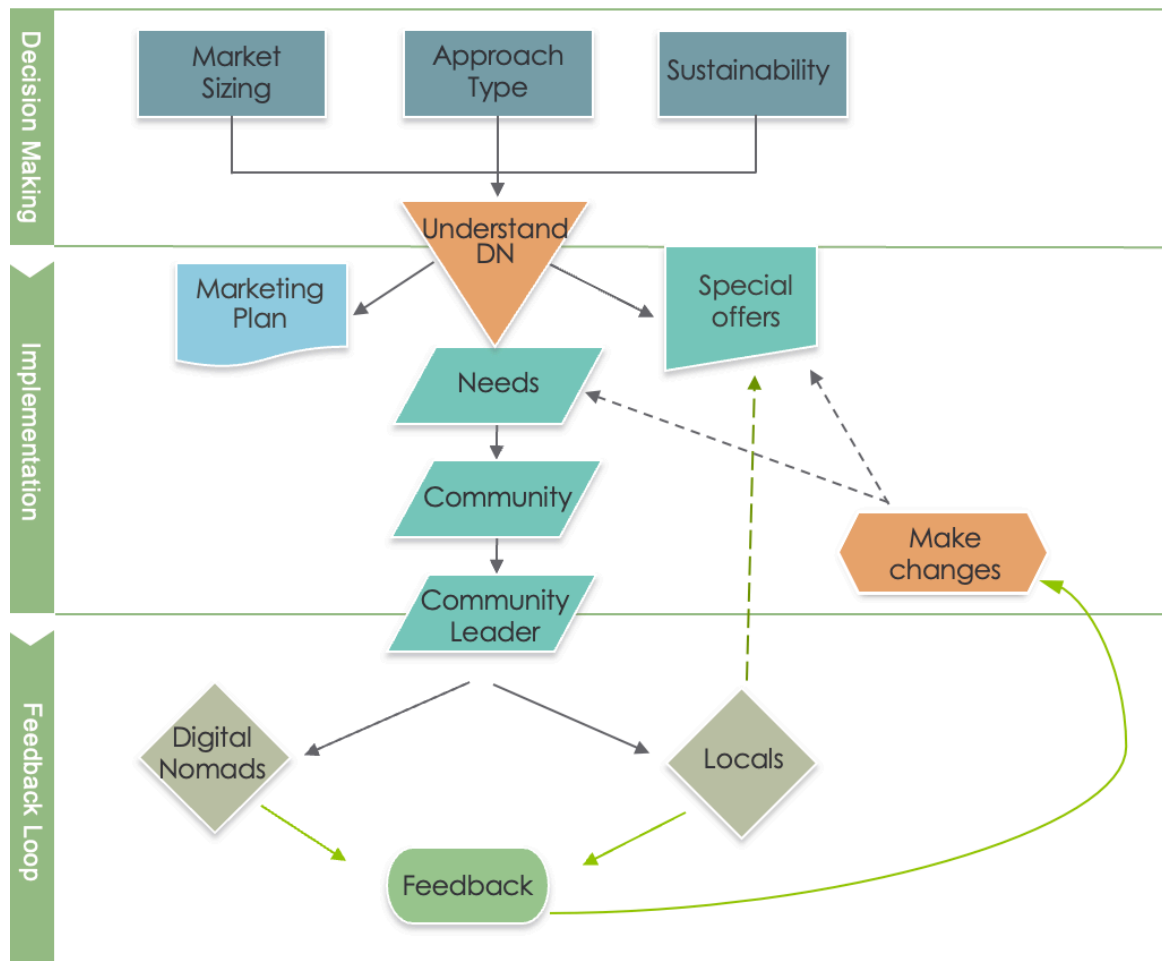
Figure 7 Digital Nomads Tourism Strategy Development Model. Source: Self-Elaboration (2021)

The first three steps of the strategy development model are grouped as a Decision-Making Stage.

1. Evaluate the target market and financial benefits from the target audience (Digital Nomads Tourism Market Sizing). This step is important in order to understand how a destination could benefit from developing digital nomads tourism. During this first step it is also important to consider capacity of a destination.

2. Choose the type of approach (Governmental, Entrepreneurial, Partnership of the Government and Entrepreneurial approaches). Based on the example of Madeira the Partnership approach is the optimal one.

3. Answer the question: is this form of tourism going to be sustainable economically, environmentally, and socially? Sustainability is an important aspect of tourism development. It is crucial to consider sustainability when bringing changes to a place and make sure that these changes will not harm the destination.

After making a decision on each of the Decision Making points the further step is to:

4. Understand the target audience and their needs.

This step is located in between the Decision Making and Implementation stages as it applies to both of them. This could be done by immersing into communicating channels digital nomads use, reading and watching their blogs, talking to them and to professionals working with digital nomads, analyzing platforms designed for digital nomads, looking into propositions developed for digital nomads by market players.

This step will help create a marketing plan, since understanding digital nomads gives knowledge of how to promote a destination to them. Also, this step will discover the needs digital nomads have and therefore provide insight into what special offers should be proposed to the target audience.

The following steps are parts of the implementation process:

5. Marketing plan

After evaluating the target audience and understanding digital nomads as a group it is possible to create a marketing plan. There it is important to remember the power of the word of mouth and power of social media.

6. Needs of Digital Nomads

After completing step four 'Understanding the target audience and their needs', in step six 'Needs' it is important to ensure that the destination can offer digital nomads all of the basic needs (fast and stable wi-fi, connectivity, safety, cleanliness etc.). In Finding 3 were also named needs such as coworking spaces, activities options and public transportation. On top of that to be a successful digital nomad destination a destination has to provide nomads with the resources for their well-being (see Von Zumbusch's model of co-living spaces in 2.3 The Digital Nomads' Community and Co-living Spaces).

7. Special offers

Understanding digital nomads also provides the knowledge of what special offers designed to serve the digital nomads' needs a destination (and local businesses specifically) need to provide. Here, for example, accommodation is a basic need, a hotel could adapt their price policies and create a special offer for digital nomads.

8. Community and 9. Community Leader

One of the most important needs of digital nomads is a community. Building a community is a fundamental step in developing digital nomads tourism (step eight). However, a community cannot exist without a community leader (step nine). Here, steps eight and nine could be

inverse, community and a community leader in a way create a causality dilemma, the primacy of each one could be argued. In Madeira a community leader started building a community. However, a community on its first steps could grow organically. The most important point is that both of these parts of the strategy development model are crucial for tourism development.

Feedback Loop

The last stage in the model is the Feedback Loop. A community leader through communication with the digital nomads collects feedback from them which could be used in the implementation process to bring changes in special offers and products and services fulfilling the needs of digital nomads.

At the same time a community leader also stays in touch with the local community, collecting their feedback as well. In addition, a community leader educates the local community about potential benefits of digital nomads tourism and passes the feedback collected from digital nomads to the local businesses to help them create special offers.

CHAPTER 5. CONCLUSIONS

Digital nomads tourism is a fast growing trend that will keep increasing in popularity. Since the number of digital nomads is growing, more destinations could benefit from attracting digital nomads and building digital nomads communities in destinations.

The thesis overviewed how different destinations around the globe have started responding and adapting to the trend by designing special visa programs and promoting themselves to digital nomads. It has also discussed market players that have created services and products to serve the needs of this new target audience. Digital nomads are a new niche and the conducted TOM, SAM, SOM analyses of this thesis has illustrated that the market size is so wide that more destinations can develop and grow digital nomads tourism without having to compete for the demand.

The literature review provided an understanding of digital nomadism, its history, definitions of digital nomads, motivations of people who become digital nomads and the importance of a sense of a community to them. The literature reviews chapter has also covered digital nomadism through the tourism development point of view. This insight could help tourism developers to identify the new market and better understand it.

The research has been conducted during the Covid-19 pandemic. The Covid-19 pandemic has influenced the way people work and travel. The pandemic has forced people to self-isolate. It has illustrated that more people could work remotely and be location independent. This has increased the popularization of digital nomadism.

The case study is based on 'Digital Nomads Village' project in Ponta do Sol, Madeira. Madeira used the Covid-19 pandemic for transformational opportunities. Madeira is an example of how a destination could turn challenges into opportunities. More destinations around the world could learn from the example of Madeira. Madeira's approach to developing digital nomads tourism is the partnership of the government with an entrepreneur. Using help and knowledge of an experienced digital nomad has helped Madeira to build a community and to attract digital nomads to the islands. The government has accelerated this development by providing coworking space and working alongside with Startup Madeira and Gonçalo Hall.

Using qualitative approach and such methods as collection of data online, in-depth interviews with field professionals and ethnographical research in Madeira have provided valuable information described as findings. The findings were then used to build a strategy development model.

The researcher has proposed a Digital Nomads Tourism Strategy Development Model which could be adopted by other destinations in order to develop digital nomads tourism. The model is generic and is designed to be suitable for any destination, therefore during planning it is important to keep in mind that the model needs to be adopted with the consideration of specifics of different destinations. Moreover, sustainability is key when developing a new form of tourism and this aspect has to be considered carefully and with attention to details and particular characteristics of every destination.

The model considers three main stages which include decision making, implementation and feedback loop. Calculating a destination capacity and a market size would help tourism developers to evaluate the opportunities and potential benefits versus investments needed. Steps like understanding digital nomads, building communities of digital nomads and communicating the benefits of developing digital nomads tourism to local communities with the help of community leaders would foster digital nomads tourism development. Working with interested entrepreneurs, designing the needed infrastructure and proposing special offers designed to satisfy the needs of the target audience would help destinations from around the world develop digital nomads tourism and ensure a positive experience of digital nomads in a destination. The positive experience of digital nomads in a destination shared by them with each other online would function as a marketing plan since word of mouth is one of the main forms of advertising to digital nomads.

The present study is not free from limitations. The main one is the scarcity of information. Due to the novelty of the topic there is not enough information about digital nomadism and digital nomads tourism available. The lack of statistics has made the researcher rely on assumptions rather than actual datasets when calculating the market size. Moreover, the researcher could only spend three weeks in Madeira therefore the ethnographic part of the research was time limited. Another limitation is related to language fluency. The researcher was not able to freely interact with some of the digital nomads or locals who did not speak English, moreover, even though all the interviews respondents had a good level of English, there is a possibility that the research was limited due to the communication between multicultural participants.

The present Case Study proposes data, materials, findings and lecture plan to be adapted by universities in order to expand students' knowledge on digital nomads tourism. On top of that the finding of this study could be used by tourism developers, destination managers and tourism boards in order to find a sustainable way to develop digital nomads tourism in other destinations.

Nevertheless, it is also important to mention that more research is needed on the topic in the future. More research could be conducted to discover the best strategies and trends of digital nomads tourism market. More qualitative and quantitative studies are needed to better understand motivations and expectations of these consumers. Further research would be useful not only for the academic purposes of enriching the knowledge on digital nomadism and tourism, but also for the practical use of the market players, tourism boards and regional governments from around the world.

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ANNEX TO THE PEDAGOGICAL NOTE

Annex 1: Case Study Slides

The following slides could be used during the classes to illustrate the information to students.

Questions to be answered by students

While developing their own case studies

- What does a destination need to develop digital nomads tourism?
- How could a destination benefit from digital nomads tourism?
- What approach should one use to develop this form of tourism?
- What are the specific steps of digital nomads tourism development?
- How to promote a destination to digital nomads?

In-class discussion

- Who are digital nomads?
- What are digital nomads' main characteristics, needs and consumption habits?
- What are the differences between digital nomads and conventional tourists?
- How to ensure sustainability of this form of tourism?


DIGITAL NOMADS MADEIRA ISLANDS

Digital Nomads Madeira Islands

The project was implemented by:

The local government
+
Startup Madeira (part of the European Business and Innovation Centre Network)
+
Gonçalo Hall (digital nomad & consultant)
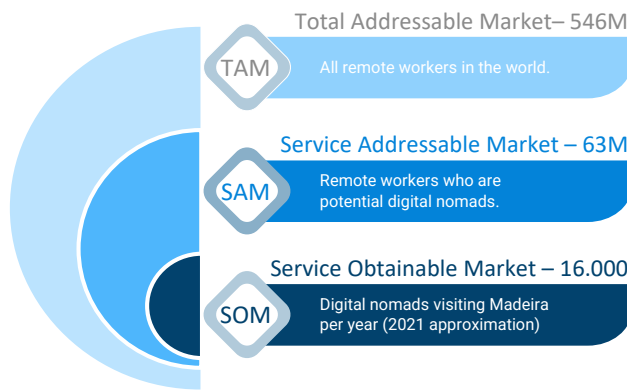
NUMBERS:

Dates: 01.02.2021–30.06.2021
Prolonged later for 3 more years

6700 Aplications (by May 2021)

Average duration of stay – 3 months

Investment: 35.000 euro upfront

Monthly contribution: 1–1,5M euro
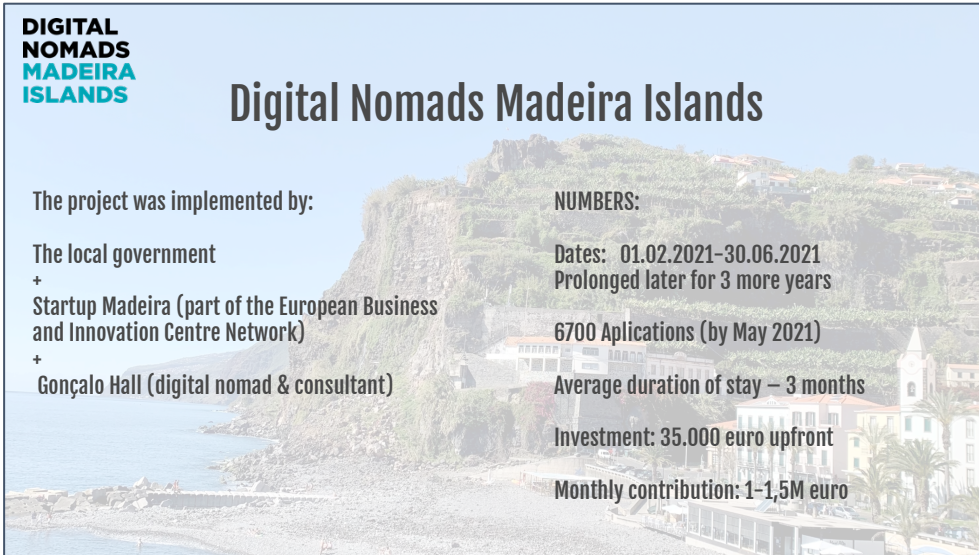
Digital Nomads Tourism Strategy Development Model

Slide 1

DIGITAL NOMADS MADEIRA ISLANDS
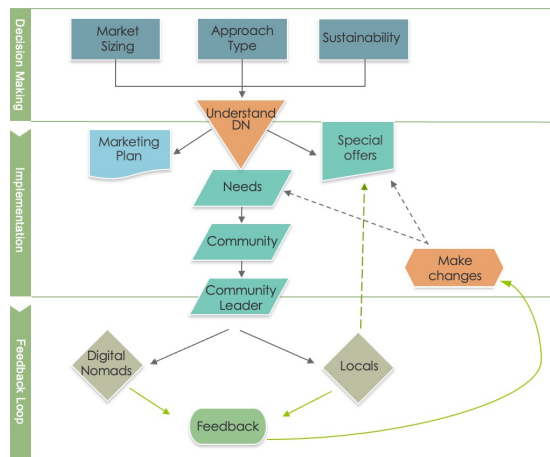
Digital Nomads Tourism Market Sizing.
TAM, SAM, SOM

Total Addressable Market– 546M

TAM — All remote workers in the world.

Service Addressable Market – 63M

SAM — Remote workers who are potential digital nomads.

Service Obtainable Market – 16.000

SOM — Digital nomads visiting Madeira per year (2021 approximation)

Slide 2

Understanding Digital Nomads

Definition:

...the term refers to a rapidly emerging class of highly mobile professionals, whose work is location independent. Thus, they work while traveling on (semi)permanent basis and vice versa, forming a new mobile lifestyle.
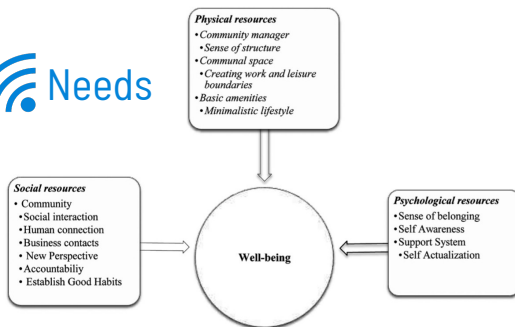(Hannonen, 2020, p. 346).

Motivation to become a digital nomad:
- Interesting community
- Freedoom from an established scheduale
- Location Independance
- Self-development, leaving 'comfort zone'
- Desire to travel
- Geographic arbitrage

Slide 3
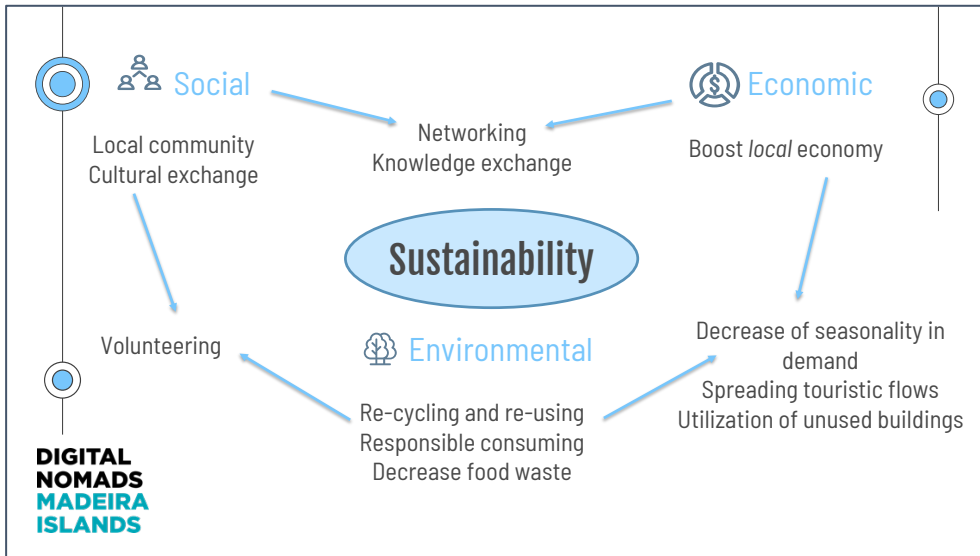
Understanding Digital Nomads

📶 Needs

Physical resources
- Community manager
- Sense of structure
- Communal space
- Creating work and leisure boundaries
- Basic amenities
- Minimalistic lifestyle

Social resources
- Community
- Social interaction
- Human connection
- Business contacts
- New Perspective
- Accountability
- Establish Good Habits

Well-being

Psychological resources
- Sense of belonging
- Self Awareness
- Support System
- Self Actualization

STEREOTYPE	REALITY (Madeira example)
Male-dominated group	Diverse group
Young	Different age (18-83)
IT sphere	All kinds of remote jobs
Travelling alone/ with a partner	Travelling alone, with a partner, friends, families, pets

Von Zumbusch's model of co-living spaces enhancing a digital nomad's well-being. Source: Von Zumbusch, 2020.

Sustainability

Social

Local community
Cultural exchange

Networking
Knowledge exchange

Economic

Boost *local* economy

Volunteering

Environmental

Re-cycling and re-using
Responsible consuming
Decrease food waste

Decrease of seasonality in demand
Spreading touristic flows
Utilization of unused buildings

DIGITAL NOMADS MADEIRA ISLANDS

Digital Nomads Community

➤ Digital Nomads Community is the main factor for developing digital nomads tourism in a destination.

➤ Motivates aspiring DN to become digital nomad.

➤ Could be one of the main pull factors.

The community -
o Needs to be build first, prior to special visas and offers.
o Creates networking, connections, friendships and a sense of belonging.
o Ensures better expirience of digital nomads in a destination
o Needs to grow organically
o Exists both online and offline

DIGITAL NOMADS MADEIRA ISLANDS

Community Leader

Advisor

Helps the government and local businesses to develop digital nomads tourism

Community ambassador

A bridge between the local business, the government, the local community and the digital nomads community

Engaged host

Welcomes digital nomads to the destination and helps them to connect with each other

Facilitator

Facilitates activities and events

DIGITAL NOMADS MADEIRA ISLANDS